



Government of the
Republic of Croatia

National Reform Programme

2023

Content

- I. Introduction 1
- II. Macroeconomic context and effect of structural reforms 3
- III. Key answers to economic and social trends and challenges 8
- 1 – ECONOMY 8**
 - C1.1. Resilient, Green and Digital Economy 8
 - C1.2. Energy Transition for a Sustainable Economy 15
 - C1.3. Improving Water Management and Waste Management 17
 - C1.4. Development of a Competitive, Energy Sustainable and Efficient Transport System 22
 - C1.5. Improving the Use of Natural Resources and Strengthening the Food Supply Chain 25
 - C1.6. Developing Sustainable, Innovative and Resilient Tourism 28
- 2 –PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS 31**
 - C2.1. Strengthening Capacity To Design And Implement Public Policies And Projects 31
 - C2.2. Further Improving the Efficiency of Public Administration 35
 - C2.3. Digital Transition of Society and Public Administration 40
 - C2.4. Improving management of state assets 46
 - C2.5. Modern Justice Fit for Future Challenges 48
 - C2.6. Preventing and Combating Corruption 52
 - C2.8. Strengthening the Anti-Money Laundering Framework 55
 - C2.9. Strengthening the Public Procurement Framework 55
- 3 –EDUCATION, SCIENCE AND RESEARCH..... 59**
 - C3.1. Reform of the Education System 59
 - C3.2. Boosting Research and Innovation Capacity 67
- 4 –LABOUR MARKET AND SOCIAL PROTECTION..... 74**
 - C4.1. Improving Employment Measures and the Legal Framework for a Modern Labour Market and the Economy of the Future 74
 - C4.2. Improving the Pension System Through Increased Pension Adequacy 77
 - C4.3. Improving the social welfare system 79
- 5 –HEALTH CARE 90**
 - C5.1. Strengthening the Resilience of the Health Care System 90
- 6 –RENOVATION OF BUILDINGS 94**
 - C6.1. Renovation of buildings 94
- IV. Progress in implementing the UN Sustainable Development Goals (SDGs)..... 100
- V. EU Funds 118
- VI. Institutional Processes and the Inclusion of Stakeholders 123
- Appendices 129
- Addendum 165

Abbreviations

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

I. Introduction

This year's European Semester cycle occurs in significantly different political and economic circumstances for the entire EU, including Croatia. Russia's brutal aggression against Ukraine has led to significant changes in the EU Energy Policy, emphasizing policies to ensure the EU's strategic autonomy and energy resilience in the long term. Last year, in terms of the European Semester, was marked by the implementation of reforms and associated investments from Member States in national recovery plans to prepare them for the economic challenges stemming from the entwined crises. The impact of these crises will continue into this year. However, they are expected to weaken, given the effective response of the EU and its Member States in implementing measures and policies that have calmed inflationary pressures in the short term and will contribute to the EU's energy transformation, strengthening its strategic autonomy in the long term.

This year's European Semester priorities focus on closely coordinating economic and employment policies in Member States to strengthen economic and social cohesion, improve energy security and implement policies to ensure long-term competitiveness and strengthen EU productivity. The EU's strategic commitment to the chosen policy ensures its long-term competitiveness and productivity, making it the backbone of its economic policy in the coming period and significantly different political and economic circumstances.

The European Semester cycle over the next 12 to 18 months will mark the continuation of the transformative process by implementing recovery and resilience plans in the Member States. However, these plans, given the establishment of REPowerEU, will be tailored for reforms and additional investments aimed at reducing the EU's energy dependence on fossil fuels and investing in critical infrastructure, renewable energy, energy efficiency, increasing energy storage capacity contributing to the EU's energy independence from fossil by 2030.

In addition to these adjustments, Member States are also expected to propose additional reforms and related investments to mobilise unallocated loans granted to Member States under the RRF. It will help the RRF and REPowerEU strengthen the competitiveness of EU industries by financing quicker transition of EU industries towards zero or low carbon technologies and on the way to net zero emissions and to stimulate investments in new clean technology production capacity, as well as implement reforms and investments to strengthen the EU's long-term resilience.

The reporting system established by the European Semester will also continue to be used for reporting on the implementation of national recovery and resilience plans, as well as national reform plans, on the contribution of implemented measures to the European Pillar of Social Rights and the Sustainable Development Goals, to avoid overlap and duplication.

In this year's European Semester cycle, Croatia, as a new member of the euro area, will submit, in addition to the National Reform Programme, the Stability Programme for the Period 2023-2026 for the first time. Also, the strategic framework will be complemented by submitting an addendum to the existing NRRP 2021-2026 and include adjustments on the use of RFF loans and the mobilisation of funds made available to Croatia under REPowerEU.

Therefore, this **National Reform Programme 2023 (NRP)** is based on reforms and related investments that align with the **priorities of this year's European Semester cycle and address the Special Recommendations that the Republic of Croatia received last year's European Semester cycle.**

Starting from the European Commission's guidelines for drafting national reform programmes, an integral part of this NRP is the progress report in the implementation of the results indicators (*milestones and targets*) of the National Resilience and Recovery Plan 2021-2026 (NRRP) in 2022 and the first quarter of 2023. It should be noted that reforms in certain areas have been fully implemented in the period under review. At the same time, there has been progress in other reforms and related measures, given that the implementation of structural reforms is planned for the duration of the NRRP, ending in 2026.

By the end of the first quarter of 2023, Croatia had **fulfilled 100 indicators** (out of 372). So far, **EUR 2.2 billion have been disbursed from the RRF to Croatia**, representing more than 40% of the total allocation of grants made available to Croatia by 2026.

The following measures are the backbone of this NRP, and are proposed under the NRRP: continued administrative and fiscal relief; adoption of the Plan for the Production and Use of Biofuels in Transport; implementation of wastewater infrastructure and water supply projects; production of prototypes of fully autonomous and electric vehicles; construction and equipping of logistics distribution centres for fruits and vegetables and equipping food banks and intermediaries in the food donation chain; the Tourism Act which establishes a framework for monitoring and developing the tourism sector; the adoption of the Act on Salaries for Civil Servants and Public Service; the adoption of a new Act on Non-Contentious Civil Procedures; the application of OECD recommendations on corporate governance of enterprises majority owned by local and regional government units and state-owned enterprises; the establishment of a central interoperability system; strengthening supervision of the financial sector based a risk assessment in anti-money laundering and terrorist financing; IT system of calculating prices for social services; adoption of green urban renewal strategies; an all-day school model; optimization of time for diagnostic treatment (waiting lists) and equipping operating rooms with a robotic system.

To ensure consistency and visibility between the different strategic and programming documents, the link between the EU priorities from the Annual Sustainable Growth Survey and NRP, the document follows the structure of the division of planned measures (actions) by priority areas defined by the NRRP. Therefore, this **NRP covers 85 measures (56 from the NRRP and 29 additional)** relating to the following six areas: 1) Economy, 2) Public Administration, 3) Justice and State Assets, 4) Education, Science and Research, 4) Labour Market and Social Protection, 5) Health and 6) Building Renovation. At the same time, the measures proposed in these six areas, while contributing to the recovery and resilience of the Croatian economy, will contribute significantly to addressing the challenges of climate change and energy sustainability, prevention and suppression of corruption, creating conditions for further improvement of the efficiency of public administration and strengthening the civil protection system, fostering excellence in education and strengthening human resources in science, ensuring support to the neediest people and improving the availability of the health system and disease prevention.

In conclusion, devising this NRP is based on the institutional framework defined by the Decision on the Coordination of Activities within the Economic Governance Framework of the European Union,¹ which was amended in July 2020 to implement the Recovery and Resilience Facility, i.e., the development of the NRRP.

¹ OG 13/17, 51/17, 97/17, 50/18, 74/19, 16/20, 89/20, 37/22, 55/22, 85/22 and 10/23

II. Macroeconomic context and effect of structural reforms

After a rapid and strong recovery in 2021 and 2022 from the crisis caused by the coronavirus pandemic, further growth of the Croatian economy, in the gradual closure of the output gap, will be limited due to subdued global developments. We note that the favourable achievements in the domestic economy in 2022 were achieved in an environment of strong inflationary trends and pronounced uncertainty regarding economic and broader geopolitical developments abroad and in Croatia. GDP growth is almost entirely determined by domestic demand trends in all years of the projected period. Net exports are expected to make a small negative contribution to economic growth in the first two years and be neutral in the last two years under review. This consequence is primarily due to the Croatian economy's strong import dependence, somewhat less expected dynamics of foreign demand for domestic goods and services, and relatively subdued developments in domestic tourism activities in the upcoming period. Inventories are also expected to contribute slightly to economic growth in 2023, taking into account current cyclical developments and the latest recorded high-frequency indicators.

Table 1. Macroeconomic framework

	2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026
GDP – real growth (%)	6.3	2.2	2.6	2.2	2.2
Personal consumption	5.1	1.3	2.6	2.4	2.1
Government spending	3.0	3.3	2.8	2.5	2.2
Gross fixed capital formation	5.8	4.6	3.7	3.3	2.9
Exports of goods and services	25.4	2.7	2.9	3.0	2.7
Exports of goods	23.6	2.6	3.6	3.7	3.4
Exports of services	27.3	2.9	2.2	2.3	2.0
Imports of goods and services	25.0	2.8	3.0	2.9	2.6
Imports of goods	26.3.8	2.6	2.9	2.9	2.5
Imports of services	17.1	4.2	4.0	3.2	3.0
Contributing to GDP growth (percentage points)					
Domestic demand ¹	4.8	2.3	2.8	2.6	2.2
Changes in inventory	1.7	0.1	0.0	0.0	0.0
Net foreign demand	-0.2	-0.2	-0.1	0.0	0.0
Contributing to GDP growth (percentage points)					
Personal consumption	2.9	0.7	1.5	1.4	1.2
Government spending	0.7	0.7	0.6	0.5	0.5
Gross fixed capital formation	1.2	0.9	0.8	0.7	0.6
Exports of goods and services	13.0	1.7	1.7	1.7	1.6
Imports of goods and services	-13.2	-1.8	-1.8	-1.8	-1.6

¹ Including consumption of non-profit institutions serving households

Note: Data for 2022 is preliminary

Source: State Bureau of Statistics, Ministry of Finance

Despite the still higher rate of inflation, against the backdrop of somewhat easing employment growth in 2022 and further acceleration of already high gross wage growth, household disposable income will undergo a strong recovery in 2023 (expressed in real prices), albeit with a slightly weaker real growth rate than the record rate in 2021. Coinciding with a gradual slowdown in the labour market, real household disposable income growth will weaken by 2.0%

in 2026, despite the positive contribution of slowing inflation. Following a strong decline in double-digit inflation in 2022, the household sector savings rate is expected to return in 2023 close to pre-coronavirus levels rapidly. While consumer sentiment remains at lower levels, private consumption will see only subdued growth, with stronger growth recorded by the services component, influenced by pandemic base effects. Under the influence of dynamic labour market developments, the projected savings rate will rise slightly in 2024, followed by a slight decrease in the coming years. Consequently, throughout the projection period, the household savings rate will be slightly below the 10% rate achieved in 2018 and 2019. This subdued projection of personal consumption will also be affected by slightly higher interest rates and a somewhat less favourable wealth effect (despite the prevailing price trends in the real estate market), which will also negatively affect consumer sentiment and discourage stronger net borrowing in the household sector.

The biggest contributor to government spending growth throughout the projection period will be intermediate consumption, subject to a slowing trajectory. The positive contribution from employee wages will be mild and slow towards the end of the respective period, reflecting the expected general employment growth trends at the national level that will be slightly weaker than for private sector employees. The contribution by employee wages in all years will nullify the negative contribution of market output at approximately the equivalent amount. Social transfers in kind will also significantly contribute to the growth of government spending, especially in 2023 and 2024. A slightly increased contribution to government spending will continue to be generated throughout the projection period by the depreciation of fixed capital in a period marked by significant government investments.

A strong, albeit slowing, trend of gross fixed capital formation in the observed period will be generated in 2023 by general government-level investments and in other years by private-sector investments. Inflows from European capital funds will have a key impact on strong contributions from state investments to the movement of aggregate investments throughout the projection horizon. The unfavourable development of private sector investments in 2023 will be contributed to, only to a lesser extent in the construction industry, the mentioned high level of uncertainty concerning economic growth, inflation and interest, despite the currently predominantly favourable economic expectations of the business sector (according to high-frequency surveys). Over the medium term, the investment climate is also expected to improve further against the backdrop of an increased, albeit slightly falling, corporate profitability rate, the retention of relatively favourable domestic financing conditions, and the country's credit rating. Here we note that preliminary statistics indicate that inflation has strongly strengthened business balance sheets and improved relative indebtedness indicators in many domestic companies, effectively making them more resilient in the medium term. When looking by type, the largest contribution to the increased total investments, especially at the beginning of the projection period, will come from construction activities supported by the need to renovate the housing stock after the earthquakes recorded in 2020.

Despite the numerous challenges caused first by the pandemic and later by the energy crisis, the export sector in general, and commodity exports in particular, have proven to be an extremely resilient and healthy segment of the Croatian economy. Even in the projection period, commodity exports will remain an important generator of economic activity in Croatia. Strong growth in the share of exports of goods in the gross domestic product and the growth of the share of domestic exports in foreign commodity markets over the last few years indicate continued favourable structural changes in the Croatian economy that began with the accession to the European Union. Real growth of Croatian goods exports in 2022 was the highest of all EU Member States. Throughout the projection period, solid growth in goods exports is expected to continue, but at significantly lower rates compared to 2013-2019 due to a slowdown in the

growth of major foreign trade partners. Growth in foreign demand for domestic goods, after a strong slowdown in 2023, is expected to accelerate in 2024 slightly and, to a lesser extent, in 2025, only to slow down slightly at the end of the observed period. The growth of the share of domestic exports of goods on foreign markets will undergo a rapid and strong correction in 2023, only to slow down gradually by the end of the projection period and finally be negative in 2026. The sudden change and subdued trends of the share of domestic exports of goods on foreign markets will be affected by an unfavourable cumulative base effect due to the exceptional results of commodity exports over the last four years (especially during the pandemic), followed by the unfavourable structural characteristics of Croatian export products and markets, as well as the expected slightly negative competitiveness effect. Accession to the euro area and the Schengen Area, on the other hand, provides an additional impetus for deeper integration of Croatian exporters into European value chains.

After a strong recovery during 2021 and 2022, the growth of overnight stays of foreign tourists will slow markedly in 2023, when the number of overnight stays by foreign tourists will grow at a moderate pace and exceed the 2019 figure (the third quarter of 2023 will also exceed the third quarter of 2019, albeit by a small amount). In conditions marked by increased price inflation in the tourism industry and profound changes in the structure of tourist demand, in 2023, a slight reduction of four-year extremely favourable base effects in the estimated real consumption per foreign tourist is also predicted. In the rest of the observed period, the trends for overnight stays of foreign tourists will be weak and slow. In contrast, real consumption per tourist is expected to record only slight and stable growth. These projections take into account the global challenges of the tourism industry, expected weaker demand with constraints on tourist confidence in conditions marked by higher inflation and interest rates, domestic infrastructure problems and lack of capacity, as well as expected pressures on the international competitiveness of the domestic tourism sector by newly expanded competition (note that Croatia has reduced price competitiveness in the Mediterranean in recent years). At the same time, the beneficial effects caused by the specifics of the domestic tourist offer that were present in the pandemic period are disappearing. However, the gradual weakening of restrictions on the purchasing power of foreign tourists and the assumed positive structural adjustment of the domestic tourist offer will have a positive effect on the results of the tourism sector. Following a strong and rapid recovery in service exports, excluding travel in 2021 and 2022, and particularly exceptional results at the end of 2022, services exports are expected to slow down in the coming period and grow steadily at rates triple the average in the period from 2015 to 2019.

After the record value of the share of imports of goods and services in GDP (expressed in constant prices for the previous year) in 2022 and the consequent strong negative base effect, the expectation is that the negative trend of increasing import dependence of the Croatian economy in the projection years will continue, but at a weaker intensity. The projected elasticity of imports of goods and services concerning final demand is only slightly higher than the unit and stable throughout the observed period. It should be noted that the most dynamic components in the projection period are those with the largest import share and a tendency to increase further. Imports of services in all projection years will have stronger rates of change than imports of goods, primarily due to favourable base effects from the pandemic years (cumulatively).

Despite the strong shocks of the last few years, the domestic labour market has proven to be extremely resilient and has recorded continuous recovery over the past two years. In addition to higher activity and lower unemployment in the domestic labour market, this growth in the number of employees was significantly contributed by employing workers from third countries. As a result of these developments, a long-standing trend of increasing employment rates

continued, only briefly interrupted by the COVID crisis, surpassing the record levels of 2008 in the past year. The data available for early 2023 indicate a continuation of favourable labour market trends. Supply-side restrictions on the domestic workforce have only been subdued briefly following the outbreak of the COVID crisis. At the same time, there has been a continuous increase in labour shortages over the past two years. Specifically, the domestic labour market is facing structural challenges primarily related to the still low participation of the labour force and a mismatch of supply and demand for work (inadequate education, lack of skills, underrepresented lifelong learning), which are further strengthened by negative demographic trends after joining the EU. In conditions of high labour demand, the developments described have led to a noticeable labour shortage, increased need for labour imports and consequently, pressures on wage growth. However, in recent years, in addition to the strong employment of workers from third countries, there has been a trend of increasing activities in the domestic labour market. These trends are expected to continue in the medium term.

In line with this, economic growth is expected to be accompanied by a relatively fast-growing number of employees in the coming years. Thus, the current (observed) productivity rate will gradually accelerate to 1.3% at the end of the period. However, the positive effect of economic growth on employment will slowly subside towards the end of the observed period due to the gradual and slow closure of labour market imbalances and the mentioned demographic constraints on labour supply. Thus, the workforce (according to the labour force survey methodology) is expected to record a similar growth rate in 2023 as in 2022. Then the trend will weaken and slow down towards the end of the projection period while remaining slightly positive in 2026. The described developments will be accompanied by a decrease in the survey unemployment rate according to equilibrium sizes, bringing it to a record low of 5.2% at the end of the period. In line with the expected trend in inflation and labour demand, along with strong shortages of certain profiles of workers, nominal growth in gross wages is expected to accelerate to as much as 11.5% in 2023. It should be emphasized that such developments were already observed at the end of 2022, especially at the beginning of 2023, applying to all categories according to the national classification of activities, not only to deficient occupations. While their growth will gradually slow towards the end of the projection period, the share of employee wages to GDP (expressed in current prices) will grow somewhat even at the end of the period, at the expense of a gradual reduction in the share of the gross operating surplus in the corporate sector from record levels in 2022. These developments will also be impacted by administrative decisions to increase the minimum gross wage at the beginning of this year and the increase in the base for salaries in the public and general government sectors. Thus, in 2024, the general government sector is expected to have faster gross wage growth, and in 2023, as in other years of the observed period, where wage growth in the general government sector will be only slightly weaker than that in the private sector. Due to stronger growth in gross employee remuneration than labour productivity growth, a strong and slowing pace of unit labour cost is projected over the medium term, which will rise by as much as 10.6% in 2023 and then slow down to a rate of 2.5% at the end of the projection period.

Over the past year, there has been a strong increase in inflation, mainly due to the increase in energy prices and most other categories of primary commodities on the world market. Furthermore, the opening of economies after the COVID pandemic and the recovery of global demand for goods has led to profound pressures on global supply chains extending delivery times and increasing transport costs. These developments were further intensified by the war in Ukraine, which accelerated the growth of agricultural prices and producer prices of industrial products in the euro area and, ultimately, their spillover over to consumer prices. As a result of

these developments, consumer price inflation in the Republic of Croatia has continuously accelerated over the past year, from 5.7% in January to an average level of 13.3% in the last quarter of 2022. The rise in consumer prices in 2022 was mainly contributed by the rise in energy and food prices, with an increasingly strong contribution to overall inflation coming from rising prices for services and industrial products in the second half of last year. On the other hand, inflationary pressures have been significantly mitigated by the introduction of government measures, which limited household electricity and gas prices, reduced the VAT rate on certain categories of products, and limited prices of basic food products.

Since the middle of last year, inflationary pressure has been easing in the prices of energy products and other primary commodities on world markets and noticeably less pressure in global supply chains. Furthermore, there is a strong slowdown in the interannual growth of producer prices of industrial products in the Republic of Croatia and the euro area. At the beginning of 2023, consumer price inflation in the Republic of Croatia recorded a gradual slowdown and its lowest level since April last year in March. The slowdown in headline inflation was mainly contributed by energy prices, influenced by energy price developments on world markets, but also by the impact of the base period. On the other hand, in the case of unprocessed food products and services, domestic inflation remained at relatively high levels at the beginning of this year, influenced by strong growth in nominal gross wages and a pronounced increase in fruit and vegetable prices, which was also affected by adverse weather conditions in the south of Europe.

Average consumer price inflation is expected to slow to 6.6% in 2023, driven by a pronounced decrease in the prices of energy and other primary commodities on the world market, as well as the fading of the base effects of rising prices during 2022. Inflation trends will also be affected by the already present strong easing of pressures in global supply chains, as well as the expected further slowdown in inflation in the euro area. As a result of these developments, a much lower contribution to inflation in 2023 will come from energy prices, while food prices, and prices that exclude food and energy, are expected to maintain relatively high inflation, which will nevertheless slow more towards the end of 2023. Influenced by the expected slowdown in price growth in the euro area and the subdued trends of primary commodity prices on the world market, as well as the decrease in the growth of unit labour costs in the Republic of Croatia, inflation is expected to slow down gradually in the remaining projection period, approaching 2.0% at the end of the projection 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 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

Based on the NRRP component C1.1. Resilient, Green and Digital Economy intended directly for entrepreneurs, tenders were held for the allocation of grants with a total value of EUR 377 million, which directed for the transition of the economy towards an energy-efficient and resource-efficient economy, as well as innovation and the development and application of new (digital) technologies. These measures include:

C1.1.1. R4-II – Support to Enterprises for the Transition to an Energy-efficient and Resource-Efficient Economy (EUR 252 million, intended for small and medium-sized and mid-caps). Grants are awarded to financially viable businesses that can prove the impact of planned investments on the green transition, and for investments focused on green technologies that contribute to an energy and resource-efficient economy. Investments will be directed towards energy-intensive enterprises in the manufacturing sector dedicated to: projects promoting the circular economy by integrating resource efficiency aspects into the production cycle and product lifecycle, including the sustainable supply of primary and secondary raw materials and/or the decarbonisation of energy-intensive industries and significant emission reductions in these industries, including demonstrating and introducing innovative technologies for low-level emission. A total of 253 projects were received, at a value of EUR 517.6 million, and the requested support totals EUR 225.6 million, or 89% of the allocation amount. The process of awarding grants is ongoing. Considering the number of project proposals received and the value of the support requested, a new call for proposals is likely to be announced in 2023 after the completion of the award procedure.

C1.1.2. Support Aimed at Innovation in General and the Development and Application of New (Digital) Technologies (EUR 124.9 million) includes measures to encourage acceleration and commercialisation of innovation and also investments in the development capacity of enterprises to increase competitiveness in the global market. It envisages a reform of the system of tax breaks for research and development and the development of national plans for the digital transformation of the economy and the development of

artificial intelligence. The digital transformation of the economy is also encouraged by directly supporting enterprise projects for the development and application of digital technologies and digitalization of business processes, but also in support to the European Digital Innovation Hubs (EDIH). Accordingly, the RRF plans to raise the level of investment in research and innovation and encourage the activities of companies that contribute to the creation of value-added products and services. In 2022, grant calls were announced: Grants for Start-Ups (EUR 18.7 million), Commercialisation of Innovations (EUR 50.4 million) and Digitalisation Grants (EUR 27.3 million). The award process for these calls is in progress. HAMAG BICRO has announced and completed the Call for the Selection of Accelerators as part of the Measure Strengthening Acceleration Activity (EUR 8 million), for which 11 accelerators gathered in consortiums were selected to implement the acceleration program. Also, in 2022, four national candidates for EDIHs secured funding at 50% of the value of their projects for a three-year period in the amount of EUR 5.4 million. Consequently, preparations for financing the national part of the respective projects through the NRRP subcomponent C1.1.2 have commenced.

In the framework of component C.1.1.1., the HBOR financial instruments measure is currently implemented. In line with the Implementation Decision of the Council, for these financial instruments, HBOR, in cooperation with MFIN and MESD, has concluded agreements on the implementation of financial instruments. With the exception of the equity and quasi-equity investment stimulus financial instrument, which is expected to commence implementation in 2023/2024, all other financial instruments are currently implemented and are available to the final beneficiaries (public and private sector entities).

- C.1.1.1. R4-I2 Financial Instrument for Micro, Small and Medium-Sized Enterprises consisting of two subcomponents:
 - Financial instrument for direct loans above EUR 100,000 for micro, small and medium-sized enterprises (by 31/12/2022, four loans contracted)
 - Financial instrument for the fund interest subsidy on loans for micro, small and medium-sized business entities (by 31/12/2022, three subsidies contracted)
- C.1.1.1. R4-I3 Financial Instruments for Mid-Cap and Large Enterprises consisting of two subcomponents:
 - Financial instrument for the fund interest subsidy on loans for mid-cap companies and large enterprises
 - Financial instrument for the guarantee fund for loans to mid-cap stakeholders and large business entities
- C.1.1.1. R4-I4 Fund Financial Instrument for Loan Subsidies for Public Sector Entities
- C.1.1.1. R5-I1 Financial Instrument for the Development of Equity and Quasi-Equity Investments

In 2022, the implementation of support measures for farmers was continued in line with the so-called Temporary Framework for State Aid Measures to Support the Economy in the COVID-19 Pandemic. In April 2022, the Government adopted the Support Program for Primary Agricultural Producers in the Poultry Sector Due to Difficult Business Conditions Caused by the COVID-19 Pandemic in 2022 (approx. EUR 0.6 million) and the Support Program for Primary Agricultural Producers in Livestock Due to Difficult Business Conditions Caused by the COVID-19 Pandemic in 2022 (approx. EUR 4.2 million).

Planned NRRP reforms and investments

In terms of measure C1.1.1.R4-I2, HAMAG-BICRO implements financial instruments – investment loans up to EUR 100,000 and interest rate subsidies to encourage green and digital transitions and strengthen competitiveness and resilience. The total allocation amounts to EUR 53 million, of which EUR 39.8 million relates to loans and EUR 13.3 million relates to interest rate subsidies. Accepting loan applications began in Q3/2022, and by 31/12/2022, 204 loans were contracted, accounting for 25.50% of the entire allocated funds for this financial instrument, while commencing implementation of the interest rate subsidy is planned for Q1/2023.

The Ministry of Culture and Media sent for investment C1.1.1. R6-II Transforming and Strengthening the Competitiveness of Cultural and Creative Industries, the Draft Instructions for Applicants of the Call for Grants to the e-Consultation (e-Savjetovanje) portal. The grant will be awarded through an open award procedure as a temporary call, and the total available grant amount under this call is EUR 33.18 million.

Planned measures outside of the NRRP framework

2020.CSR3.3. Focus investment on the green and digital transition, in particular on environmental infrastructure, clean and efficient production and use of energy

HAMAG-BICRO plans to implement financial instruments through PCC 2021-2027. There are plans to implement ESIF small investment loans with a smaller share of working capital and the possibility of writing off the principal subject to achieving key indicators of green and digital transition and ESIF guarantees based on individual guarantees for long-term investment loans and leasing, as well as through a portfolio guarantee on a portfolio of lower-value guaranteed loans from selected financial institutions (both for investment loans with a lower share of working capital, and loans entirely directed to working capital). HBOR should be entrusted with the role from the PCC 2021-2027 to manage the financial instrument for SME competitiveness.

Supporting sustainable financing is an important topic in our financial sector, both in the banking and non-banking sectors. Sustainable investment is an investment in a business activity that: 1) contributes to achieving environmental or “E” goals, 2) contributes to achieving social or “S” goals, 3) is not a significant detriment to any of the above environmental or social goals and, 4) means investing in companies that follow good governance or “G” practices.

Environmental, Social and Governance (ESG) risks affect the stability of the economy and financial system. Hence a transition to sustainable business models is necessary where the financial sector becomes the main factor in achieving the set Sustainable Development Goals. Access to sustainable financing and responsible investment should be based on ESG factors. Applying the sustainable finance concept means ESG factors should also be considered in investment decisions. Regulatory changes oblige the financial sector to consider the impacts of the projects it finances in achieving the objectives of the European Green Deal and the impact on sustainability, all of which should lead to a long-term increase in investment in sustainable economic activities and projects. The European Commission’s 2021 Sustainable Finance Strategy guides the financial sector in contributing to European Green Deal targets while strengthening its resilience and tackling manipulative green marketing. The aim is to facilitate the contribution from the financial sector by strengthening economic and financial resilience against sustainability risks (financial reporting and accounting, credit ratings, sustainability risk

management by banks and insurers, financial stability) and accelerate the financial sector's contribution to transition activities (i.e., disclosure of information from financial institutions, fiduciary investor obligations, comparability of research and ratings in the field of environmental, social and governance factors, such as monitoring the risks associated with manipulative green marketing, measuring capital needs and capital flows).

Improving sustainability reporting is essential for an easier transition to a sustainable economy. In this regard, Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 on corporate sustainability reporting (Corporate Sustainability Reporting Directive – CSRD) was drafted and entered into force on 5 January 2023 and will be subsequently transposed into the Accounting Act. The CSRD expands the circle of reporting entities and the report content, prescribing the use of the European Sustainability Reporting Standards (ESRS), verification of sustainability reports and introducing the digitalisation of sustainability information. Under the new rules, the first sustainability reports will be published in 2025 for the year 2024. Given the increased number of obliged entities applying the CSRD, proper and timely compliance with the new CSRD requirements is essential in the coming period.

Consequently, the plan is to **establish a common platform called the Sustainable Finance Support Forum (SFSF)**. Bearing in mind that the financial sector is expected to play a key role in the process of transitioning towards a sustainable economy through the direction of capital towards sustainable economic activities, the aim, in cooperation with MESD, the CNB and HANFA, is to establish a common platform for exchanging information and increasing the contribution of the financial sector to achieving the goals of the European Green Deal, with the coordination of all essential stakeholders involved in the process and focusing on the timely preparation of new requirements.

Strengthening competitiveness

2020.CSR3.3. Focus investment on the green and digital transition, in particular on environmental infrastructure, clean and efficient production and use of energy

Progress in implementing the recommendations

Within the technical support project (Structural Reform Support Program – SRSP) financed with funds from the EC and the then German Federal Ministry of Economy and Energy (German BMWi – now Germany's Federal Ministry for Economy and Climate Protection), in 2021, recommendations were prepared to improve the analytical capacity of MESD officers regarding appropriate methodological tools that will contribute to the efficiency of public administration in designing and implementing public projects and policies. Within the NRRP reform measure Continuation of Business and Regulatory Environment Reform, a Strategy for assessing the economic impact of regulations on the SME sector for the period from 2023 to 2027 and an Action Plan for the Implementation of the Strategy for the Period 2023-2025 were developed in 2022 as the next step in strengthening the regulatory framework, with special emphasis on the benefits that SMEs will achieve in improving the business environment in Croatia through the application of the good governance principles, recognized and accepted among EU Member States. One of the measures is from the Action Plan for the Implementation of the Strategy is the Digitalisation of the Small and Medium-Sized Enterprise Test (SME Test). In 2022, a functional (process) specification for digitalization was developed in cooperation with the OECD in terms of the technical assistance project Improving Regulatory Policy in Croatia Through Innovation and Digitalisation and the public procurement of services for the

development of a digital platform for the digitization of the SME test was carried out in the last quarter of 2022.

Planned NRRP reforms and investments

As part of further improvements to the SME test, the mentioned digitization of the Small and Medium Enterprise Efficiency Test is planned for 2023. It involves the development of a digital platform for coordinator collaboration, online education and mutual communication to optimize and fully digitize the SME test procedure.

The platform will comprise an IT database of conducted SME tests, a database of standardised values used when calculating impact assessments, and facilitate systematic monitoring and surveillance of the calculated effects, analytical reports and development of performance simulations.

The platform will improve communication between SABs and the private sector and incorporate a database of conducted SME tests and standardized values used in calculating impact assessments, thus facilitating systematic monitoring and surveillance of the calculated effects, analytical reports and simulation of effects.

In addition to the database, an integral part of the platform will be a portal for mutual communication and exchanging experiences by national experts who make up the network for better regulation. The platform will facilitate the involvement of business community representatives when necessary from an early stage of regulation drafting. The digitalization of the SME test, which involves all SABs obliged to implement the SME test, will increase the efficiency of the public sector and ultimately positively affect the business environment competitiveness in Croatia. The implementation deadline for the SME digitalisation measure is the end of 2023.

More effective functioning of the capital markets in the Republic of Croatia

Planned measures outside the NRRP framework

Given that a comprehensive document to systematically determine the current situation and propose measures for improving and developing the capital market system has not been adopted in Croatia so far, the MFIN, together with HANFA, has decided to initiate activities for drafting the **Proposed Strategic Framework for the Development of Capital Markets in the Republic of Croatia**.

The Proposed Strategic Framework for the Development of Capital Markets in the Republic of Croatia should facilitate more efficient functioning of capital markets, support sustainable economic growth, and increase the competitiveness of the Croatian economy. A well-developed capital market has a direct impact on economic growth, as well as creating high-quality employment opportunities. A strong capital market supports the national economy by effectively allocating foreign and domestic capital to finance business activities, create skilled and productive jobs, build infrastructure and finance innovative ideas.

The Proposed Strategic Framework for the Development of Capital Markets in the Republic of Croatia aims to:

- answer the question as to what is the current state of the capital market,
- identify areas with the greatest potential for improvement,

- establish measures for implementation in identified areas,
- consider a future approach to optimising the regulatory environment for investment and stakeholder financing and also consider other possible issues,

all to help develop a strong and competitive capital market in Croatia. The implementation of the activities is planned for the period leading up to Q1/2024.

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 recommendations

An important element in assessing the business environment is different fees in the form of parafiscal and administrative fees that are considered non-tax benefits. The fees arising from public regulations paid by companies to central government bodies, local and regional government bodies or other public bodies are analysed and considered to find opportunities to ease the burden on entrepreneurs while maintaining the same level of public services financed from these fees.

The First Action Plan for the Reduction of Non-Tax and Parafiscal Charges 2020 was prepared based on an analysis conducted in 2019 and adopted by the Government in May 2020. The Action Plan was adopted in line with the recommendation of the Council of the European Union as a precondition for Croatia's accession to the European Exchange Rate Mechanism II (ERM II) and the banking union. The Action Plan envisaged 50 relief measures, of which 33 related to the abolition or reduction of selected non-tax and parafiscal charges and 17 measures on the reduction of fees for professional exams. Since the first quarter of 2022, all 50 measures from the Action Plan have been implemented, providing total economic relief of EUR 70.6 million.

Planned NRRP reforms and investments

In terms of the NRRP reform measure Continuation of Business Environment Reform, the second Action Plan for the Reduction of Non-Tax and Parafiscal Charges will be developed to create the conditions for a simpler and more favourable business climate for Croatian entrepreneurs.

Implementing the measures from the second Action Plan for the Reduction of Non-Tax and Parafiscal Charges will relieve the economy by more than EUR 132.7 million by the end of 2023.

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 services market was liberalised by the end of Q1/2023 through 260 measures in about 50 activities and professions. Since 2019, measures in this area have been implemented through action plans to liberalise the services market, following a regulatory analysis by the World Bank. In all, 260 measures were implemented under these actions, including 18 of the 20 actions from the First Action Plan and 13 of the 18 measures from the Second Action Plan. Other measures are currently in implementation (during 2023). According to OECD data from the Product Market Regulation (PMR 2018), the overall regulation of the Croatian economy, the market the services and professional services has been reduced to the EU and OECD average. The reform continues in line with EC multiannual recommendations in the report for Croatia. Accordingly, the Commission's annual reports chronologically highlight obstacles such as: complex registration procedures in the field of services (EC, [2017](#)²); territorial restrictions for cross-border tourist guides through county exams (EC, [2018](#)³); regulating expensive membership fees and exams in professional chambers, exclusive rights and limitations of ownership shares and multidisciplinary among tax advisors and lawyers (EC, [2020](#)⁴). On the other hand, the EC also assessed Croatia's progress: fixed prices in several sectors were abolished (EC, [2018](#)⁵); progress in the liberalisation of regulated professions and a deregulation plan for a range of professions, including reducing the exclusive rights of architects, easing restrictions on lawyers advertising, the abolition of mandatory residency for tax advisers, significant liberalisation of taxi services and the abandonment of the licensing of accountants (EC, [2019](#)⁶). The EC also warns of the necessary continuation of specific reforms: despite the multitude of measures to liberalise professional services and administrative requirements, high regulation in some professions remains ([2020](#)⁷); despite integration into the single market and services reforms, there remain certain barriers in multiple professions. Therefore, the EC expects such restrictions to be removed through the NRRP (2022⁸), referring to an indicator of the restrictiveness of professional services⁹ that shows how several professions face restrictions exceeding the EU median – lawyers, architects, engineers, tour guides and tax advisers.

Planned NRRP reforms and investments

Liberalisation of the services market is carried out to open further the institutional framework for potentially new and existing private sector professional services entrepreneurs. Regarding expected economic impacts, the reform will open up greater opportunities for net increases in providers, innovation and productivity, and greater opportunities for individuals and businesses as consumers of professional services in terms of possible price reductions and greater selection. Therefore, according to the NRRP, the goal is to simplify or eliminate at least an additional 50 regulatory requirements for the private sector of professional services by the end of Q4/2024 (compared to the 250 measures implemented since Q1/2022 when the NRRP and NRP 2022 were adopted). Measures will be implemented based on the Third Action Plan for the Liberalisation of the Services Market to achieve this goal. Regarding result indicators, the minimum cumulative number of implemented services market liberalisation measures will increase from 260 (Q1/2023) to at least 300 (Q4/2024). This reform considers the World Bank's

² <https://commission.europa.eu/system/files/2017-02/2017-european-semester-country-report-croatia-en.pdf>

³ <https://commission.europa.eu/system/files/2018-03/2018-european-semester-country-report-croatia-en.pdf>

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0510&from=EN>

⁵ <https://commission.europa.eu/system/files/2018-03/2018-european-semester-country-report-croatia-en.pdf>

⁶ https://commission.europa.eu/system/files/2019-02/2019-european-semester-country-report-croatia_en.pdf

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0510&from=EN>

⁸ https://ec.europa.eu/info/system/files/2022-european-semester-country-report-croatia_en.pdf

⁹ <https://ec.europa.eu/docsroom/documents/46053>

recommendations for registration and membership in professional chambers, fragmented exclusive rights, professional exams, and restrictions on ownership and governance for tax advisors. In addition, these reform recommendations under the European Semester, initiatives from the Single Market Enforcement Taskforce (SMET) group at the EC and EU rules on freedom to provide services are taken into account.

C1.2. Energy Transition for a Sustainable Economy

Decarbonisation of the energy 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.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; 2022.CSR3.1 Diversification of imports of fossil fuels and reduction of general dependence on fossil fuels; 2022.CSR.3.2. Accelerate the use of renewable sources of energy

Progress in implementing the recommendations

Croatia, under the EU Energy Policy and the European Green Deal, encourages a strong decarbonization of the energy sector, which is also contained in a series of strategic documents on the energy sector. Some of these documents were adopted earlier, while others were adopted as part of the NRRP component C1.2. Energy Transition for a Sustainable Economy and is fully committed to the green transition and decarbonisation.

In June 2022, an assessment document was published with recommendations to remove obstacles and relieve administrative procedures that restrict greater use of energy from renewable sources. The document defines potential bottlenecks in the implementation of renewable energy sources and proposes activities to accelerate projects for renewable energy sources with a special emphasis on the self-supply of energy and the formation of energy communities of citizens.

Also, in 2022, intensive work was done on devising a new legislative framework for implementing renewable energy sources. Following the adoption of key laws at the end of 2021, work was done in 2022 to adopt bylaws that reduce barriers and facilitate administrative procedures that prevent greater use of renewable energy sources.

In addition to these strategic documents, in 2022, there was work on the implementation of projects to decarbonise the energy sector. Upgrading the underground cables connecting the six islands to the land network is progressing as planned. Two of the six sections of submarine cables were completed in 2022 and are currently in operation (Crikvenica – Krk) or trial operation (Dugi Rat – Postira). Activities will be carried out and finalized in other sections during 2023 and 2024.

To explore the geothermal potential for district heating, in September 2022, six contracts were signed with the tenderer Geofizyka Toruń S.A. Chrobrego 50, 87-100, Toruń, Poland ("GT"), totalling approximately EUR 2.4 million. The public procurement involved six groups and required recording 2D seismic data, recording and interpretation of magnetotelluric data and processing of 2D seismic data on six preliminary exploration premises in the cities of Velika Gorica, Zaprešić, Sisak, Osijek, Vinkovci and Vukovar. It fulfilled six indicators out of a total

of eight defaults. It is apparent from the opinion on the prior assessment of the project's acceptability for the ecological network for six preliminary exploration points that conducting the procedure for prior assessment of the project's acceptability for the ecological network is not necessary. At the Velika Gorica preliminary exploration area, the recording of magnetotelluric data has been completed, and geodetic mapping of the terrain for recording 2D seismic imaging has begun. The study on crop damage for all six exploration areas has also been completed to compensate for damage during 2D seismic imaging. Preparatory activities are underway for recording 2D seismic data and magnetotelluric data, as well as informing and obtaining the owner's consent in the area where data recording is to take place (indicator #47). Activities will continue throughout 2023.

In 2022, joint activities were carried out at the EU level to raise the security of supply and stabilise energy prices. Joint efforts and the adoption of coordinated measures prevented significant disruptions and increases in energy poverty, ensuring the stability of the EU energy market and the competitiveness of the EU economy.

Planned NRRP reforms and investments

As part of the NRRP, reform C1.2. R1 Decarbonisation of the Energy Sector is envisaged in the energy sector, the implementation of which will ensure Croatia turns towards clean energy. The reform is expected to provide the infrastructure necessary for better and faster implementation of clean technologies in the electricity, transport, heat and industrial sectors and linked to the development of new technologies that will, in addition to increasing the share of renewable energy, further reduce CO₂.

As part of this reform, the plan is to work on the strategic and legislative framework and further implementation of investments in 2023.

Regarding strategic-legislative activities, the plan in 2023 is to provide a legal basis for the complete separation of management of the gas transmission system operator (Plinacro) from state-owned supply and generation activities. Preparation of the analytical bases for drafting the **Plan for the Production and Use of Biofuels in Transport** is underway and will be adopted in Q4/2023.

The drafting of the Strategic Environmental Impact Study on the Environment of the 2030 Geothermal Potential Development Plan of the Republic of Croatia and adoption of the 2030 Geothermal Potential Development Plan of the Republic of Croatia is also underway, which is expected to be completed by the end of April 2023.

The implementation of the projects will also continue. The **work on the modernization of the high-voltage network** is in its final stage. Eight of the 11 required building permits were obtained, and three applications were submitted. The expected completion is Q2/2023. Activities to replace submarine cables will also continue. On the Brač-Hvar and Hvar-Korčula sections, works on land sections have been contracted, and submarine cable and works on laying the submarine cable has been contracted. Still to be contracted is the extraction of the old cable. A building permit for the Hvar- Korčula section is also anticipated. For the Krk-Cres and Cres-Lošinj sections, works on land sections have been contracted and submarine cable and works on laying the submarine cable have also been contracted. The extraction of the old cable is yet to be contracted.

For these six sections (two completed in 2022 and four planned for completion in 2023 and 2024), a total of 18 procurements are planned. Of these 18 procurements, 17 have been carried

out and contracts signed, some have been realised, and some are about to be realized. The last procurement (for cable extraction) is planned for the end of Q2/2023 because the extraction of submarine cables comes at the end after contracting all other works.

Planned measures outside of the NRRP framework

Outside the NRRP framework, we should mention the Integrated National Energy and Climate Plan for the Republic of Croatia for the Period 2021-2030 (NECP) prepared in line with the Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action, which sets national targets to reduce CO₂ emissions for 2030, increasing the share of renewable energy sources in final consumption and increasing energy efficiency. It sets the main national targets for reducing CO₂ emissions with respect to 1990, the share of renewable energy in final consumption and the goal of increasing energy efficiency. The plan contains 105 measures that meet all five pillars of the Energy Union, a large part of which relate to decarbonisation. The NECP is also important as a strategy document drafted by each Member State under Regulation (EU) 2018/1999, which is submitted to the EC and is a precondition for programming funds within the MFF 2021-2027. Amendments to the Integrated Energy and Climate Plan are in preparation and will be accompanied by greater ambition among EU Member States regarding the share of energy production from renewable sources, energy efficiency and, in line with the new distribution of efforts in reducing greenhouse gas emission among Member States and new sectoral targets. In 2023, a revision of the NECP is planned and will be even more aligned with the reform and investments under the NRRP, as well as activities that are yet to be planned in line with the REPowerEU chapter of the NRRP.

There is also a new PCC that has allocated EUR 279 million for energy efficiency and use of RES in industry, microsolar and heat pumps for citizens, additional activities on the NRRP project, use of geothermal energy in thermal energy, battery systems, decarbonization of transport and development of a hydrogen-based economy.

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; 2022.CSR3.4 Working on reducing energy

Progress in implementing the recommendations

The reform of the water-communal sector includes a mutually harmonized process of adopting the legislative framework and implementing investments through the Public Sewage Development Program and the Public Water Supply Development Program. Accordingly, the NRRP envisages reform C1.3. Implementation of the Water Management Program Through the Implementation of Investments, C1.3. R1-I1 Public Sewage Development Program and C1.3. R1-I2 Public Water Supply Development Program.

One of the most important goals of reforming the water services sector is balanced development of the entire country in terms of water services for public water supply and sanitation, ensuring

that all citizens, especially in rural areas, have access to public water supply and sanitation with at affordable water prices, ensuring taking over of about 200 local water supply utilities from which water with questionable health safety is supplied and ensuring that the remaining 73 LSGs that do not have access to public water supply and sanitation receive it. This is 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 water resources management, which is underdeveloped (CSR 2020). To ensure the implementation of the Sustainable Development Goals (SDG Goal 6: Ensure availability and sustainable management of water and sanitation for all) and synergistic action in the field of sustainable water resource management, as well as protection of it, Croatia has recognized key areas of intervention: improving public water supply, improving public sewage systems and wastewater treatment, as well as preserving good water condition to improve the sustainability of water use and management. Increasing water efficiency and implementing an integrated water management system are key to meeting Croatia's water needs in the future. Reform in the water services sector is a prerequisite for effectively implementing investments in water management and ensuring compliance with the relevant EU directives. It also includes integrating public water service providers in the service area to strengthen the implementing capacity and investment capacity and the financial and technical self-sustainability of public water service providers. The reform will ensure the principle of cost reimbursement from water services so that the water prices, even after the investments, are socially affordable to consumers. The legal prerequisite for water-communal reform was realized through measures from NRP 2019 with the adoption of the Water Services Act¹⁰ and NRP 2020 with the adoption of the Regulation on Service Areas.¹¹

The burden on water bodies in abstracting water for the needs of the public water supply is unnecessarily large. It is necessary to reduce losses and thus the impact of water abstraction on the quantitative state of groundwater, i.e., on the ecological condition (hydromorphological element) of surface waters. With the aim of reducing water losses in public water supply systems, the Regulation on Amending the Regulation on the Level of Water Use Charges¹² was adopted as a measure from NRP 2019.

In December 2021, the Government's Decision on the Adoption of the Multiannual Program for the Construction of Municipal Water Structures for the Period up to 2030¹³ led to the adoption of the Program - one of the most important planning documents for water management. Its adoption is prescribed in Article 43 of the Water Act.¹⁴ The adoption of the Program fulfilled the previous condition for PCC funding in 2021-2027 and is a reform indicator in the NRRP. This document establishes the framework program for investments in the development of public water supply and public sewage to which 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 Program identifies individual projects and defines a framework for monitoring their implementation. Coinciding with the Multiannual Program, the Government adopted the Regulation on Service Areas. A total of 25 proposals have been submitted to the Constitutional Court of the Republic of Croatia to assess the compliance of the Water Services Act with the

¹⁰ OG 66/19

¹¹ OG 147/21

¹² OG 32/20

¹³ OG 147/21

¹⁴ OG 6/19 i 84/21

Constitution and four proposals for assessing compliance of the Regulation on Service Areas¹⁵ with the Constitution and the Act. It is important to emphasize that according to the amount of water, all proponents deliver a little more than 7% of the total amount of water delivered in Croatia annually to households and business users. All other public suppliers, who deliver 93% of water in the Republic of Croatia, support the reform. Many have already integrated voluntarily due to the benefits they have achieved with projects financed by EU funds. By its Decision of 8 June 2021, the Constitutional Court rejected or dismissed the first four submitted proposals for assessing compliance with the Constitution, and by its Decision of 20 December 2022, it rejected or dismissed the remaining 21 proposals. On 7 February 2023, the Constitutional Court issued a Decision repealing the Regulation on Service Areas on 15 July 2023 for procedural reasons. To avoid a legal gap, the Regulation adopted in December 2021 remains in force until 15 July 2023, by which time the Government will adopt a new Regulation on Service Areas, according to the explanatory memorandum of the Decision of 7 February.

Integration in the water services sector will strengthen the economic and personnel capacities of public suppliers and positively impact implementing investments from EU and national funds. No LSGs will remain outside the jurisdiction of an individual water service provider. Losses in public water supply systems will be reduced, and sewage and wastewater treatment systems will be built, positively impacting environmental and nature protection. More than 200 local water supply systems with questionable water safety will be incorporated into the public water supply system. After the implementation of large investments in the water services sector, the price of water will remain socially affordable to citizens, i.e., citizens will not allocate more than 3% of their income to pay for these services. Currently underway is 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, which are necessary for completing the operational implementation of the reform.

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 was completed 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 EUR 93.8 million of EU grants were awarded. A continual limited call for proposals for Financing the Implementation of Investment Projects for Smaller Parts of the Public Water Supply and Public Wastewater System Under the National Recovery and Resilience Plan 2021-2026 is underway, for which 26 projects have been approved so far, and EUR 100 million in EU grants has been awarded. A limited call for proposals for Financing the Implementation of Investment Projects for Improving the Agglomeration Water Utility Infrastructure is also underway. These calls also contribute to the NRRP implementation indicators with an implementation deadline of Q4/2023: Public Sewerage Network Constructed or Reconstructed and Public Water Supply Network Constructed or Reconstructed. The Call for Submission of Project Proposals for Investment Financing: Measuring Devices on Water Catchments has been completed, and a project with a total grant value of EUR 8.5 million has been selected in the direct awarding process. This call contributes to the NRRP implementation indicator with an implementation deadline of Q4/2022: Water Metering Devices Installed at Water Abstraction Sites.

¹⁵ OG 147/21

Planned NRRP reforms and investments

Amending the legal framework is a necessary step in implementing reforms in the water services sector. Following the adoption of the Regulation on Service Areas on 30 December 2021, the Regulation on the Evaluation of the Performance of Water Service Providers, the Regulation on the Methodology for Determining the Price of Water Services and the Regulation on Special Conditions for Provision of Water Services are underway. In view of the Constitutional Court Decision of 7 February 2023 and repealing the Regulation on Service Areas on 15 July 2023, a new Regulation on Service Areas is underway. The adoption of these regulations will be followed by the **operational implementation of the reform of public water service providers** by Q4/2023.

Planned measures outside the NRRP framework

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 implementation of the framework program for investments in developing the public water supply and public sewage, as also defined in the Multiannual Program for the Construction of Municipal Water Structures for the Period up to 2030. In addition to funds from the NRRP, EUR 695 million from the PCC 2021-2027, specific goal 2v Promoting Access to Water and Sustainable Water Management is available to Croatia for investments in water infrastructure.

Furthermore, in 2023, investments in public sewage systems and public water supply systems continued to be financed by EU grants under the OPCC 2014-2020.

Sustainable waste management

Progress in implementing the recommendations

A number of activities have been carried out to meet the conditions for utilizing EU funds in co-financing waste management projects to implement reforms for transitioning to a circular economy.

Regarding waste management, the Ministry of Economy and Sustainable Development (MESD) adopted a Decision on the Sequence and Schedule for Closing Waste Depots,¹⁶ defining the sequence and schedule for closing waste depots for non-hazardous waste across counties.

In July 2021, the Waste Management Act¹⁷ was adopted, incorporating new and more ambitious waste management targets into national legislation that contribute to achieving the goals of the European Green Deal in separating waste generation from economic growth. Also, the Waste Management Plan of the Republic of Croatia for the Period 2017-2022 has been amended by the Decision on the Adoption of Amendments to the Waste management plan of the Republic of Croatia for the 2017-2022 Period.¹⁸ Amendments to the Waste Management Plan of the Republic of Croatia 2017-2022 were adopted to comply with the new targets and policies in waste management and apply only to 2022 as the last year in the planning period.

¹⁶ OG 3/19 and 17/19

¹⁷ OG 384/21

¹⁸ OG 3/17 and 1/22

The Waste Management Plan of the Republic of Croatia for the Next Planned Period 2022-2028 is fully based on the targets until 2035. Its adoption is expected in Q1/2023.

Key reforms in establishing an efficient waste management system for the transition to a circular economy and achieving EU goals will increase the efficiency of separately collecting recyclable waste, introduce economic incentives for citizens and LSGs and additional investments in projects that occupy a higher place in the waste management hierarchy.

Planned NRRP reforms and investments

Regarding investments in waste management projects, it has been possible to use funds from the NRRP through reform C1.3. R2 Implementation of Sustainable Waste Management in the total amount of EUR 166 million through implementing investment C1.3. R2-I1 Waste Disposal Reduction Program in the amount of EUR 146 million and implementing the investment C1.3. R2-I2 Remediation Program for Closed Landfills and Sites Contaminated with Hazardous Waste in the amount of EUR 20 million. The purpose of the Waste Disposal Reduction Program is to separately collect municipal waste more efficiently and reduce the generation of waste that needs to be finally disposed of in landfills. Therefore, the program includes the measures and infrastructure needed to reduce waste disposal, which includes the construction of a plant for sorting separately collected municipal waste, the construction of a biological treatment plant for separately collected biowaste, the construction and equipping of recycling yards, as well as the construction and equipping of recycling yards for construction waste. Calls for proposals for the submission of proposals for financing measures and infrastructure from the Waste Disposal Reduction Program announced in 2022 are the construction and equipping of biowaste biological treatment plants and the construction and equipping of sorting facilities. Other calls will be published in 2023. Upon implementation of this program, 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 indicatively 10 closed landfills that are in the phase of obtaining building permits and ready for remediation activities. The call for proposals for financing the Program for Rehabilitation of Closed Landfills and Sites Contaminated with Non-Hazardous Waste was published in May 2022 and is open until 30 April 2024 or until the available funds are spent. Moreover, in 2023, there are continued investments in infrastructure for sustainable waste management financed by EU grants under OPCC 2014-2020.

Planned measures outside of the NRRP framework

The implementation of regulatory measures and achieving targets based on the Waste Management Act and in the Waste Management Plan of the Republic of Croatia 2022-2028 requires additional infrastructure for separate collection, sorting and recovery of recyclable waste. Past investments in infrastructure for separate collection of municipal waste in the period 2017-2021 have resulted in a significant increase in the recycling rate (from 24% to 31%) and a reduction in waste disposal (from 72% to 58%), clearly confirming the correlation between these investments and achieving EU targets. Besides the NRRP activities, other activities have also been carried out to finance the infrastructure for sustainable waste management and which are necessary for transitioning to a circular economy from the MFF 2021-2027, in terms of Policy Goal 2, the Specific Goal 2.vi Promoting the Transition to a Circular Economy totalling EUR 166 million.

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; 2022.CSR3.5. Strengthening measures for reducing demand for energy by improving energy efficiency and reducing dependency on fossil fuels in the transport sector

Progress in implementing the recommendations

Road Transport

The Pelješac Bridge was commissioned in July 2022. It was built within the framework of the Road Connection to South Dalmatia project at a cost of approx. EUR 520 million, for which EUR 357 million were secured from European funds. The project included the construction of a total of 32 kilometres of roads, and 25 kilometres of roads with accompanying facilities were commissioned along with the Pelješac Bridge, where the completion of this project achieved the goal of significantly strengthening the transport connection of the state territory in the very south of Croatia.

In 2022 and the first quarter of 2023, 4 new buses running on compressed natural gas and 210 new buses equipped with Euro 6 diesel engines were delivered to public transport companies. The procurement was realized based on the Grant Agreement for the Renewal of Carrier Fleets with Vehicles Having a Higher Environmental Standard and Low CO₂ Emissions, at a total value of EUR 47.27 million.

In December 2022, a Grant Agreement was signed for the procurement of 20 new low-floor trams for Zagrebački električni tramvaj d.o.o. The contract for the procurement of 10 new low-floor trams for Gradski prijevoz putnika d.o.o. from Osijek was signed in February 2023. The modernization of the tram fleet provides an increased number of passengers and an increased share of tram passengers in the total number of passengers, thus contributing to the goal of reducing the impact of the transport system on climate change and the environment.

Railway transport

A new strategic framework for the railway sector came into force. In November 2022, the Government passed the Decision on Adoption of the Railway System Development Strategy of the Republic of Croatia Until 2032. In addition to the three strategic goals set for the development of the rail system by 2032 (1. sustainable and competitive, 2. integrated and intermodal, 3. safe and accessible rail system), the Strategy also identifies 13 key priorities facing the rail system, such as the need to modernize and renew the rail network, modernize the railway fleet, and increase the competitiveness and safety of rail transport.

In December 2022, the Government adopted the Decision on the Adoption of the National Railway Infrastructure Development Plan for the Period up to 2030¹⁹ and the Decision on the Adoption of the National Plan for the Management of Railway Infrastructure and Service Facilities and the Development of Rail Transport Services for the Period up to 2030.²⁰

As part of reorganizing the management of railway companies and operations, in December 2022, the Government adopted a Decision on Accepting the Settlement Plan Between the Republic of Croatia and HŽ Cargo d.o.o. for the Purpose of Restructuring. Based on the Decision, the Settlement was concluded in December 2022. At its session on 12 February 2023, the Government adopted the Decision on Initiating the Procedure for Seeking a Strategic Partner and Establishing a Commission for the Implementation of the Procedure and Proposing the Selection of a Strategic Partner for HŽ Cargo d.o.o.

In December 2022, MSTI and HŽ Putnički prijevoz d.o.o. concluded a Grant Agreement for financing the Application of Green Technologies in Rail Passenger Transport project. The investment includes the development of two train prototypes (the BEMV battery electric multiple unit prototype and the BMV battery motor train prototype) and the commissioning of 6 stable energy connections for charging drive batteries at locations in Varaždin, Bjelovar, Virovitica, Osijek, Split and Pula. The contract with the selected supplier of train prototypes and power connections with Končar-Electric Vehicles Inc. was concluded in December 2022.

Eight new electric motor trains were delivered between December 2022 and March 2023 as part of the Renewal of the HŽ Passenger Transport Fleet with New Electric Multiple-Units (EMU) project, co-financed by the OPCC 2014-2020. Končar-Electric Vehicles Inc. will produce 21 trains (11 trains for urban-suburban and 10 trains for regional transport) for use on electrified lines in Croatia.

Maritime and inland waterways transport

In December 2022, the Government adopted the Draft Proposed Act on Maritime Demesne and Sea Ports. At the session of the Croatian Parliament on 8 February 2023, a conclusion was reached to adopt the Act. The Act on Maritime Demesne and Sea Ports reorganizes the structure of the port system with ports open to public traffic and aims to ensure uniformity in the implementation of legal obligations of public port management and rationalize management costs.

The Grant Agreement for the Construction of a Solar-Powered Electric Scaffolding connecting the village of Križnica and other parts of the municipality of Pitomača in the Virovitica-Podravina County was signed in December 2022. The scaffolding was delivered in March 2023. The new scaffolding is designed for a load capacity of 30 tons, has a larger area, better-electrified equipment, as well as an electric drive powered by solar cells, and a stronger structure more suitable for future needs. It will transport 50 passengers, goods and vehicles from one bank to the other of the Drava River.

Planned NRRP reforms and investments

Road Transport

By the end of 2023, the plan is to **introduce a functional system for exercising the rights of persons with disabilities in the field of mobility**. The project introduces a single document

¹⁹ OG 156/22

²⁰ OG 156/22

that will enable persons with disabilities to exercise all rights in the field of mobility and significantly simplify the administrative environment for the end-user and increase the availability of interoperable digital public services to persons with disabilities.

In the same period, the allocation process for co-financing the purchase of new electric or hydrogen-powered vehicles will be launched, and beneficiaries will acquire at least 200 alternatively powered road vehicles with support. At the same time, the MSTI will implement the allocation procedure for the construction of infrastructure to refuel these vehicles with alternative fuel, the implementation of which will co-finance the construction of 200 electrical connections in 2023.

Investments of grants from the RRF in improving public transport systems in 2023 will include the procurement of at least 25 electric or hydrogen buses for operators in large Croatian cities and the procurement of at least 12 trams for ZET Zagreb and GPP Osijek. A grant agreement financing the procurement of 20 low-floor trams for ZET d.o.o. was concluded in December 2022. The contract for procuring 10 new low-floor trams for Gradski prijevoz putnika d.o.o. from Osijek was signed in February 2023.

As part of the investment in Research, Development and Production of New Mobility Vehicles and Supporting Infrastructure, by the end of the first quarter of 2024 at the latest, the plan is to **design components and produce verification prototypes of fully autonomous and electric vehicles** with all the characteristics of the final vehicle as well as testing. The investment worth EUR 197.1 million aims to create a digitalised system of emission-free self-driving vehicles and adequate, digitised charging infrastructure. It is a fully integrated digital and climate measure.

Broadband Internet

The Framework National Broadband For Development of Broadband Internet (FNP) is a national State aid scheme to build broadband access infrastructure (NGA) in areas with demonstrated market failure or no commercial interest in building broadband infrastructure.

Following the selection process, contracts will be signed to allocate EUR 106.2 million in grants for projects under the Framework National Broadband for Development of Broadband Internet (FNP). The exact number of projects and coverage will be identified after implementing the call for proposals. In addition to these grants, operators and LRSUGs will provide an additional EUR 26.5 million from their funds for the remainder of the investment value.

In 2023, the plan is to prepare a Feasibility Study with preliminary planning of the network for the construction of passive electronic communications infrastructure and obtain approval for the State granting. The investment aims to construct an open electronic communications infrastructure consisting of freestanding antenna poles, ensuring a low-voltage connection and fibre optic or microwave transmission capacities for connecting mobile electronic communications network base stations. State infrastructure will enable the development of 5G networks in the area of coverage and, by providing operators with equal access to end-users, will enable users to choose operators and broadband services.

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

As part of subcomponent C1.5 Improving the Use of Natural Resources and Strengthening the Food Supply Chain, four reforms have been programmed, largely to be implemented following the planned schedule.

In terms of C1.5.R1 Establishing a Network of Logistics Infrastructure to Strengthen the Production Market Chain in the Fruit and Vegetables Sector, the Government passed in December 2021 the Decision on the Adoption of the Operational Programme for Strengthening the Market Capacity of the Fruit and Vegetable Sector for the period 2021-2026,²¹ a prerequisite for announcing the Call for Proposals for grants. The call was published in April 2022 as an open procedure in the permanent call and project proposals are received until the available funds from the RFF (approx. EUR 81.3 million) are fully utilized or the deadline for submission of project proposals, i.e., by 31 March 2023. Based on the Call, one project was contracted, and another is in the contracting process. The preparation of technical specifications is underway for initiating the public procurement procedure aimed at strengthening the position and recognition of producers in the food supply chain.

In terms of C1.5. R2 Improving the Agricultural Land Restructuring and Consolidation Systems, activities are directed at consolidating agricultural land and establishing a program for permanently monitoring agricultural land. The new Land Consolidation Act²² was adopted in April 2022, and the preparation of bylaws for implementing land consolidation procedures is underway. In December 2022, a Public Call for selecting a specific area for land consolidation in line with the Agricultural Land Consolidation Program Until 2026 was published, with an application deadline set as the end of 2023.

As for the establishment of permanent land monitoring stations, the process has not started due to delays in contracting part of the equipment needed for the establishment of measuring (monitoring) stations. The upgrading of the information system for monitoring agricultural land has been contracted, which will enable obtaining realistic and comparable parameters that serve as a basis for systematic and planned management of agricultural land and education of field workers and employees of HAPIH regarding the classification of soils according to the national and WRB classification.²³

In terms of reform C1.5. R3 Digital Transformation of Agriculture, the Decision on the Establishment of the Unit for Digital Transformation Implementation and Management was signed in November 2021 at the Ministry of Agriculture. An Action Plan for the Digital

²¹ OG 143/21

²² OG 46/22

²³ *The World Reference Base*, international soil classification system

Transformation of Public Services in Agriculture was adopted. It defines and determines the scope of digitalization (list of public services and processes), all the necessary preconditions and the implementation of steps and outsourcing of IT services for implementing digital solutions. The ICT infrastructure for the implementation of digital services is provided at the Shared Services Center (SSC). In 2022, 11 services were digitized.

Regarding the investment Establishment of the Smart Agriculture platform, preparing IT solutions, defining the necessary equipment for creating new content and successive contracting of services and equipment are underway. In 2022, activities were launched on the modules eObservation (eMotrenje), eLearning (eUčienje) and eAdvisor (eSavjetnik).

Within the framework of investment Establishment of the Traceability Information System, a list and description of the necessary upgrades to existing and construction of new IT systems have been defined. It will be included in a single traceability system in the part involving animal production and the part involving agricultural production that bears special quality labels and primary production methods. It will also expand the existing sets of traceability data. The announcement for public procurement covering the defined services is in preparation. Coinciding with these activities is a survey of consumer opinions on food traceability which was conducted, while workshops for primary producers and processors are being prepared to collect their views on the traceability system. All collected information will be used when forming food output information in the form of a QR code.

In line with reform C1.5. R4 Improving food donation systems, an online platform for preventing and reducing food waste, has been launched to convey examples of good practices, informing and educating about food waste issues and food donations. The IT Food Donation System, which is already in use, has been upgraded with new functionalities, with the possibility of regional system management and presenting statistical data. Both IT solutions are operational and accessible to the public.²⁴

Regarding the equipping of food banks and intermediaries in the food donation chain, in April 2022, the Government adopted the Decision on the Adoption of a Support Program for Intermediaries in the Food Donation Chain and/or Food Bank. Based on the Program, a Call for Proposals for Awarding Grants for Infrastructure Equipping Intermediaries in the Food Donation Chain and Food Bank was announced in June 2022, and 50 contracts were awarded, with the implementation of projects and final payments planned for the end of 2023.

The most important activities outside the NRRP refer to the implementation of measures from the Common Agricultural Policy and the EU Common Fisheries Policy and the programming for the program period until 2027. The key activity in 2022 was the completed drafting of the basic implementation document for the agricultural sector, i.e., the Strategic Plan of the Common Agricultural Policy of the Republic of Croatia for the Period 2023-2027, and adopted in October 2022.

The Strategic Plan of the Common Agricultural Policy of the Republic of Croatia for the Period 2023-2027 adopts a framework for the use of European agricultural funds (European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development). It contains measures contributing to the following general objectives of the European Union in agriculture:

- Incentivising a smart, competitive, resilient and diversified agricultural sector that ensures long-term food security,

²⁴ <https://edoniranjehrane.mps.hr/#/auth/login> and <https://hrana-nije-otpad.mps.hr/>

- Supporting and strengthening environmental protection, including biodiversity and climate action and contributing to achieving the Union's environmental and climate objectives, including its commitments under the Paris Agreement, and
- Strengthening the socioeconomic structure of rural areas.

The strategic plan continues the transformation process of Croatian agriculture, including production modernization, generational renewal, environmentally friendly and nature conservation practices, recognition of Croatian products, strengthening the resilience of forest communities, and improving rural infrastructure. The strategic plan highlights investments in digitalisation and, in general, innovations and the so-called green transition, including investments that do not harm or are beneficial to nature and the environment and investments in renewable energy sources. In particular, the grants will target small and young farmers with the highest potential for growth and production development and encourage farmers to join together to strengthen their market position.

Direct payment interventions are also planned to support agricultural income, diverting support by increasing redeployment to small and medium-sized producers to raise competitiveness and increase their financial liquidity. Also, to ensure adequate income from agriculture, additional income support will be provided to farmers in areas with natural and other constraints.

The strategic plan sets the goal of increasing the organic production area to 14% by 2030. Animal welfare support will continue, responding to clearly set consumer demands on more humane animal husbandry. A series of interventions are designed to reduce pesticides and fertilizers and use them precisely and efficiently. Accordingly, more interventions will maintain and conserve great biodiversity and landscape diversity.

The total amount of funds available to Croatian beneficiaries is almost EUR 3.8 billion over a five-year period.

In November 2022, the Program for Fisheries and Aquaculture of the Republic of Croatia was adopted for the program period 2021-2027. This Program allocates EUR 345 million to the Croatian fisheries and aquaculture sector, with EUR 239 million coming from the European Maritime, Fisheries and Aquaculture Fund (EMFAF) and the rest from the Croatian national budget.

Priorities are directed at promoting sustainable production methods for better climate and environment results, increasing climate resilience, optimising natural resource use, decarbonising and achieving climate neutrality. The transition to sustainability will be encouraged, allowing stakeholders to achieve a competitive advantage in the market and preserve aquatic biological resources.

The program will contribute to achieving and maintaining sustainable fisheries by fostering the conservation, protection and restoration of aquatic biodiversity and ecosystems and fishing resources at the maximum sustainable yield and by minimising the negative impacts of fishing activities on the marine ecosystem. Adapting fisheries to climate change and mitigating climate change will also be encouraged.

Planned measures outside of the NRRP framework

In 2023, implementing all four of the above reform measures under the NRRP subcomponent C 1.5 is continuing. In 2023, the following objectives are planned to be achieved, i.e., milestones:

- **Construction and operation of a logistics distribution centre** (investment C1.5. R1-I1 Construction and equipping of logistic and distribution centres for fruit and vegetables)
- **Establishing and putting into operation an information system traceability** (investment C1.5. R3-I3 Traceability system)
- **Implementation of the Support Programme for Infrastructural Equipping of Food Banks and Intermediaries in the Food Donation Chain** and disbursement of funds for projects contracted based on a public call (investment C1.5. R4-I1 Infrastructural equipping of the food bank and intermediaries in the food donation chain).

Planned measures outside of the NRRP framework

The emphasis will be on the implementation of the Strategic Plan of the Common Agricultural Policy of the Republic of Croatia for the Period 2023-2027 and the Fisheries and Aquaculture Programme of the Republic of Croatia for the Programming Period 2021-2027.

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 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; 2022.CSR3.1. Reduce general dependence on fossil fuels; 2022.CSR3.4. Strengthen measures for reducing demand for energy by improving energy efficiency.

Progress in implementing the recommendations

In line with the commitments of NRRP, Croatian Parliament adopted the 2030 Strategy for the Development of Sustainable Tourism on 16 December 2022. Based on the Strategy, the National Plan for the Development of Sustainable Tourism Until 2027 is under development and will include the operationalization of priority areas through concrete measures as a medium-term act of strategic planning.

Reform C1.6. Enhancing the resilience and sustainability of the tourism sector includes the establishment of the Sustainable Tourism Satellite Account System, for which a Feasibility Study for the establishment of the Sustainable Tourism Satellite Account System of the Republic of Croatia with an action plan was made in 2022, and following it, an Analysis and Preparation of the Baseline for the implementation of the necessary primary research was performed. The drafting of the Tourism Act in 2023 within the framework of reform C1.6. will require establishing the Tourism Satellite Accounts System to provide a set of indicators which,

together with the indicators defined in the Strategy for Sustainable Tourism Development of the Republic of Croatia Until 2030,²⁵ will be the basis for drafting the respective Act.

In October 2022, public calls for proposals were launched, under which EUR 123 million is planned for public tourism infrastructure and EUR 165 million for the green and digital transitions of the private sector. In addition, capacity-building activities for resilient and sustainable tourism amounting to more than EUR 1.3 million have commenced.

In terms of the implementation of the projects in six Regional Competence Centres in the tourism and hospitality sector, financed under the Operational Program Efficient Human Resources 2014-2020, activities are regularly implemented to develop new formal secondary education programs and new formal and informal programs in adult education, as well as training programs for employees of Regional Competence Centres. Under the project activities, 41 educational programs are being developed, and at least 1,400 students, 400 teachers, as well as 1,600 adult education program participants are directly involved. The projects will be implemented by the end of 2023.

The call Improving Access for Vulnerable Groups to the Labour Market in the Tourism and Hospitality Sector II, which is also funded under the Operational Programme Efficient Human Resources 2014-2020, provided grants amounting to EUR 3.67 million. This Call finances the inclusion of persons with disabilities in the labour market in the tourism and hospitality sector and strengthens human capacities in the sector. The implementation of 14 selected projects started in Q1/2022 and will be implemented by the end of 2023.

The goal of the project Croatian Digital Tourism or eTourism (approx. EUR 7.1 million), in the digitalization and optimization of public services processes, is to increase the efficiency and transparency of public administration and facilitate tourism business. By the end of 2022, 5 public electronic services were developed (guest check-in and check-out system, tourist information portal, central tourist register, business activity registration system and a system for granting available tourism grants).

The small value aid program for raising the competitiveness of the tourism economy, awarded grants to small business entities and family farms for 218 projects in the amount of EUR 2.8 million from the state budget, with the aim of increasing the standards, quality and additional offers of accommodation capacities, the development of sustainable, innovative and resilient tourism and rehabilitation of the consequences of earthquakes on catering facilities in the Sisak-Moslavina County.

MTS and the Croatian Mountaineering Association concluded in December 2022 the Agreement on Long-Term Cooperation on the Development and Construction of Mountaineering Infrastructure Used in Tourism and the Agreement on the Development and Construction of Mountaineering Infrastructure Used in Tourism. The Croatian Mountaineering Association, as an umbrella mountaineering association, was allocated funds in the total amount of EUR 428,694.67 for the implementation of activities within the project Safe and Sustainable Mountaineering Infrastructure: Maintenance, Construction and Equipping of Mountaineering Infrastructure.

As part of the Global Tourism Plastics Initiative (UNWTO), the basis for the preparation of the project Reduce Plastic in the Hotel was developed in 2022, for which a pilot project is expected to be launched in 2023 in cooperation with the EPEEF and MESD.

²⁵ OG 2/23

Planned measures outside of the NRRP framework

In the framework of the C1.6 reform, and following the Analysis and Preparation of the Basis for Implementation of Necessary Primary Research, **primary research will be carried out during 2023 for the purpose of establishing a Sustainable Tourism Satellite Account System** at the national level.

A working group for **drafting the Tourism Act** was established and the first meeting was held at which the basic guidelines for drafting the Act were presented. The Act is included in Government Legislative Activities Plan for 2023 and is to be adopted in Q4/2023.

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 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

The legislative framework of the strategic planning system has been in effect since 1 January 2020. It sets a clear relationship between long-term, medium-term and short-term strategic planning acts, regulates their connection with the state budget and identifies the roles and responsibilities of state administration bodies and LRSGUs in implementing strategic planning procedures. The success in the implementation of goals, measures and projects defined in the strategic planning acts drafted by state administration bodies and LRSGU are measured.

In February 2021, the National Development Strategy of the Republic of Croatia Until 2030 (NDS 2030) was adopted as hierarchically the highest act of strategic planning, which identified the development priorities of the Republic of Croatia in the period up to 2030.

Based on the NDS 2030 and the legislative framework of the strategic planning system, the drafting of medium-term acts has been initiated, which should contribute to achieving the strategic objectives of the NDS 2030. Most of these acts were adopted in 2021 and 2022, along with the adoption of others expected in 2023. For the purpose of implementing the objectives set out in the Government Program and medium-term strategic planning acts of national importance, the implementation programs of state administration bodies for the period 2021-2024 and the implementation programs of the LRSGU have been developed. The implementation programs contain measures and elements for their effective implementation (implementation framework, a framework for monitoring progress and an indicative financial framework). The execution of implementation programs from the state administration bodies are regularly reported, with data indicating the implementation status of the established measures, the achieved values of the corresponding result indicators and the budgetary funds used in the implementation.

Action instructions have been drawn up to create preconditions for properly applying the legislative framework provisions.²⁶ To ensure a reliable framework for monitoring and report

²⁶ Instructions for Drafting Sectoral and Multi-Sectoral Strategies; Instructions for Drafting National Plans; Instructions for Drafting Development Plans for Regional Self-Government Units; Instructions for Drafting Implementation Programs; Instructions for Drafting Implementation Programs of Local and Regional Self-Government Units; Instructions for Amending and/or Supplementing Implementation Programs of Local and Regional Self-Government Units; Guidelines for Adopting Measures from Development Plans into Implementation Programs of Local and Regional Self-Government Units

on the implementation of medium and long-term strategic planning acts, a Library of Indicators has been established, which is regularly maintained and supplemented.

Within the Structural Reform Support Programming (SRSP), Improving Cost Estimates of Implementing Government Policies in Strategic Planning Processes, a proposed cost estimation model for the implementation of structural policies and investment measures was prepared and the model was verified using investment proposals given by the NRRP.

As part of the NRRP reform processes, the legislative framework of the strategic planning and development management system has been modified, with the aim of increasing the effectiveness and professionalisation in preparing strategic planning acts through investments aimed at strengthening capacities in strategic planning and public policy management.

Implementation of reform measure C2.1. R1 Strengthening Mechanisms for the Integration and Management of Public Policies with the Professionalisation of Strategic Planning will contribute to increasing the capacity of the authorities responsible for the development and implementation of public projects and policies (2019 CSR3.2) and strengthening the efficiency of public administration and improving capacities for the development and implementation of public projects and policies of authorities at national, regional and local levels (2020CSR4.1).

Amendments to the legislative framework have improved the rules and procedures for drafting, monitoring implementation, reporting on and evaluating the implementation of strategic planning acts.

In the process of making amendments to the legislative framework of the system, the experience gained in the preparation, implementation and monitoring of the implementation of strategic planning acts was applied and the results of the implementation of the SRSP project Framework for Evaluating Efficiency of Public Policies in Croatia were utilised, according to which guidelines for evaluating the effectiveness of public policies and projects were developed, and the open data platform on the success of public policy implementation and projects intended for reporting on progress were developed upon the implementation of NDS 2030 and related strategic planning acts.

The legislative framework of the strategic planning system has been improved and aligned with the legislative frameworks for assessing the effects of regulations, budgetary planning and financial management and control. Improving the legislative framework, establishing coordination mechanisms in the preparation and implementation of public policies and improving transparency in monitoring performance and evaluating the effectiveness of public policies will contribute to improving the efficiency and sustainability of strategic planning and public policy management.

The Act on Amendments to the Act on the System of Strategic Development Planning and Management of the Republic of Croatia²⁷ entered into force in December 2022.

Long-term and medium-term strategic planning acts are positioned as one of the foundations for determining financing priorities in the long-term and medium-term, and the introduction of the obligation to prepare action plans for the implementation of national plans has created the preconditions for the effective operationalization of the implementation of medium-term strategic planning acts at the national level.

By prescribing processes in which the strategic planning and development management system supports the implementation of public policies, a framework has been established to further develop an effective way of monitoring the effects of public policies, and reduce the

²⁷ OG 151/22

administrative burden on all stakeholders involved in the strategic planning processes and development management will increase the efficiency of the system.

The new Regulation on Guidelines for the Drafting of Acts on Strategic Planning of National Importance and of Importance for Local and Regional Self-Government Units was adopted at the Government session held on 30 March 2023.²⁸

The adoption of the Ordinance on Deadlines and Procedures for Monitoring and Reporting on the Implementation of Acts on Strategic Planning of National Importance and of Importance for Local and Regional Self-Government Units and the Ordinance on the Implementation of the Procedure for Evaluation of Strategic Planning Acts of National Importance and of Importance for Local and Regional Self-Government Units is foreseen by the end of April 2023.

To improve interdepartmental coordination, capacity building and exchange of experience in the implementation of the framework for strategic planning and development management, a Network of Strategic Planning Coordinators at the national, regional and local levels has been established and operates, which has facilitated the coordination of the strategic planning process. There were three meetings of the Network of Coordinators.

Strategic planning training sessions have been carried out for public authorities officials at national, regional and local levels. Training on the topic of drafting national plans was attended by 47 participants, and training on the topic of drafting, amending and supplementing the implementation programs was attended by 76 participants.

Under the NRRP, component 2 Public Administration, Judiciary and State Assets, aimed at strengthening administrative capacities for better design, implementation and evaluation of public policies and projects, implementation of the project Strengthening the Implementation of the Assessment of Regulation Impact in Croatia is underway, which is financed by the Technical Support Instrument and co-financed by the German Federal Economy and Energy. The project is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), and the beneficiaries of the project are the Office for Legislation (OfL) and the Croatian Regulatory Authority for Network Industries (HAKOM). In the previous period of project implementation, the state of the regulatory impact assessment and good practice of implementing a subsequent (ex post) assessment of the effects of regulations were analyzed, recommendations for improving the evaluation of regulations (ex post evaluation) were given, a pilot project of evaluating regulations for the Act in force (National Elderly Allowance Act²⁹ in cooperation with the MLPSFSP) was carried out.

Planned NRRP reforms and investments

To strengthen the capacities of the authorities responsible for the development and implementation of public policies and projects, the NRRP envisages the implementation of investments related to strengthening mechanisms for the integration and management of public policies along with the professionalisation of strategic planning (C2.1. R1-I2). The work on reforming the strategic planning and development management system is carried out with the aim of strengthening the public policy coordination and integration mechanisms by linking previously separate processes and procedures, expanding the scope and application of procedures for assessing the effects of public policies and regulations, professionalization of strategic planning and impact assessment of regulations, drafting regulations and public policies.

²⁸ OG 37/23

²⁹ OG 62/20

By implementing training programs and encouraging continuous learning in the field of strategic planning and better regulation, appropriate competences of employees in the general-government and public administration system will be strengthened, ensuring a long-term sustainable system for strategic planning, public policy management and better regulations.

To harmonize and standardise strategic planning procedures, business process mapping in the field of strategic planning and regulatory impact assessment will be carried out. Based on the results of the conducted mapping of business processes and the results of the project Development of the Competency Framework for Public Administration Employees (implemented by MJPA), a job description and a catalogue of competences necessary for the effective performance of strategic planning and regulatory impact assessment will be developed, i.e., a developed competence framework of the strategic planning and better regulation system. The implementation of the project Development of the Competency Framework for Public Administration Employees was completed in February 2023.

The development of the competence framework is a prerequisite for the development of occupational standards of individual jobs in the strategic planning system and better regulation along with the establishment of work training programs in accordance with real needs, i.e., the professionalisation of jobs related to performing strategic planning tasks.

The professionalisation of working positions and institutionalisation of strategic planning and regulatory impact assessment, systematic strengthening of competences for the application of the prescribed methodology and developed tools, the establishment of coordination mechanisms and integration of strategic planning processes and other complementary processes will improve the efficiency and sustainability of the strategic planning system and contribute to affirming the Network of Strategic Planning Coordinators within the state and public administration system.

State administration experts 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 linked to joint coordination for the preparation, monitoring and evaluation of public policies.

Based on the amendments to the legislative framework of the strategic planning system, the procedural instructions for the preparation and implementation of strategic planning acts for state administration bodies and LRSGUs will be updated. Work on maintaining and supplementing the Library of Indicators will continue.

The development and implementation of specialist training programs will enable the strengthening and upgrading of key competencies of civil servants and public servants in the field of strategic planning and development management. The Coordinating Body for the Strategic Planning System will conduct training with the support of the National School for Public Administration (DŠJU). All civil and public servants involved in strategic planning at national and regional levels will attend training. The development of educational modules is planned for 2023 and 2024, and the implementation of education will last until the end of 2025.

Under reform C2.1. R1, the **preparation of the new Act on the Impact Assessment of Regulations**³⁰ with the deadline for adoption in Q4/2023, aims to simplify the assessment of the effects of regulations and in subsequent (ex post) assessments of the effects of regulations to develop a methodology and procedure in accordance with the recommendations of the TSI project Strengthening the Implementation of the Impact Assessment of Regulations in Croatia.

³⁰ OG 44/17

Given the scope of the planned changes, a new act will be drafted entitled: Act on Policy Instruments of Better Regulations.

Planned measures outside of the NRRP framework

To further strengthen the administrative capacity for better design, implementation and evaluation of public policies and projects, especially in monitoring the effects of regulations in state administration bodies, a new TSI project Strengthening the Implementation of ex post Evaluation in Croatia, was approved. The aim of this project is to ensure the implementation of the ex post evaluation instrument that will be introduced into the legal system of the Republic of Croatia within the framework of reform C2.1. R1. Within the project, the plan is to carry out up to five evaluations of regulations on the laws currently in force. The laws for which the evaluation of regulations within the project will be carried out will be determined when drawing up the project work plan (Implementation Plan). The planned start of the project, i.e., the establishment of the Implementation Plan, the establishment of project management and the selection of experts is Q1/2024.

C2.2. Further Improving the Efficiency of Public Administration

Increasing the efficiency and resilience of public administration

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

In March 2022, the Government adopted key strategic documents for the development of public administration: the National Plan for Development of Public Administration for the Period 2022-2027 and the Action Plan for the Implementation of the National Plan for Development of Public Administration for the Period 2022-2024. The National Plan for Development of Public Administration will facilitate further transformation of Croatian public administration into a modern, highly professionalized, efficient and transparent public administration, adapted to the needs of society and citizens, with a stronger application of the principle of good governance in all public administration bodies. Specific development objectives of public administration in the upcoming period are user-oriented public administration, digital transformation of public administration, development of human resources in public administration, strengthening the capacity of public administration for the design and implementation of public policies and improving the functionality and sustainability of LRSGUs.

The ESF project Optimisation of the Local and Regional Self-Government System is being implemented in the field of decentralisation and strengthening territorial cohesion with the aim of improving the functionality and sustainability of LRSGUs. The project runs until May 2023. Within the Project, a Central IT System for collecting and storing data and calculating indicators for assessing the capacity of self-government units was developed, a Central Database on Self-Government Unit Capacities was established and analysed, indicators for assessing the capacity

of self-government units for performing work were established and analysed, a Catalogue of Self-Government Units was created and Categories of Self-Government Units were defined. The database contains about 440 types of data on the jobs and organization of self-government units, on the basis of which about 190 indicators are calculated, and according to which it is possible to determine the financial, administrative and personnel capacities of self-government units. As for the sustainability of the Project, education for employees of other LRSGUs is currently underway. After educational courses, there will be a need to provide a legal framework for entering data into the IT system. After ensuring the above, the initial data entry into the IT system will start, for 2019, 2020, 2021 and 2022. Further continuous data entry is planned in the future. Upon completion of the Project, it is necessary to educate civil servants in LRSGUs to operate the IT system.

In July 2022, the Government adopted the Decision on the Criteria for Granting Assistance as Incentives for Voluntary Functional and Actual Merger of Local Self-Government Units.³¹ Based on the Government's decision, MFIN published a Public Call to Local Self-Government Units for Expressions of Interest in Granting Aid as Incentives for Voluntary Functional and Actual Merger.³²

From December 2022 to February 2023, meetings with LSGs were held in all 20 counties, where the co-financing of voluntary functional and actual mergers was presented, as well as the ESF project Optimisation of the Local and Regional Self-Government System and the IT system developed within this Project. Following the public call, meetings are held with representatives of counties where regional units are more familiarized with the possibilities of voluntary functional, i.e., actual merger following the Government Decision and the Public Call for Expression of Interest. After the meetings, MIPA drafted an instruction related to the functional merger of LSGs, which was delivered to all municipalities using a special email address that was set up for all issues about voluntary functional and actual mergers. Instructions on the actual merger of LSG are being prepared, which will also be delivered to all LSGs. In this way, the units were provided technical support to achieve concrete forms of cooperation.

So far, MFIN has received 50 applications for the co-financing of functional mergers of LSGs, which include 169 LSGs, i.e., 84 LSGs, given that some LSGs submitted a few applications (they applied for several merger models).

Regarding the system of LRSGUs, the NRRP reform C2.2.R4 also includes implementing investment C2.2.R4-I1 Further Optimisation and Decentralisation of Local and Regional Government Units Through Support for Functional and Actual Mergers, to establish a quality system for the functional and effective connection of units to provide services to citizens better and more transparently and strengthen the capacity of self-government units so that they are more efficient in performing tasks within their scope. The basis for the implementation of the Investment is the results of the ESF project Optimisation of the Local and Regional Self-Government System – especially the IT system and the Database established within this Project. The purpose of the investment is to further encourage LSGs for real or functional mergers. Currently, the project task for the main activities of the investment is under development.

Planned NRRP reforms and investments

The goal of NRRP reform C2.2. R1 Improving recruitment in the civil service is to improve the civil service employment system. The reform includes changes to the legislative framework,

³¹ OG 88/22

³² <https://mfin.gov.hr/istaknute-teme/lokalna-samouprava/105>

the development of IT tools, methodologies and content necessary for the verification of competences and the implementation of capacity-building measures.

In November 2022, a Contract For **Building a Centralised Selection System** was concluded. A situational analysis and comparative analysis of the model of centralised selection system and normative framework in EU member states was carried out, and a proposal for an appropriate model of the centralized selection system applicable to Croatia was made. The results of the analysis will serve for the proposed amendments to the legislative framework (amendments to the Civil Servants Act). Within the scope of the ESF project Development of the Competency Framework for Public Administration Employees, 40 job profiles with established general and special competences were developed, applicable to most state administration bodies, administrative bodies of LRSGUs and public bodies. A methodology will be devised for the development of tasks to test candidates and the tasks, as well as functional and technical specifications of the IT system and the development and testing of IT systems for the selection and the necessary educational courses will be carried out. The expected outcome of the investment is the employment of all new employees in state bodies using the Centralised Selection System.

The goal of the NRRP investment C2.2. R2-I2 **Introduction of Hybrid Workplace Access Model – Smartworking** is the introduction of a model to enable civil servants to work in a hybrid mode, i.e., a combination of working in a separate place and in the office. The introduction of the hybrid work model aims to improve the quality of public administration, the well-being of officials, reduce costs and strengthen competences, create a desirable working environment and achieve an agile public administration, all based on flexible working arrangements in accordance with Directive 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers. Introducing a hybrid work model requirements making amendments to the legislative framework for the civil service system in the state administration. IT equipment (laptops and monitors) were purchased, and educational courses for strengthening the digital competences of civil servants for a hybrid work mode were envisaged. As part of investment C2.2. R2-I2, the following activities were carried out:

- External experts were engaged to analyse the good practices of the hybrid work model in European countries and companies in Croatia and analyse the legislative framework and regulations on work in a separate place in civil service relations (analysis has been completed),
- A survey was conducted on the attitudes of civil and public servants regarding teleworking and the hybrid work model,
- A proposal for a hybrid workplace approach model has been developed with a complete normative implementation solution; a proposal has been drawn up to amend the legislative framework,
- Computer equipment worth EUR 6.4 million was purchased and distributed to state bodies,
- Education courses for civil servants were held (educational courses began in January 2023 in cooperation with DŠJU), and continued as organised by the MJPA in webinars,
- A pilot project of a hybrid work model is carried out in 17 SABs.

The aim is to enable at least 20% of civil servants to work in a smart work model upon implementing the investment and have at least 60% of civil servants trained with the necessary skills for remote work.

The NRRP investment C2.2.R3 I-1 Deployment of Digital Infrastructure and Public Administration Services by Developing a Conservation Basis System plans to **create digital**

conservation baselines for at least 60 cultural and historical units incorporating city features and establish an information solution for the digital electronic service e-Conservation baseline (e-Konzervatorska podloga) linked to Physical Planning Information System and the e-Citizens (e-Građani) website. A professional and methodological framework for a new-generation of conservation baselines has been developed with publicly available measures for the protection of immovable cultural heritage, and the development of a new information system is underway, which will be established by the end of 2023.

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

Within the framework of NRRP reform and investment C2.2. R2-I1 New Models of Remuneration and Work in the Civil Service and Public Service, activities are being carried out to revise the remuneration system in civil service and public service. To reform the salary remuneration system in the civil service and public service, the Government has appointed a Government Coordinating Body presided over by the Minister of Finance. The Coordinating Body comprises six ministers from key portfolios (Finance, Labour, Justice and Public Administration, Health, Science and Education, and Culture). In December 2021, an Agreement was concluded with the World Bank to provide consultancy services in the implementation of this reform. The World Bank will provide an analysis of the institutional and legal framework of the existing remuneration system in Croatia, a technical assessment of the current system of determining remuneration in the public sector, a proposal for reforming the public sector remuneration system, a communication strategy and management changes. In 2022, an analysis of current salaries and salary supplements was carried out, the so-called hybrid coefficients were calculated to compare real wages by working position, a survey was conducted among civil servants on the existing manner of assessing their work and the impact of the assessments on their salaries, and all state administration bodies were presented with a model of working position appraisals and a system of rewarding and promoting employees based on remuneration. Following the decision of the Government Coordinating Body that the Ministry of Justice and Public Administration will be the authority for drafting a single Act on Salaries in the Civil Service and Public Service, in December 2022, the Ministry of Justice and Public Administration established a Working Group for drafting the Act comprising representatives from eight key ministries and all three trade union headquarters. The Working Group has drafted the Act that will be presented to the Government Coordinating Body by the end of April 2023 and then sent to a public consultation process.

Planned NRRP reforms and investments

To **improve the wage system in the civil service and public service, the HRM and COP systems**, implementation of the NRRP reform and investment C2.2. R2-I1 New Models of Wages and Work in the Civil Service and Public Service is currently underway. The aim is to establish a fair, transparent, consistent, motivating and financially sustainable wage system in the civil service and public service and a standardized, digitized and user-oriented human resource management system.

Within the framework of this reform, the **Act on Wages in the Civil Service and Public Service** will be adopted, which should enter into force by the end of June 2023, after which the drafting of bylaws (regulations) will be commenced, and prescribing the titles of working positions and the corresponding coefficients for calculating wages, appraisals and classification of working positions, the appraisal procedure for civil and public servants and more.

The envisaged reform measure includes, among other things, devising modules with nine new functionalities installed on the infrastructure of the Shared Services Centre for the optimisation, digitalisation and standardisation of certain processes in human resources management. Accordingly, a module with 9 functionalities will be developed (e-Solutions/e-Register; Assessment; Work Records; Career Planning and Development; Internal Labour Exchange; Personalised Approach to the System for Civil Servants; Business Trips; Reporting System; Employee Responsibilities with Equipment), which will be functionally linked to the Register of Public Sector Employees (REGZAP) and the Centralised Payroll System (COP). The realisation of the Contract for the Delivery of Module Development Services for New Functionalities and Improvement of the HRM System is underway. The measure will be implemented by the end of June 2024.

Planned measures outside the NRRP framework

Within the European Commission's (TSI) Technical Support Instrument for 2023, the plan is to implement the project **Reform of State Registers, the Register of Life Partnerships and the Book of Citizens of the Republic of Croatia Using Advanced Technological Solutions as a Precondition for a Modern and Agile Public Service** (EUR 0.67 million). The project aims to regulate and integrate data in state registers (registers of births, marriages and deaths), the register of life partnerships and the Book of Citizens and thus improve the provision of services to citizens. Given the wide scope of data and the fact that these are data transcribed from books, advanced technological solutions must be used to arrange the data, and these records will be edited on the *once only* principle. The project is scheduled to start at the end of Q2/2023, with a projected duration of 22 months.

In the coming period, the implementation of the project **Measuring Citizen Satisfaction with Key State Services for Better Performance and Increased Trust** (EUR 2.05 million) is expected to start through the TSI (Technical Support Instrument) in partnership with 10 EU Member States. The project duration is 24 months.

Within the project, activities aimed at developing a methodology for testing user satisfaction with public administration services related to key life events, development of learning materials and guidelines for the development of action plans for improving services, conducting pilot research and analysis of collected data and strengthening the capacity of bodies that will apply research will be carried out. This project aims to improve the quality of the provision of public services directed to user needs.

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

Within the ESF project Introduction of a Quality Management System in Public Administration of the Republic of Croatia (EUR 5.38 million), the methodology, the eQMS IT system and the training program for optimizing business processes and quality management in public administration were developed and published, including 124 public administration bodies (all state administration bodies, LRSGUs and legal entities with public authority belonging to the Republic of Croatia). More than 600 public administration officials have acquired process and quality management competencies through four online training modules. The eQMS IT system is used by almost 700 users and contains more than 2,500 business processes (management, fundamental and support) to which this methodology will be applied. In terms of the NRRP indicator C2.1.R1-T152 Digitalisation and Simplification of Procedures to Ease the Administrative Burden that Directly Affects Citizens, based on the developed methodologies for process optimization, data for 100 SAB processes in 15 living areas that burden citizens have been collected, and the drafting of the Action Plan to Ease the Administrative Burden on Citizens is underway.

Planned NRRP reforms and investments

The **Action Plan to Ease the Administrative Burden on Citizens will be developed and adopted** by the end of Q2/2023 to implement digitalization forms and simplify procedures to ease administrative burdens directly affecting citizens. Following the adoption of the Action Plan in coordination with the competent state administration bodies, by the end of 2025, the Action Plan will surely be implemented with the aim of achieving at least 20% administrative relief for citizens compared to 2019.

Planned measures outside the NRRP framework

In 2023, the plan is to **include 25 more public administration bodies that will receive support for quality management**. The IT system and training program will continue with improvements to respond to challenges in introducing the quality system in public administration. Also, in 2023, the plan is to adopt the Government Guidelines for Quality Management in Public Administration to ensure the sustainability of quality management in public administration and continue introducing the quality system in all public administration bodies.

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 started implementing the digital transition by adopting national strategic planning acts for the period up to 2020. (e-Croatia 2020 Strategy and associated Action Plan) which are aligned with the priorities of the Digital Agenda for Europe initiative for digitalisation.

As part of the NRRP reform C2.3. R1 Digital Croatia Strategy and strengthening inter-institutional cooperation and coordination for a successful digital transition of society and the economy, in December 2022, the 2032 Digital Croatia Strategy³³ was adopted, defining the strategic framework of the digitalisation of Croatia and also aligned with the EU Digital Strategy, in particular with the goal of an open, democratic and sustainable society.

Following the priorities identified in these strategic acts, the NRRP implementation period will see a continuation of the construction of broadband internet infrastructure, the development of public e-Services (e-Usluge) and the continuous upgrading of national infrastructure as a precondition for the further development of digital technologies and establishment of a central interoperability system as a key prerequisite for secure data exchange and connection of services from public administration bodies for the purpose of developing complex user-friendly e-Services (e-Usluge).

Regarding the digitisation and informatisation of the Croatian Employment Service (CES - eHZZ), public procurement procedures were carried out for the digital identity management system and human resources management system, and contracts were concluded with selected bidders in October and November 2022. During November and December 2022 and January 2023, analyses of the current state were conducted, while in March 2023, activities were carried out to define the future state of supported by IT systems for digital identity management and human resources management.

Planned NRRP reforms and investments

Through the NRRP investment C2.3. R3-I7 Improvement of the system of spatial planning, construction and state assets through digitisation, expert analytical baselines are devised for the drafting of Physical Plans of Areas with Special Features (PPASF/PPPPO), the Exclusive Economic Zone and the baseline for the drafting of the Landscape Basis of the Republic of Croatia (LBRC/KORH). The aim is to conduct thematic analyses and the valorisation of Croatian territory and collect and process digital data to create the appropriate spatial layers. The results will be used in the development of state-level physical (spatial) plans, with an emphasis on guidelines for physical planning of the marine area, landscape valorisation and planning in protected areas of nature. The activities are aligned with the Physical Development Strategy of the Republic of Croatia.

The development of expert analytical baselines (Q4/2024) for amendments to the PPPO Northern Velebit National Park, Paklenica National Park, Risnjak National Park, Kopački rit Nature Park is underway. Currently in preparation is the drafting of documentation for the expert analytical baseline of the Physical Plan of the Area with Special Features (PPPPO) for the Exclusive Economic Zone of the Republic of Croatia (Q4/2025). The baselines are made by the county physical planning institutes (Lika-Senj, Zadar, Primorje-Gorski Kotar and Osijek-Baranja Counties), thus strengthening connections of the central body with the regional bodies.

³³ OG 2/23

LBRC (KORH) (Q4/2025) is in preparation and will determine the methodology for the development of landscape bases across all levels, set criteria for identification, characterisation/evaluation, analysis and mapping of the landscape and defining the method for determining guidelines for its protection, planning and management. The Landscape Atlas of the Republic of Croatia at the regional and sub-regional levels for displaying within the Physical Planning Information System (PPIS) will be prepared. LBRC (KORH) and lower-level landscape bases will serve as an expert baseline for preparing physical planning documents, strategic assessment procedures and environmental impact assessments, including other sectoral procedures, projects and programs (cultural heritage protection, nature protection, agriculture, etc.).

Under the NRRP, the plan is to implement investment **C2.3 R3-I10 Digitalization and computerization of CES (eHZZ)**, with the goal of changing and redefining business processes and digitising the system to increase the quality of CES services for end users (unemployed persons, employees and employers). Also, the goal is to establish a system that will facilitate the creation of new services for users along with the possibility of continuous adaptation of active employment policy measures. Using new IT solutions will accelerate and automate CES operations.

The investment in question includes the implementation of several different IT solutions: implementation of user identity management systems, implementation of a security incident and event management systems, implementation of the eAdvisor (eSavjetnik) system, implementation of the basic support system, i.e., “core” processes, implementation of human resources management system, implementation of a new accounting system and implementation of the documentation management system at the CES.

Planned measures outside the NRRP framework

MPPCDA continuously works on implementing the Physical Development Strategy of the Republic of Croatia by drafting other analytical, methodological and state-level physical planning documents, and developing and providing support for the physical planning information system.

Electronic services and digitalisation of processes

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

Regarding NRRP investment C2.3. R3-I4 Consolidation of CEZIH health information infrastructure systems (Central Health Information System of the Republic of Croatia) all the preconditions are ensured for beginning data migration. Adaptation and migration of the CEZIH application system and associated data from the old machine and programming base in the SSC began in December 2022.

In terms of the ESF project Ongoing Improved Monitoring of the Administration Procedure and Decision-Making (Act on the General Administrative Procedure or ZUP III) (EUR 554,943.16), which ends in April 2023, an e-Administrative Procedure (e-Upravni postupak) service has been developed that allows citizens to easily, using the e-Citizens (e-Građani)

portal, monitor the status of the administrative procedure of which they are a party and to receive notifications in the user box about changes in their case. Furthermore, a system of certifying office operations information systems in public bodies has been established to verify the quality of the submitted data for administrative procedures. More than 2,500 officials who lead and handle administrative procedures in public bodies within the project have also been trained. During 2023, the plan is to provide support and encourage the networking office operations of public bodies with the ZUP IT system so that as many citizens or participants in administrative proceedings as possible can receive information about the status of their initiated procedures.

Within the NRRP, a new system of taking the state exam electronically (e-State Exam) has been developed and established, ensuring a more objective, appropriate and transparent way of assessing candidates' knowledge through standardized written exams.

The State Exam Application (SEA) (ADI system) and the e-learning system have been developed, carrying out preparations for passing the state exam.

In accordance with the Ordinance on Taking the State Exam, from 1 November 2022, all procedures related to the state exam are carried out digitally within the ADI system. As of 16 December 2022, candidates take the state exam digitally based on the new exam model. In addition, test coordinators from public bodies register candidates from public bodies on a daily basis for e-learning programs through the e-learning system.

The digitalization of processes under the jurisdiction of the MPPCDA continues. Several modules of the Physical Planning Information System (PPIS / ISPU) are fully functional: ePermit (eDozvola), which is a fully digitized tool for issuing all types of permits for undertaking interventions in living spaces; eArchive (eArhiva), which loads scanned permits from the year 1968 to the introduction of the ePermit (eDozvola) and for which more than 2.2 million licenses are being transferred to digital format; eCatalog (eKatalog) in which valid physical plans and other documentation on physical planning can be found and viewed, and based upon which maps of valid physical plans are published in the central browser, the Physical Planning Information System (PPIS/ISPU) geoportal. The digitalisation of the physical planning system is underway with the establishment of the ePlans (ePlanovi) module for managing the process of creating and adopting physical plans digitally, as well as the ePlans (ePlanovi) Editor module for developing new-generation physical plans. Given that the data from the Physical Planning Information System (PPIS/ISPU) module always has a physical (spatial) component, network services are also established for most datasets under national physical data infrastructure regulations, thus enabling exchange with other information systems. Since the end of 2022, some network services have been issued via the Government Service Bus (GSB) for all institutions requiring it. Multiple components of the Physical Planning Information System (PPIS/ISPU) are located at the Shared Services Centre (SSC).

Planned NRRP reforms and investments

What follows is the continuation of the NRRP investment C2.3. R3-I4 **Consolidation of CEZIH health information infrastructure systems** to enable continuous, correct, reliable and safe modes of operation of the central health information system, establishment of primary and secondary locations while meeting TIER 3 standards of reliability and availability (data centre standard that includes energy supply to redundant lines, redundant energy routes and redundant cooling system with an expected uptime of at least 99.982%); data security (backup) and monitoring system operation.

The implementation of this investment will ensure the smooth operation and further development of the health information system into which all health data generated in Croatia flow, which is especially important in the declared epidemic for the infectious disease COVID-19.

There is the continued implementation of investment C2.3. R3-I7 Improvement of the System of Spatial Planning, Construction and State Assets Through Digitisation through further development or upgrades of the ISPU module, which the NRRP partially finances. The publication of new datasets via online services in the GSB will continue. Upon the adoption of amendments to the Physical Planning Act, a call will be published to LSGs for financing the development, i.e., the so-called transformation of plans to establish a new generation of physical plans as soon as possible.

Planned measures outside the NRRP framework

The digitalization of processes within the competence of the MPPCDA continues, which, in addition to the NRRP, is also financed from the state budget. We want to highlight the project ISPU and its Modules (exceeding EUR 17 million) within the OPCC, which builds on existing and develops new modules and establishes common functionalities and tools within the PPIS/ISPU. The publication of new datasets in the GSB via online services will continue. Using the GSB, the PPIS/ISPU will include datasets of interest in physical planning from the scope of other institutions as soon as they become available (e.g., cultural goods and conservation baselines, multiple datasets of the State Geodetic Administration). The migration of the remaining PPIS/ISPU modules and databases to the SSC will continue.

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

Within the framework of NRRP investment C2.3. R2-I1 Establishment of a Central Interoperability System, the procedure for procuring the service for establishing the Catalogue of Services and implementing the Central National Interoperability Portal has so far been completed. The TSI project Establishment of a Coordination Mechanism to Ensure the Coherent Development of e-Government is underway, which will provide guidelines and proposals for the consequent improvement of registers. Once the TSI project is completed, activities will be initiated to create, integrate and upgrade core registers and other authentic sources of information. It is an activity that will be carried out in parallel with multiple SAB.

So far, several meetings have been held with the relevant authorities, and it has been determined that the creation of two new registers will be initiated: the Register of Population, Families and Households and the Business Register, which will consolidate all business entities into one register.

In addition, as a result of the TSI project, the Government Interoperability Framework is being developed.

A consulting team has been hired to monitor expert workshops to connect the Central Interoperability System with Once Only Technical System - OOTS (European system). The consulting team assists in liaising with EU working groups and delivering data and information used to create an OOTS connectivity architecture and develop technical specifications for the public procurement of the OOTS merger. Once the connection to OOTS is achieved, the establishment and integration of all services set under the Single Digital Gateway Regulation (SDGR) will begin. Currently, activities are being carried out on preparing training for the Central Interoperability System website.

Currently, a situational analysis is underway, which includes collecting and processing data from public administration institutions that own their user system and collecting more detailed technical information about the system (HW/SW). In addition to this analysis, it shall be determined whether a legal basis should be ensured to provide a proper legal justification for civil servants and public servants in communicating and responding to inquiries from the public (Government Decision, Regulation, or the like).

Planned NRRP reforms and investments

The aim of investment objective C2.3. R2-I1 **Establishment of a central interoperability system** is the consolidation of fundamental registers, the integration of these registers into the Government Service Bus and the establishment of a central interoperability website in line with the European Interoperability Framework (EIF), the creation of standards and policies related to interoperability, the harmonization of legal frameworks and the full application of the “once-only” principle by 2023 in accordance with the SDGR, as well as the establishment of cross-border data exchange between EU Member States.

In terms of investment C2.3. R3-I3 **Establishing a one-stop shop for all e-public helpdesk services**, a system to provide information and customer support to citizens and businesses in one centralized place will be established. The Single Contact Centre (SCC) will transform the way civil servants and public servants communicate with users and enable transparency, given that users will be able to evaluate the quality of interaction with public servants, i.e., they will be able to express their satisfaction or dissatisfaction with the service provided. Based on the information obtained, there will be continuous improvement.

The SCC is a new, unique service for communicating with citizens and business entities, enabling users to quickly and easily find the requested information, ask for a query or carry out a conversation with a virtual assistant. Within the SCC, a system for managing relationships with users and user experience will be established as a strategic determinant for strengthening user satisfaction with the civil service and public service.

From a technological point of view, SCC is expected to use artificial intelligence and machine learning, and optimized for reading, learning and creating new value from the collected data. Based on the processing of collected data and earlier user queries, SCC will make predictions about problems when interacting with users and facilitate resolving their problems in digital communication with the public service.

If the state bodies already have their own customer support system, they will connect with the SCC given that the central communication platform where state administration bodies and local and regional self-government units will communicate with users. The platform will use the SSC infrastructure and comply with all provisions of the Act on Cybersecurity of Critical Service Operators and Digital Service Providers and Regulation (EU) 2019/881 (Cybersecurity Act) to ensure cybersecurity of the system.

Communication will take place using the technologies available at the SSC, for example, the Government Service Bus (GSB) as one of the components of the Central Interoperability System (SSI) of the public service in the Republic of Croatia.

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

In terms of reform C2.4. R2 – Improving Corporate Governance in State-Owned Enterprises of Particular Interest to the Republic of Croatia and in Majority-Owned Enterprises of Central Government, and following the adopted 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 (from October 2021), activities have intensified on preparing the Draft Proposal of the Act on State-Owned Companies in line with OECD standards and recommendations. The harmonization of the final version of the draft Act is underway, within the working group for drafting the respective Act, after which it is sent to the formal adoption procedure. During the development of the new legislative framework, technical assistance from the OECD was provided within the SRSS project Improving Corporate Governance in State-Owned Enterprises by Revising and Aligning Legislation with OECD Guidelines for Corporate Governance, which lasted until Q2/2022. Public procurement of intellectual services has also been implemented, which will contribute to implementing OECD recommendations for improving corporate governance.

Furthermore, as part of the implementation of the project Activating Non-Operational Assets in Majority State-Owned Enterprises, guidelines for the activation of non-operating assets in state-owned companies have been developed, and upon approval of the document, they will be forwarded to companies for use. Within the project Information System for Monitoring Business of Legal Entities of Special Interest (BLES/POOPI) for the Republic of Croatia, which consists of two phases (Phase I – Development of Information System for Business Monitoring BLES/POOP for the Republic of Croatia, Phase II – Development of Business Intelligence (BI) for Reporting and Business Planning BLES/POOP for the Republic of Croatia), a new information system has been developed that will integrate all business plans and business reports of legal entities of special interest to the Republic of Croatia.

The activities on implementing these comprehensive reforms in line with OECD standards are a consistent continuation of the efforts initiated in previous periods with the aim of improving corporate governance in legal entities of particular interest to the Republic of Croatia, as well as state-owned enterprises in majority ownership at the level of the central government.

Under reform C2.4. R4 Continuation of Privatisation of State-Owned Enterprises, in terms of the sale of state enterprises not of special interest to the Republic of Croatia and which the Restructuring and Sale Centre (CERP) manages, in 2022, activities on disclosing the sale of

stocks and shares were carried out, as well as the activities in completing the sale of enterprises. In particular, in 2022, the sale of stocks/shares in 74 companies not of special interest to the Republic of Croatia and managed by CERP was announced, where stocks/shares in 56 companies were sold. When the data for 2021 are added to this, the conclusion is that between 1 January 2021 and 26 January 2023, the sale of stocks/shares in 154 companies not of special interest to the Republic of Croatia and managed by CERP was announced, and stocks/shares in 112 companies were sold, along with the finalized sale for a total of 77 companies. This means that the intermediate phase of the NRRP titled Announcement of the Sale of 150 State-Owned Enterprises Managed by CERP and not of Special Interest to Croatia, of which at least 45 have been sold, scheduled for execution by Q4/2023 was completely achieved. Also completed was the sale for 77 enterprises representing an 85.56% completion rate for the projected target value of 90 companies to be sold by Q2/2026, while the announced sale of stocks/shares in 154 enterprises represents an 83.24% completion rate of the projected target value, where the sale of at least 185 companies will be announced by Q2/2026. In conclusion, the sale process is taking place in line with the envisaged implementation steps in the set intermediate steps and the target values of this reform measure.

In 2022, a total of 109 requests were submitted to the competent authorities to determine if the legal prerequisites for adopting a decision on abolishing the reservation of stocks/shares were fulfilled. Subsequently, 21 binding decisions were adopted on abolishing the reservation of stocks/shares. Shares were offered for sale belonging to 12 enterprises in which reservations were cancelled, and 9 enterprises were sold, of which 4 in full. The current completion rate represents 20% of the projected target for Q2/2026. Given the CERP's Activity Plan adopted in Q4/2022 for launching activities to ensure the preconditions for the disposal currently of the unavailable part of the CERP portfolio, the above activities will continue into 2023.

Planned NRRP reforms and investments

Within the NRRP for the implementation of reform measure C2.4.R2, financial resources have been provided for intellectual services, i.e., the engagement of consultants who will be expert support for implementing the OECD recommendations for improving corporate governance. Given the complexity of the system (several industries and sectors in which state-owned enterprises operate), specific knowledge is required for executing received OECD recommendations that are an integral part of the OECD Review of Corporate Governance of State-Owned Enterprises in Croatia. After the public procurement procedure, the signing of the contract with the selected bidder will take place.

Furthermore, under the NRRP, subcomponent C2.4., reform measure R3, ensure resources to strengthen the capacity of civil servants involved in the process of monitoring corporate governance in enterprises of special state interest to the Republic of Croatia and enterprises in majority ownership of the state. After the public tender for the procurement of education services (according to the Education Program), a contract was signed with the selected bidder and from May 2023, a six-month education program will begin according to the areas of the Program. Upon harmonization of the final version of the draft of the Act on State-Owned Enterprises, it will be referred to the e-Consultation (eSavjetovanje) procedure and then to the government and parliamentary procedure (for its passing in Parliament by the end of Q1/2024), which will fulfil the set key stage for this reform (adoption of a new legal framework on state-owned enterprises into which OECD recommendations have been incorporated).

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

In 2022, the Government adopted key strategic documents for the medium-term development of the judicial system: the National Plan for the Development of the Judicial System for the Period 2022-2027 and the Action Plan for the Implementation of the National Plan for the Development of the Judicial System for the Period 2022-2024. The main objectives of the National Plan are to improve the efficiency of court proceedings, ensure transparency, legal certainty, quality and predictability of court decisions, develop human resources in the judicial system, modernize infrastructure and improve the level and scope of ICT use for automation, digitalization and provision of e-judicial services, as well as improve the quality of the prison system and probation.

During the previous period of implementing the NRRP in the area of justice, electronic tools and adequate administrative capacities have been ensured for the State Judicial Council (Državno sudbeno vijeće –DSV) and the State Attorney's Council (Državnoodvjetničko vijeće – DOV) to verify the records of wealth of judicial officials more effectively. Four additional officers have been provided to the State Judicial Council and the State Attorney's Council, who are engaged in verifying the data from the records of wealth. Both Councils were equipped with new computers in February 2022 as adequate work equipment for verifying the records of wealth. To automatically verify data in wealth records, the Councils were connected via the Government Bus and outside the bus to the web services of relevant public bodies.

In July 2022, the Croatian Parliament adopted the Act on Amendments to the Criminal Code.³⁴ The Act introduced electronic communication in criminal proceedings and expanded the possibility of sound recording to all hearings in criminal proceedings in the coming period when the technical preconditions in the courts are met. The use of audiovisual links in criminal proceedings was further expanded with the possibility of ensuring the presence of the parties at the session of the indictment council and at preparatory hearings with the help of an audiovisual link.

Based on the TSI project Digital by Default, a series of activities was carried out aimed at developing tools for public disclosure and searching all court decisions with prior automatic anonymization. A methodology for anonymizing court decisions has been developed, technical documentation on an IT solution for anonymization, publication and searching of court decisions has been prepared, and the implementation of the procedure for the procurement of IT solutions is underway.

In the previous period, there has been the ongoing strengthening of the system for educating the heads of judicial bodies, including officials and other participants in court proceedings. Six new educational programs have been developed that will be part of the professional training program for judicial officials and other officials at the Judicial Academy: development of skills (leadership and management skills for court presidents, court management for court

³⁴ OG 80/22

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. All six programs are being implemented.

The Act on Amendments to the Civil Procedure Act³⁵ was passed as part of the civil procedure reform in July 2022. The law refines the provisions on holding remote hearings, the introduction of the mandatory 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 (e-Komunikacija), and the introduction of the proceedings management plan as well as redefining the provisions of the audit and model proceedings.

In October 2022, the Act on Amendments to the Land Register Act³⁶ was passed. The Act establishes a normative, technological and organizational framework that facilitates the continued digitisation of land registers and speeds 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.

Within the NRRP, the Contract for the Improvement of the Land Registry and Cadastral Information System was concluded in September 2022. This investment will increase the volume and quality of land registry and cadastral data in the Land Database (BZP) from 3.86% by a further 60%, and the implementation of a software module (virtual assistant) based on artificial intelligence will improve land registry procedures, providing citizens and businesses with user support and incentives for regulating the land registry and cadastral status. By the end of Q3/2023, the plan is to import 187 cadastral municipalities into the BZP, which will increase the database of land lots in the BZP by 5%.

To improve access to the judiciary and the efficiency of court proceedings in terms of the NRRP, the investment Design and Implementation of the Project Trg pravde in Zagreb (Justice Square) is being implemented. In April 2022, the Contract for Developing Project Documentation was signed. Execution of the Contract involved drafting the Preliminary Design according to new standards.

As part of the NRRP investment, activities to increase the energy efficiency of judicial facilities is being carried out. The public procurement procedure for carrying out energy renovation works was conducted for two criminal law bodies and three courts (Lipovica-Popovača Penitentiary, Požega Penitentiary, Slavonski Brod County Court, Koprivnica Municipal Court and Đakovo Municipal Court). Conducting public procurement procedures for energy renovation works for nine courts is underway: Sesvete Municipal Court, Vrbovec Permanent Service; Virovitica Municipal Court, Slatina Permanent Service; Zlatar Municipal Court, Klanjec Permanent Service; Bjelovar Municipal Court, Daruvar Permanent Service; Đakovo Municipal Court, Našice Permanent Service; Bjelovar Municipal Court, Čazma Permanent Service; Osijek Municipal Court, Donji Miholjac Permanent Service; Rijeka Municipal Court,

³⁵ OG 80/22

³⁶ OG 128/22

Delnice Permanent Service and Čakovec Municipal Court. In April 2023, the public procurement procedure for the Osijek Commercial Court is expected to be announced.

During 2022, tender documentation was prepared, and a public procurement procedure was carried out to upgrade the eCasefile (eSpis) system ensuring digitised communication for court proceedings participants, support to courts for handling electronic files and preparations for migrating eCasefile (eSpis) to the State Cloud (SSC) to increase system stability and accessibility. The investment will also increase the speed of data connections between the courts and the central location of the eCasefile (eSpis) system.

Within the NRRP, a public procurement procedure was launched for the service of drafting a proposed network architecture and improving system security in the project Stable and Resilient IT Infrastructure within the Justice Information System. This activity aims to further upgrade and consolidate existing applications and further develop information systems infrastructure in the judiciary. The project will enable the safe and continuous operation of the entire communication system, with higher interoperability and lower costs for judicial authorities. Applications will be more accessible and stable, providing secured data sharing with all bodies using the SSC infrastructure.

All first-instance courts are equipped and eligible to hold hearings remotely. In 2021, 6295 remote hearings were held across all first-instance courts, while in 2022, 5927 remote hearings were held.

Action plans have been developed in cooperation with court presidents to improve the efficiency of courts in dealing with cases and also the general efficiency of court work for 2022, the implementation of which is monitored at a quarterly level.

The project Continuation of the Establishment of the Digital Land Registry Archive at the Level of the Republic of Croatia, co-financed by the ESF within the Operational Program Efficient Human Resources 2014-2020 (OPULJP 2014-2020), is implemented to improve the quality functioning of land registry administration – digitisation of manually managed land registers, which will improve efficiency and speed up business processes in land registry departments. The Digital Archive has been established throughout Croatia by scanning the remaining manually managed land registers, which will contribute to rationalisations and cost savings, saving space on court premises and human resources while quickening the work of courts. This activity required scanning manually managed land registers for 70 land registry departments in the Republic of Croatia, i.e., approximately 30 million pages from books.

Planned NRRP reforms and investments

Under the framework of reform C2.5. R1 Increasing the Efficiency of the Justice System to Increase Citizens' Trust, the legislative framework has been amended in the area of justice. The new Act on Non-Contentious Civil Procedures has led to: amendments to the Administrative Disputes Act,³⁷ the Courts Act,³⁸ the Act on Areas and Seats of Courts,³⁹ the Notary Public Act,⁴⁰ the Civil Procedure Act⁴¹ and the Land Registry Act.⁴²

³⁷ OG 110/21

³⁸ OG 21/22

³⁹ OG 21/22

⁴⁰ OG 57/22

⁴¹ OG 80/22

⁴² OG 128/22

The draft Act on Non-Contentious Civil Procedures was published for e-Consultation (e-Savjetovanje) at the end of December 2022. On 23 March 2023, the Parliament of the Republic of Croatia concluded a debate on the Draft Act on Non-Contentious Civil Procedures, and the preparations for the Final Draft Act are underway. The Act on Non-Contentious Civil Procedures, as a general regulation governing non-contentious proceedings, is outdated and in some parts, it is inapplicable because, since its adoption, special non-contentious procedures have further developed and therefore adopting a new regulation is necessary to reduce formal rigours, make the procedure more flexible and facilitate quicker procedures. Regulating the rules of non-contentious proceedings will create conditions for the modernization of non-contentious proceedings, facilitate citizen access to the courts, ensure quality and transparent legal protection and eliminate legal uncertainty.

Implementation of the reform and strengthening of the mediation institute is underway. The plan is to establish a Centre for Peaceful Dispute Resolution based in Zagreb with three branches in Split, Osijek and Rijeka, as well as **amend the legislative framework on mediation**. The draft proposal for the Conciliation Act was sent to the e-Consultation (e-Savjetovanje) process in December 2022. A working group has been established at the MJPA for establishing the Centre for Peaceful Dispute Resolution to implement all activities necessary to establish and commence the Centre's operation by the end of Q2/2023.

The reasons for adopting the new Conciliation Act are found in the shortcomings of applying mediation in practice. The mentioned reform of the mediation institute through normative amendments is carried out within the framework of reforms to the court proceedings to increase the promptness and efficiency of the courts.

The new Act will prescribe the establishment of the Centre for Peaceful Dispute Resolution, which will, to achieve the purpose of the law, encourage the development of a culture of peaceful dispute resolution, accredit institutions for mediation, accredit mediation education programs, conduct independently or in cooperation with accredited institutions professional training of mediators and appraisers, maintain the Register of Mediators, publish information on peaceful dispute resolutions, and more. Furthermore, the area of peaceful dispute resolution is broadly defined (also includes mediation, legally regulated negotiations and other alternative means of resolving disputes). Mediation costs that are not concluded with a settlement become litigation costs.

The **new Framework Standards for the Workload of Judges** were adopted in December 2021 and applies from 1 January 2022. The new Framework Standards for the Workload of Judges stipulate an increase in the number of cases that need to be resolved, with the aim of encouraging the resolving of cases, especially a greater number of older cases.

As part of the NRRP measures, the support project Croatian Courts Excellence Program (CCEP) is also being implemented. Within the project, the component Strengthening the Efficiency of Courts through Active Management of Court Proceedings is implemented so that surveys among judges from pilot courts have been conducted in selected pilot courts, and the Court Improvement Plan (CIP) for each pilot court has been prepared. The implementation of activities from the **Project supports the application of tools for active management of court cases** introduced by the amendments to the Civil Procedure Act from 2022 (drafting of manuals, education, and experience from other countries). The CCEP project has been extended until November 2023. As part of the project, a conference titled Bringing the Judiciary Closer to Citizens – Efficiency and Strengthening the Rule of Law was held in February 2023. The conference discussed topics related to the current situation and plans for further development of the eCasefile (eSpis) system, gained experience in the application of amendments to the Civil

Procedure Act and the application of elements of active management of (litigation) proceedings (Active Case Management - ACM).

Planned measures outside the NRRP framework

The existing regulation on the service of judicial documents, regulated by the basic procedural regulations in the judiciary, namely the Civil Procedure Act and the Criminal Code, is not satisfactory, and the servicing of judicial documents is ineffective, adversely affecting the length of court proceedings. Consequently, and given that orderly and lawful service of judicial documents is a fundamental procedural imperative, comprehensive regulation of the service of documents by **adopting the Act on the Service of Judicial Documents is necessary**, which will harmonize the rules on the service in all court proceedings and provide conditions for effective service of judicial documents.

To digitise services and processes in the judicial system as extensively as possible, especially in exchanging documents and communications in court proceedings, this Act emphasises electronic delivery, which will also simplify and harmonise complex and non-standardised rules on service in different types of court proceedings that make it difficult to carry out service, to increase the efficiency of this institute.

To improve the system of judicial mediation and encourage citizens to use mediation to resolve disputes, as well as prepare recommendations on establishing a normative and institutional framework for the above, an analysis of the existing mediation system compared to other European countries will be made. Also, a sociological and legal analysis of the reasons for insufficient utilisation of mediation in the Republic of Croatia will be prepared, a manual on judicial mediation will be drafted, training will be conducted for 500 people from the judicial system and other sectors relevant in the implementation and application of mediation, and an awareness campaign will be conducted.

The Land Registry Act will be amended, further regulating the institute of the Individual Corrective Procedure as a special land registry procedure that corrects land registry entries and is implemented when there are justified reasons for doing so. A justified reason for conducting individual correct proceedings will exist if the petitioner possesses the document, which may make it likely that they are entitled to a right not registered in their favour and on account of which certain land register entries should be corrected. The Act on Amendments to the Land Registry Act will shorten procedures in order to speed up the procedures, decision-making and establishment of the Land Database.

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

Strengthening the 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 2022, under the NRRP, the 2022-2024 Action Plan, along with the Anti-Corruption Strategy for the period 2021-2030, were adopted. The Action Plan outlines specific actions for managing corruption risks within the framework of previously strategically defined specific objectives and measures in specific sectoral priority areas. Within the framework of the measures, each planned activity defines the competent authorities assigned for implementation, the implementation deadlines, the necessary financial resources and the performance indicators, i.e., the target value of the implementation.

Also, in April 2022, a new Whistleblower Protection Act was adopted to bring legislation into line with 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. After the adoption of the Act in terms of the obligations to form an internal reporting channel, the Ordinance on the Manner of Appointing Trusted Persons and the Procedure for Internal Reporting of Irregularities in the Ministry of Justice and Public Administration was adopted, and the Reminder to Employers in Applying the Whistleblower Protection Act was drafted and published. Regarding the protection of whistleblowers, the training of judicial officials on the topic of effective judicial protection of whistleblowers and the training of confidential persons, employers and presentation of the new Act in cooperation with the National School for Public Administration (DŠJU), the Croatian Chamber of Economy and the Croatian Employers' Association is continuing.

Within the framework of reform measures in the area of Prevention and Suppression of Corruption provided for in the NRRP, a code of ethics for parliamentary representatives and a code of ethics for officials in the executive branch were adopted. The Code of Conduct for State Officials in Executive Bodies was adopted at the session of Government in May 2022,⁴³ while the Code of Ethics for Members of the Croatian Parliament was adopted in November 2022.⁴⁴

As part of the implementation of component 2.6 of the NRRP, in 2022, activities were undertaken with the aim of preparing project documentation for the implementation of a broad media campaign to raise awareness of the harmfulness of corruption, the need to prevent it, suppress and report it, and to prepare project documentation for the establishment of a single IT platform for improving the effectiveness of the preventive anti-corruption framework.

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

Planned NRRP reforms and investments

As part of the NRRP reform C2.6. R2 **Improving the Implementation of the Act on the Right of Access to Information**, i.e., investment Evaluation of the Effects of the Act on the Right of Access to Information in 2022, public procurement was carried out for the implementation of the project requiring preparation of a report on evaluating the effects of the Act on the Right of Access to Information (ARATI/ZPPI), whereupon independent experts were elected. Questionnaire A was prepared for conducting research on the effects of the ARATI/ZPPI on public bodies (PB/TJV) and Questionnaire B on the effects of the ARATI/ZPPI from a user perspective for user organisations. A survey form was also devised for users which should provide an overview of their familiarity with the ARATI/ZPPI. The aggregated data and

⁴³ OG 54/22

⁴⁴ OG 140/22

processed answers from Questionnaires A and B were submitted to the contracting authority and all members of the evaluation team for the purpose of preparing the Report and Questionnaire C for due diligence (manner of applying provisions of the ARATI/ZPPI by the PB/TJV, PI and the High Administrative Court. Responses from 39 PB/TJV to Questionnaire C were collected and interviews were held with the Office of the Information Commissioner as a second instance body and the High Administrative Court. Preparations for conducting research among citizens have begun.

In Q1/2023, a survey among citizens will be conducted concerning familiarity with the right of access to information and a comparative analysis of individual institutes in selected countries will be done. By the end of Q1/2023, an evaluation report on the impact of the Act on the Right of Access to Information will be prepared, and theses for improving the normative framework in exercising the right of access to information will be drafted. In Q2-Q3/2023, two events (a presentation and expert meeting) will be held to present the impact evaluation of the ARATI/ZPPI.

As part of the reform measures in preventing and combating corruption as given in the NRRP, the plan is also to **Improve Corporate Governance in Enterprises in Majority Ownership of Local and Regional Self-Government Units – implementation of OECD recommendations** on corporate governance of enterprises in majority ownership of local and regional self-government units.

Given that publicly-owned or state-owned enterprises and enterprises owned by LRSGUs manage significant financial resources and employ a large number of people, there is a potentially high risk of corruption in their operations. Therefore, the need to form and strengthen policies and mechanisms to prevent corruption in publicly owned enterprises is highlighted as a priority in national and international documents on preventing corruption. In terms of this reform, and with the aim of promoting OECD standards, the plan is to develop the Manual for the Implementation of OECD Recommendations Regarding Corporate Governance in Enterprises Majority Owned by LRSGU.

Planned measures outside the NRRP framework

In terms of implementing the Action Plan for the Period 2022-2024 along with the Anti-Corruption Strategy, and the OECD recommendations for improving corporate governance in legal entities owned by the Republic of Croatia, the plan is to analyse the current implementation of the **Act on the Protection of Whistleblowers in State-Owned Enterprises**, with respect to stipulated obligations for employers in accordance with the Act, i.e., **establishing a system for internally reporting irregularities**, which includes the adoption of a general act, the appointment of a confidential person and the provision of substantive and technical preconditions for the functioning of the system for internally reporting irregularities.

A **draft of the proposed Lobbying Act** is in preparation, which will regulate lobbying activities to the highest ethical standards, ensuring high standards of transparency in the work of lobbyists. Under this framework, the plan is also to regulate the issue of the structure, content and manner of maintaining the register of lobbyists, the obligation to report on lobbying, restrictions on work undertaken by lobbyists, sanctions for violating the law and other lobbying issues, and in this regard, it will take into account the standards of the Council of Europe, OECD recommendations and comparative frameworks of EU Member States.

C2.8. Strengthening the Anti-Money Laundering Framework

Strengthening the anti-money laundering framework

Planned NRRP reforms and investments

So far, the CNB has received 4 Technical papers for the project, and workshops have been held. In essence, all received documents aim to revise the procedures for analysing and assessing the money laundering and terrorist financing risk of audited entities. Taking into account the received outputs of experts engaged in this project, the CNB approached the process of revising the internal methodology of risk assessment as well as the currently established report from supervised institutions on the money laundering and terrorist financing prevention system. Following the review, amendments to the risk assessment methodology will be made, and the procedure is expected to be completed within the planned deadlines (Q4/2023). Communication with the experts engaged in the project is of an open type with respect to other elements of the money laundering and terrorist financing prevention system, and in the coming period, the Technical Paper on the supervision methodology is expected. In February, a workshop was held with experts involved in the project.

Since the beginning of the project, HANFA has received 4 Technical papers, and in that period, several workshops have been held with experts of the Council of Europe (workshop) where in active discussion, special attention was given to supervising money laundering and terrorist financing prevention system based on risk assessment in the Croatian financial sector, including the non-financial sector related to providers of exchange services for virtual and fiduciary currencies and/or custodial wallet services.

HANFA has developed an internal methodology for risk-based supervision in money laundering and terrorist financing prevention, which it submitted to the Council of Europe experts for an opinion on the project. Moreover, for the purpose of a sectoral risk assessment and individual risk assessment of individual supervised entities, HANFA has prepared a risk matrix and associated questionnaires, which were also submitted to Council of Europe experts. After receiving inputs from experts involved in this project, HANFA began improving its internal methodology for risk-based supervision. HANFA is actively liaising with Council of Europe experts, and so two workshops were held in February.

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 officers has been established in Croatia, but there are currently no adequate tools adapted to national specifics to enable contracting entities and public procurement officers: self-assessment of individual

competences and levels of expertise, identification of deficiencies in their administrative capacities and the introduction of their own targeted learning and development measures to address existing shortcomings. In 2022, Guidelines for Encouraging the Participation of SMEs in the Public Procurement Market, aimed at increasing transparency and competition in procurement procedures, were published on the Public Procurement Portal.⁴⁵ The guidelines were presented at 10 workshops and held in cooperation with the Croatian Chamber of Economy. A total of 261 people participated in the workshops: 56 economic entities and 205 contracting authorities who actively participated by posing questions and providing thoughts on the participation of SMEs in public procurement procedures. The assessment by participants, especially small and medium-sized enterprises, has been extremely positive in presenting the Guidelines and pointing out the possible greater business opportunities for them.

Planned NRRP reforms and investments

Training in the field of public procurement is carried out continuously, but the plan is to improve the system of public procurement training by developing new tools for acquiring theoretical and practical knowledge, professional skills and competences for the professional, economical, efficient and effective implementation of public procurement procedures at all levels. The ProcurCompEU tool will be adapted to Croatian specifics and integrated into the existing mandatory training, certification and training scheme for public procurement. Training sessions that provide the greatest impact in achieving objectives, such as integrity and transparency issues, proper planning of procedures, fair and open technical specifications, clear selection criteria and evaluations of tenders, contract management and amendments, will be prioritised. The legislative framework of public procurement will also be amended to set out the curriculum for the Training Programs. The Ordinance on Training in the Field of Public Procurement was published on the eConsultation (eSavjetovanje) portal. The consultation is open until 5 May 2023.

A webpage will be created on the Public Procurement Portal where the ProcurCompEU tool will be available and free for use by all stakeholders in the public procurement system, and the competent SAB for public procurement policy will provide support in its practice implementation and supervision.

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

The analysis of the workloads of employees of key institutions in 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 the tasks performed by civil servants, is the basis for planning and retaining the necessary personnel and their qualifications to promptly prepare institutions to support the system in the implementation of public procurement procedures for

⁴⁵ <http://www.javnanabava.hr/>

the MFF 2021-2027, as well as the implementation of the NRRP. In 2022, an Analysis of the Workloads of Employees in Key Institutions Within the Public Procurement System (MESD, CFCA, SCSPPP) was performed along with an action plan to implement recommendations and measures on human resources. The respective Analysis provides recommendations, whereas the attached action plan identifies the persons responsible for implementation and the deadline for implementing the recommendation. Therefore, the subsequent period, despite the challenges, will also represent a time of growth and development for the analyzed institutions, which will improve the public procurement system in the long term, given that each institution, based on the Analysis, has created its own Roadmap.

Planned NRRP reforms and investments

In 2023, the Sector for Public Procurement Policy will improve the system for publishing the most important opinions by increasing the number of published opinions and will improve the structuring of publications on the Public Procurement Portal, as well as the ability to supervise the execution of laws and regulations. A Code of Conduct for Civil Servants and Public Servants will be drafted using a detailed description of the procedures with steps, instructions and deadlines. Education and Training Programs will be adapted to the actual needs of civil and public servants with continuous evaluation and updating of the established Training and Certification Program for public procurement officers. A training register will be developed for each officer, and the existing assessment system will be improved under the existing provisions.

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 lodging appeals in public procurement procedures by electronic means, using the related systems from the Electronic Public Procurement Classifieds of the Republic of Croatia (EOJN RH) and the State Commission for Supervision of Public Procurement Procedures (SCSPPP/DKOM, brings efficiency to the appeal process given that lodging an appeal through the e-appeal system shortens the appeal process. Prior to the adoption of amendments to the Public Procurement Act,⁴⁶ the e-appeal was an option for the appellant but not an obligation. Also, the public procurement procedure was halted in the case of untimely and inadmissible appeals until DKOM decides on the appeal. The amendments introduced the e-appeal as mandatory, i.e., the only way to lodge an appeal to shorten the time of the appeal process. To prevent the possibility of halting the procedure without any real intent in achieving legal protection by lodging an appeal against the documentation, contracting authorities do not have to halt the procurement procedure where the public opening of tenders is not deferred in the instance when an appeal is lodged late. Also, amendments stipulate that an appeal that does not contain allegations supporting the appeal (description of irregularities and grounds) may be dismissed as improper, without needing to invite the appellant to amend the appeal. The amendments in question also regulate the amount of the appeal fees to achieve a balance

⁴⁶ OG 114/22

between the estimated procurement value and the right to appeal. In February 2023, amendments to the Ordinance on Electronic Appeals in Public Procurement entered into force.

Planned NRRP reforms and investments

The effects of introducing the mandatory e-appeal in the public procurement system will be continuously monitored.

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

The National Plan for the Development of the Education System Until 2027 (NPDES), adopted in March 2023, closely defines the implementation of the strategic objective and prioritised areas of public policy for the education sector from the NRR 2030.

Early childhood and pre-school education

According to the NPDES, the rate of participation in early childhood and pre-school education (ECPSE) in Croatia is still among the lowest in the EU. Therefore, there is a need to provide accessibility to the early childhood education system for every child based on measures that ensure the infrastructure and appropriate number of quality educators and professional associates and principals. A call was published for cities and municipalities to participate in the implementation of infrastructure projects involving the construction, upgrading, reconstruction and equipping of preschool institutions in their area, and in December 2022, a decision on financing them was adopted. A total of 251 projects have been contracted to increase the capacity for 16,408 additional places in ECPSE, and the amount of the total contracted grants is EUR 163.98 million.

Once the Act on Amendments to the Preschool Education Act⁴⁷ came into force in May 2022, prolonging the mandatory pre-school program was possible, and the Act also defines the Pre-School Curriculum adopted by the Minister responsible for education, which is considered an integral part of the National Curriculum. In addition, the Act stipulates the obligation for LSGs, without any organized early childhood and preschool education program in their area, to co-finance early childhood and preschool education programs for children in their area in agreement with the nearest neighbouring LSG or LSG that has a program that best meets the needs of the child. To ensure an adequate number of educators, the amendment to the Act introduced the possibility of teachers doing the job of educators (with the obligation of retraining or supplementary training within two years).

As part of reform C3.1. R1. Structural reform of the education system, a model for financing the cost of operating ECPSE facilities for municipalities or less financially capable LSGs, has been prepared to ensure the sustainability of investments after the renovation of existing or construction of new ECPSE facilities. This is stipulated in the Act on Amendments to the ECPSE Act.

⁴⁷ OG 57/22

Primary and secondary schooling

Croatia has one of the shortest school days in primary school in the EU, mainly due to the organisation of classes in two shifts, reducing the possibility of pupils staying longer in school and achieving better learning outcomes. Investments in infrastructure are needed to transition the education system to a one-shift model. Such work is a prerequisite for organizing all-day school. The all-day school (ADS) model aims to extend the learning and teaching period and the acquisition of competencies crucial for lifelong learning. In terms of the ADS, the number of hours of educational work in key literacy activities is increasing, while support, assisted and enriched learning is becoming systematised. In March 2023, the Ministry of Science and Education published a public call for applications to participate in the Experimental Program: Primary School as an All-Day School – A Balanced, Fair, Efficient and Sustainable Education System. In Q1/2023, the national exams were among eighth-grade primary school pupils. The aim of the national exams is to assess the achievements of pupils at the end of the primary education cycle. The examinations included educational outcomes in the curriculum for the following subjects: Croatian Language, Mathematics, History, Geography, Biology, Chemistry, Physics and the first foreign language. Also, pupils belonging to national minorities took the exam in their native language.

For pupils with disabilities who are schooled under a regular program in accordance with the Ordinance on Primary and Secondary Education of Pupils with Disabilities, for each exam, two types of customised exams have been prepared: (I) exams for pupils in a regular school program with individualized procedures and (II) exams for pupils in the regular school program with an adapted syllabus and individualized procedures.

The results of the conducted exams at the individual level will be available to pupils and their parents in Q2/2023. Schools will receive aggregated results for their pupils. Accordingly, this will encourage setting up self-assessment processes in primary schools based on the results of national exams. Aggregate results at the national level will be available to education policy makers in Q3-Q4/2023. In March 2023, the Ordinance on Amendments to the Ordinance on the Manner of Implementing External Evaluation and the Use of the Results of External Evaluation of School Institutions was adopted to provide teachers with insight into the results of their pupils. This approach to reporting results will encourage stakeholders throughout the education vertical structure to make decisions based on data with the aim of increasing the quality of the education system.

The Act on amendments to the Act on Primary and Secondary School Education⁴⁸ has led to the financing or co-financing of food using funds ensured in the state budget for all primary school pupils, with the implementation commencing from the second semester of the 2022/2023 school year. This will ensure a healthy and balanced diet for pupils, and improve their health. Also, the measure standardises nutrition equally for all elementary school pupils.

The curricular reform in vocational education aimed at introducing new outcome-oriented vocational curricula that respond to the needs of the labour market, based on occupational and qualification standards, and accepting the individual needs of pupils, facilitates the acquisition of specific professional knowledge and skills, as well as the acquisition of transversal and key competences necessary for ongoing education, personal development and active engagement in society. The curricular documents will place special attention on the green and digital transition.

To increase the enrolment of pupils in grammar school (gymnasium) programs, the number of year classes in grammar school (gymnasium) programs is continuously increasing, with an emphasis on science-mathematics and science programs aimed at strengthening pupils in STEM

⁴⁸ OG 151/22

fields, and according to the criterion of making accessibility uniform in counties that do not have a sufficient number of grammar school (gymnasium) programs in secondary schools.

To improve general secondary education and modernise vocational education and training, reform interventions are planned, which include: a higher rate of participation in grammar school (gymnasium) programs and the optimization, rationalization and adaptation of vocational education programs to the needs of the economy. For the purpose of implementing these reform interventions, a comprehensive analysis of secondary education has been done, which at the national, regional and county level (NUTS 1, 2, 3) depicts the structure of supply and enrolment in secondary school programs, identifying inequalities and discrepancies between counties. Specific modalities have been proposed to increase and uniformize the availability of grammar school (gymnasium) programs and reduce the number of surplus vocational programs in the current capacities.

Planned NRRP reforms and investments

Early childhood and pre-school education

Based on the NRRP, funds have been provided for the construction, upgrading, reconstruction and equipping of preschool institutions in the amount of EUR 215 million. The decision to finance project proposals in the total amount of EUR 168 million was made in December 2022. The second Call, for the remaining amount of funds was published in Q1/2023. In the coming period, activities in implementing the first contracted projects will begin, and evaluation and contracting of projects from the second Call will be carried out.

Primary and secondary schooling

In 2023, the NRRP will provide funds to primary schools for infrastructure investments (construction, upgrading, reconstruction and equipping) to switch to one-shift work and prepare for all-day school.

Infrastructural investment ensures better conditions for learning and teaching and consequently addresses the problem of low levels of basic literacy, especially students of lower socioeconomic status. The investment is worth over EUR 300 million.

Under the NRRP, a call and contracted projects for upgrading, construction, reconstruction and equipping of secondary schools will be published with the aim of increasing enrollment in general secondary schools (grammar schools - *gymnasiums*) by increasing physical infrastructure capacities, and the investment must be completed by June 2026.

Planned measures outside the NRRP framework

Early childhood and pre-school education

An additional EUR 45 million to increase capacity in pre-school education has been secured through the new EU Multiannual Financial Framework, MFF 2021-2027, and the publication of the call Ensuring Infrastructural Conditions to Increase the Availability of ECPSE is planned for Q3/2023.

Following the mentioned infrastructure investments, in the coming long-term period through ESF+ investments will be made to increase participation in ECPSE, especially vulnerable groups, ensuring personnel and program support to vulnerable groups as well as materials and technical conditions for program implementation while promoting the importance of inclusion in ECPSE. For this, EUR 63.8 million has been allocated within the ESF+.

In addition to these investments, the reform will facilitate the development of new early childhood education curricula. At the decision of the Minister, a working group was formed to coordinate and monitor activities in the ECPSE system. A working group has been appointed for the purpose of developing the National Curriculum for Early Childhood and Pre-school Education and the National Curriculum for Pre-School.

The curricula will be based on a previously drafted study. The aim of the study is to provide analyses, information and recommendations for improving key competences for lifelong learning among children for the transition from kindergarten to primary school, i.e., analyse the conditions and opportunities to increase learning efficiency in the ECPSE system and to determine the differences in the acquisition and development of competences for lifelong learning in relation to the best EU practices and ways of evaluating the adopted educational outcomes as indicators of the development of certain competences for lifelong learning. The activity also includes the production of materials for the preparation (training) of employees in the ECPSE system.

Primary and secondary schooling

Based on a uniform approach to conducting the national exams, the plan is to continue it in Q1/2024. In Q2/2023, a public call for expert working groups to prepare national exams will be announced and experts will be hired to translate the exams into the languages of national minorities and adapt them to pupils with disabilities. To make the preparation and conduct national exams as smooth as possible, and the results as reliable as possible, in the period from Q2/2023 to Q1/2024, an application will be developed with the help of external partners. The application will digitise key processes for preparing and conducting the national exams.

Throughout 2023, Croatia will continue to finance children at risk of poverty and social exclusion through FEAD up until all funds are spent from the 2014-2020 financial program, and from the 2023/2024 school year and during the following school year, the plan is to finance school meals for children living in poverty or at risk of poverty (children whose parents or guardians are entitled to child benefits under the Decision of the competent authority) through the ESF+ (specific objective Material Deprivation). The total amount of funds from FEAD and ESF+ planned for this purpose is approx. EUR 300 million.

In addition to the NRRP, complementary investments are envisaged from the European Regional Development Fund (ERDF) to support primary schools that have organised classes in one shift but need infrastructural adjustments and refurbishing to prepare for introducing ADS. The announcement of the call is planned for 2023. Preparatory activities for implementing ADS are financed from a World Bank project, and improving teaching conditions will be accompanied by complementary investments from the ESF+. The ESF+, by the end of the 2021-2027 EU financial perspective, will provide further support to schools to help them reach the expected level of educational outcomes, by enriching pupil support schemes through supplementary and additional classes and other forms of work, which will have an impact on reducing disparities in pupil achievement subject to societal and family factors, and reducing lagging in standardised international measurements of pupil achievement. This will be accompanied by improvements in the system of continuous professional development (CPD) of educational workers through professional development programs and introducing beginners into the educational system.

In 2023, the plan is to also adopt new subject curricula in special programs for primary and secondary schools and apply the curricula from the 2023/2024 school year. Also, support is ongoing for pupils with disabilities through the provision of teaching assistants and professional

communication intermediaries to help them participate in educational processes on an equal footing with other pupils. The plan is to announce the ESF+ tender in Q2/2023.

To contribute to the reform processes, ERDF funds in the 2021-2027 financial perspective are planned for establishing a centre for strengthening the capacities of educational workers along with infrastructure development.

Regional Competence Centres (RCC) in vocational education and training will be supported to network with partner institutions and economic operators, developing mechanisms to connect the RCC with the Platforms for Centres of Vocational Excellence and raising the quality and competitiveness at local and regional levels.

To encourage excellence in vocational education, as well as select relevant and market-justified vocational curricula for obtaining qualifications, a **proposed scholarship criteria will be developed** to increase the number of pupils in vocational curricula relevant to the economic and regional development of the country.

Lifelong learning

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

The reform processes continue based on the new Adult Education Act, which will raise the quality of adult education and increase the segment of adults receiving an education. Pursuant to the new Act, institutions are obliged to harmonise education programs with the Croatian Qualifications Framework (CROQF). So far, a total of 150 adult education programs have been developed for the purpose of acquiring microqualifications, and fully aligned with the occupational and qualification standard from the CROQF register. The implementation of these microqualifications relies on a system of vouchers for financing.

Planned NRRP reforms and investments

In cooperation with the reform processes of the MLPSFSP, the preconditions for accessible adult education and the larger segment of adults involved in lifelong learning will be established to fully realize the potential of these adults, their active participate in society and assuming social and civic responsibilities.

Improving key competences including new knowledge and skills, and recognising previous non-formal and informal learning will provide citizens with access to the labor market and progress, as well as further education. This will be supported by a system for granting financial incentives to beneficiaries for priority education and training programs.

Planned measures outside of the NRRP framework

By Q3/2023, bylaws will be adopted stipulating standards and norms for adult education programs, regulating external evaluation of adult education institutions and learning outcome sets and facilitating recognition of non-formally and informally acquired knowledge and skills.

The ongoing project Development of a Quality Assurance System in Adult Education is, as its title says, developing a quality assurance system in adult education by conducting a national

adult competence test (Programme for the International Assessment of Adult Competencies - PIAAC), developing a quality assurance model and introducing self-evaluation and external evaluation of adult education institutions. Quality assurance will also be performed by aligning formal adult education programmes with CROQF to fully meet the needs of the labour market and the supply of a skilled workforce. To inform citizens about the importance of inclusion in lifelong learning, a series of promotional activities will be organised and directed to the general population.

These reform processes and investments will facilitate achieving the objectives defined in the European Pillar of Social Rights Action Plan, which stipulates that by 2030 at least 55% of all adults should participate in training (age group 25-64) and that at least 80% of adults should have basic digital skills (age group 16-74).

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

To increase the quality and relevance of education programs for the labour market, in 2022, the intensive implementation of CROQF activities continued with the aim of entering qualification standards and sets of learning outcomes in the CROQF Register. In particular, it encouraged the development of sets of learning outcomes and qualification standards that form the basis for developing education programmes that provide green and digital skills, to facilitate meeting the objectives of a green and digital Europe. To encourage higher education institutions to develop shorter lifelong learning programs at the level of higher education, the Instructions for the Development, Harmonisation and Approval of Higher Education Programs at Higher Education Institutions for the Purpose of Financing with Vouchers Using Funds from the National Recovery and Resilience Plan 2021-2026 were developed and submitted to all higher education institutions in August 2022.

In terms of the project Support for the Digital Transformation of Croatian Higher Education Institutions, implemented by the Ministry of Science, Education and Sports in cooperation with the Organization for Economic Cooperation and Development (OECD), and the Croatian Academic and Research Network (CARNET), numerous activities were carried out in 2022 that included conducting research on the digital maturity of higher education institutions and higher education systems, the organising of an International Seminar on Delivering Effective Investment in the Digital Infrastructure of Croatian Higher Education and drafting a document as the basis for efficient investment in infrastructure and equipping public higher education institutions while also improving teaching and learning practices in the digital environment in Croatia. The drafted documents Model for Assessing the Digital Maturity of Individual Higher Education Institutions, Technical Report on Investment in Digital Infrastructure and Proposed Guidelines for Capacity Building for the Provision of High-Quality Online Education were presented to relevant stakeholders at the international seminar held in January 2023.

An operational working group has been appointed to establish an information system of records in higher education (ISeVO), which includes representatives of the Ministry of Science, Education and Sports, MSE, Agency for Science and Higher Education (AZVO) and CARNET.

ISeVO will include the central records of higher education as a comprehensive application and financed under investment C3.1. R2-I2 Digital transformation of higher education from the NRRP. In 2022, the Operational Working Group drafted the document Conceptual and Detailed Design of the Information System of Records in Higher Education (ISeVO), the basis for the ongoing development of records in higher education, including the development of the Diploma Register and the creation of preconditions for the issuance of digital final documents upon completing education. The Ordinance on the Content and Use of Information Systems in Higher Education was adopted, stipulating the central records in higher education.

State scholarships for students of lower socioeconomic status help increase the proportion of those acquiring a tertiary education, which increases access, equality and completion rates in higher education. The project Awarding Scholarships to Students of Lower Socio-Economic Status aims to increase the accessibility to higher education, improve the social dimension of higher education and increase completion rates in higher education by providing state scholarships for students of lower socioeconomic status. In the 2021/2022 academic year, the project awarded 10,000 grants to students of lower socio-economic status and a total of about EUR 14.3 million was spent. The procedure for awarding state scholarships in STEM fields of science was carried out under the project Awarding Scholarships to Students in Priority STEM Fields, and the project in the 2021/2022 academic year awarded 3,400 scholarships and spent EUR 4.9 million.

Planned NRRP reforms and investments

Investment C3.1. R2-I1 includes the Digital Transformation of Higher Education. In line with the document Technical Report on Investment in Digital Infrastructure, infrastructure investments will be implemented through the NRRP, such as equipping public higher education institutions and improving the digitalization of higher education with the development of the Central Higher Education Records. Also, the Proposed Guidelines for Capacity Building to Provide High-Quality Online Education is the basis for improving digital teaching infrastructure, introducing digital teaching tools and strengthening teachers' digital competences for teaching in a digital environment. These activities are carried out under the framework of the e-Universities (e-Sveučilišta) project, led by CARNET, which aims to bring digital transformation to higher education.

Investment C3.2. R2-I1 includes the program Awarding Scholarships to Students in STEM and ICT Fields, approved in a public call and which began in Q4/2022. A total of 1,393 scholarships have been awarded, and EUR 3.3 million spent so far. The aim of the project is to increase the availability and employability of graduates in STEM and ICT fields at the undergraduate and graduate level by awarding scholarships for the 2022/2023 academic year. The target group are full-time students enrolled in higher education institutions in Croatia, university undergraduate programs, university graduate programs, university integrated undergraduate and graduate programs, professional short programs, professional undergraduate programs and professional graduate programs in STEM fields. These STEM fields are programs in the biotechnical, technical, biomedical and the natural sciences. By awarding direct financial grants or scholarships, students are motivated to choose stem programs as a key area for developing the economy.

Planned measures outside the NRRP framework

The project Awarding Scholarships to Students of Lower Socioeconomic Status is being implemented to increase the accessibility of higher education, improve the social dimension of higher education and increase completion rates in higher education by providing state scholarships for students of lower socioeconomic status. The project is financed by combining the state budget and ESF+ funds, where direct support to students of lower socioeconomic status has increased annually from 10,000 to 12,000 scholarships.

In addition to scholarships and to increase access to higher education for disadvantaged socioeconomic students, ERDF funds in the 2021-2027 financial period will finance the construction of new or modernisation of existing student accommodation capacities.

Encouraging the acquisition of skills

2019.CSR3.1. Focus investment-related economic policy on research and innovation, sustainable urban and railway transport, energy efficiency, renewables and environmental infrastructure; 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. For this reason, in October 2022, 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

Investment C3.2. R2-I1 includes programs: **Awarding STEM and ICT scholarships, Young Researchers Program, and Mobility Programme**, for which grant calls were announced in Q4/2022. In January 2023, calls for grants for the remaining programs under the investment were published: Start-ups/spin-offs of young researchers, Development Research Grants and the Entrepreneurship Traineeships Program.

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 R&D spending in Croatia's GDP in 2021 was 1.24%, while Croatia's goal is to reach 2.5% by 2025. (2020-2024 Croatian Government Program). The share of total R&D spending in GDP shows a positive trend of continuous growth since 2017 (0.85% in 2017, 0.95% in 2018, 1.08% in 2019, 1.24% in 2020), which should have a positive impact on the growth and competitiveness of the economy in the medium and long term.

According to the European Innovation Scoreboard 2022 (EIS), Croatia belongs to the group of emerging innovators who lag behind the EU average and ranks 22nd out of 27 countries. However, Croatia stands out because its innovation results are growing faster than the European average.

In 2022, the final proposal of the Smart Specialization Strategy until 2029 was made (S3 by 2029), which is an umbrella document of public policies on investments in research, development and innovation in the Republic of Croatia. In December 2022, the public consultation for S3 by 2029 was completed, and its adoption by the Croatian Government is scheduled for Q2/2023.

By 2029, S3 maintained and expanded the thematic priorities set out in S3 for 2016-2020, but improved definitions and focuses of individual TPPs are expected to result in a more effective gathering of stakeholders focused on transforming a given priority area. The recommendations from the medium-term evaluation of S3 for the period 2016-2020 were applied in developing S3 by 2029, and part of the Strategy is also dedicated to policy management and implementation management. An extensive and robust monitoring and evaluation framework has also been developed to facilitate monitoring the implementation of interventions in the period up to 2029. The implementation of the ex post evaluation of S3 for the period 2016-2020 is currently underway, which will provide additional recommendations for investments in research and development in Croatia.

Furthermore, the new Act on Higher Education and Scientific Activity⁴⁹ and the Act on Quality Assurance in Science and Higher Education⁵⁰ came into force in Q4/2022. The new legislative framework allows for a more modern, accessible and flexible progression system for researchers, encouraging internal and external mobility of researchers, career development in entrepreneurship and the implementation of a new funding program through the NRRP. Since Q2/2022, a new Croatian Science Foundation Act⁵¹ has been in force, facilitating the transformation and strengthening of the Foundation's capacities.

⁴⁹ OG 119/22

⁵⁰ OG 151/22

⁵¹ OG 57/22

Planned NRRP reforms and investments

The NRRP component C3.2. plans to reform and strengthen R&D capacities in the public research sector (C3.2. R1), create a framework for attracting students and researchers to STEM and ICT fields (C3.2. R2) and improve the efficiency of public investment in research, development and innovation (C3.2. R3). Reform and investment measures from component C3.2. will ensure more intensive and efficient public investment in research, development and innovation. The previously adopted legislative framework is the basis for investments within these reforms, and many investment programs are already underway, explained in more detail in the following chapters.

As part of reforming the funding model and organisation of universities and scientific institutes (C3.2. R1) in line with the plan, consultations with scientific institutions are being held and work continues on defining the content of new program agreements for public higher education institutions and public scientific institutes. A Regulation is being drafted to regulate the content of the program contract, method of calculating budgetary components, the negotiation process, identifying objectives and associated indicators, and the procedure for monitoring and evaluating the implementation of programme contracts. After the adoption of the Regulation, the procedure for concluding program contracts with public higher education institutions and public scientific institutes will be initiated. The financing of new program agreements also refers to research projects based on internal calls from research organisations, for which more than EUR 17 million is envisaged for investment.

Based on the concluded program agreements, investment in the integration of universities and scientific institutes will be carried out by implementing strategic infrastructure projects under the framework of investment C3.2. R1-I2. The investment aims to strengthen the institutional, infrastructural and organisational capacities of the scientific research sector.

Planned measures outside the NRRP framework

In 2023, and after the adoption of S3 by 2029, the interventions planned in the PCC 2021-2027 (Priority 1) began, which are complementary to investments from the NRRP, and are partly a continuation of investments initiated through subcomponent C3.2. of the NRRP. In 2023, the plan is to publish a call for Top Research by the Scientific Centres of Excellence, launch the investment Establishment of Multidisciplinary Research Platforms as part of the second phase of the Large Open Scientific Infrastructural Project (O-ZIP) and publication of calls for Synergy Projects with the Horizon Europe program. These programs aim to increase the quality of research results by ensuring stable funding, advanced infrastructure and conditions for research organisations and researchers to strive for scientific excellence.

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 S3 by 2029 envisages improving the existing S3 implementation management system and also reflected in the national innovation system. The medium-term evaluation of the S3

management system for the period 2016-2020 highlighted the fragmentation and complexity of managing policy design, the entrepreneurial discovery process and implementation of the Strategy; hence S3 by 2029 relies on previous experience to move towards a more efficient and integrated management system. The aim of this management structure is to facilitate communication and decision-making among different stakeholders and to create stronger links between policy management and entrepreneurial discovery processes in joint policy-making and between policy management and implementation management.

Changes in the legislative framework from the new Act on Higher Education and Scientific Activity and the Croatian Science Foundation Act set conditions for the research sector to align more directly with innovation activities and cooperation with the business sector. The new law enables the Croatian Science Foundation to transform and strengthen capacities into a body that will, with clearly agreed and defined competences within interinstitutional coordination and within the National Innovation Council, provide a simplified and systematic approach to the policy of managing project financing for research, development and innovation.

Also, in December 2022, the National Guidelines for Technology and Knowledge Transfer were adopted, providing a framework for the effective use of results from publicly funded research through proper management of intellectual property and the development of entrepreneurial culture and related skills in public scientific organizations. The guidelines form the basis for further projected investments in technology transfer activities, which will improve the national innovation system.

Planned NRRP reforms and investments

Implementing reform C3.2. R3 Improving the Efficiency of Public Investment in Research, Development and Innovation revises the existing program policy framework for IRI funding, targeting excellence in research and innovation, increasing focus on the green and digital transition and a new, more functional and efficient model of research and innovation project financing. A more efficient and functional management model will be established to facilitate the selection process and faster and merit-based, where the key element of the new framework is the previously mentioned robust monitoring and evaluation system developed under S3 by 2029. New programs are created and mutually harmonized and adapted to the needs of the scientific and business community, taking into account the specificity of the innovation cycle for different technological readiness levels.

Planned measures outside of the NRRP framework

To create a more efficient and integrated management system for implementing S3 by 2029, including the innovation system, S3 by 2029 envisages further strengthening the role of the National Innovation Council (NIC) as the main coordinating body for research and innovation policies. In such circumstances, the plan is to provide stronger analytical and technical support to implementing NIC decisions and stronger coordination within the entrepreneurial discovery process (EDP) in policy-making. The NIC has advisory assistance from three advisory councils, namely the Industry Innovation Council, the National Council for Higher Education, Science and Technological Development and the National Council for Human Resources Development. The interdepartmental working group will continue to support the work of the NIC at the operational level and be the main channel for coordination and communication between policy design, Entrepreneurial Discovery Process (EDP) and implementation. A special contribution to better management of the implementation of the Strategy's interventions will be made by an

improved monitoring and evaluation system accompanied by the Implementation and Monitoring Unit for S3 Policy, with a wide range of institutions and stakeholders involved.

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

The share of researchers in total employment for 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 aged 20-29) grew close to the EU-27 level (20.8 per 1000 inhabitants aged 20-29), the number of researchers and experts is not enough to increase the share of knowledge-based services and products in the Croatian economy.

The World Bank has produced a Smart Skills Report, which aims to support the development of the skills agenda, with particular reference to the skills needed to support smart specialization policies. The analysis identified the needs and existing skills offered in Croatia and analysed the Croatian skills development system and policy framework. The conclusions and recommendations derived from the analysis were used in drafting the IRI program from the NRRP and will also serve in drafting the PCC-funded program in 2021-2027.

As planned in investment C3.2. R2-I2 Development of an Incentive Model for Advancement in Careers as Researchers and Conducting Top Scientific Research in STEM and ICT Fields, in the second half of 2022, the Ordinance on Amendments to the Ordinance on the Conditions for Election to Scientific Titles⁵² was adopted, as well as the already mentioned new Act on Higher Education and Scientific Activity and the Act on Quality Assurance in Higher Education and Science, which constitute a regulatory framework for the advancement and development of careers as researchers.

Within the mentioned investment, five calls for proposals for five programs have been published, which in different ways, encourage the development of research careers and create conditions for high-quality research work. These are calls for the Mobility Scheme, Young Researchers Programme – training of new PhDs, Entrepreneurship Traineeships Programme, Start-ups/spin-offs of young researchers' companies and Development Research Grants. The total value of the published calls is about EUR 48 million.

From the funds for investment C3.2. R2-I2 of the NRRP, a tender was published for granting scholarships to students in STEM and ICT fields in the 2022/2023 academic year, worth approx. EUR 5 million. In all, 1,393 scholarships were awarded.

⁵² OG 111/22

Planned NRRP reforms and investments

As part of the mentioned investment in the period up to Q1/2024, the plan is to announce another round of scholarships for the 2023/2024 academic year amounting to approx. EUR 12 million, and then two additional tenders in the next period and until 2025.

In the period leading up to Q1/2024, the plan is to contract and start implementing projects on the basis of the call Development Research Grants, Start-ups/spin-offs of young researchers' enterprises, Entrepreneurship Traineeships Programme, Mobility Scheme and Young Researchers Programme – training of new doctorands (PhD students).

Planned measures outside of the NRRP framework

The PCC 2021-2027 plans to publish a call for proposals Strengthening the Competencies of Students and Young Researchers for Smart Specialisation and Industrial Transition, which focuses on developing skills for students, researchers and entrepreneurs in smart specialisations, industrial transitions and entrepreneurship. Accordingly, higher education institutions want to be included in the innovation ecosystem through skills development programs to transfer technologies and knowledge to the economy, incubation activities of student entrepreneurship in specific niches of S3, financing of mobility and STEM scholarships and traineeships and internships in small and medium-sized enterprises. Also, the plan is to develop the Action Plan for Researcher Mobility for the Period 2023-2027 to encourage employment and strengthen support to researchers in the science system, which will facilitate training them, as well as encouraging their mobility and inclusion in international and domestic networks and programs.

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 R&D investment increased from 0.85% of GDP in 2017 to 1.24% of BPD in 2021. In terms of the quality of scientific research, Croatia still has room for improvement when it comes to the number of influential scientific publications (in accordance with the criteria or standards of each scientific field or individual discipline), cooperation between research institutions and the business sector, the number of patents and efficient transfer of technologies to the business sector. Although it belongs to the group of emerging innovators, Croatian innovation results are growing faster than the European average.

In 2022, large-scale investments in scientific research infrastructure under the MFF 2014-2020 continued, aimed at ensuring basic conditions for modern scientific research, as well as conditions for cooperation with the economy. They include investments in construction or reconstruction and in preparing project documentation for future projects involving the construction or reconstruction of IRI infrastructure. In 2022, 40 projects were being implemented, of which 27 were completed. The total value of the six Calls within which these

projects are implemented is approx. EUR 317 million, of which EUR 36.5 million was disbursed in 2022. In addition, from 2021, numerous projects for the reconstruction of scientific and educational infrastructure damaged by the earthquake, financed by the EU Solidarity Fund, are currently being implemented. Also, investments in collaborative projects of the scientific community and entrepreneurs, research-oriented to the needs of the economy, as well as other programs to strengthen innovative activities in entrepreneurship have continued.

Furthermore, regarding the link between the science-technology system and the economy, under investment framework C3.2. R3-I1, the first in a series of 4 calls for the Proof of Concept (PoC) program, worth EUR 4.8 million, were announced in 2022. The call was intended for scientific institutions and companies and finances pre-commercial activities in the initial phase of developing new products, services and technological processes to direct further development and reduce investment risk.

Also, on 23 March 2023, the Agreement on the European Cooperating State (ESC) was concluded between the Republic of Croatia and the European Space Agency with the aim of strengthening cooperation between the academic and private sectors.

Planned NRRP reforms and investments

Under investment C3.2 R1-I2, the plan is to strengthen the institutional, infrastructural and organizational capacities of the scientific research sector by integrating universities or scientific institutes. The aim of this investment is to increase the quality and excellence of scientific research and to establish stronger links between research results and the needs of the economy. Based on the adopted new Act on Higher Education and Scientific Activity and signed program agreements, organizational reform of higher education institutions and scientific institutes will be implemented, reducing the fragmentation of the scientific system by constructing an infrastructure to facilitate integration or consolidation of university constituents and scientific institutes. In all four contracts on the implementation of infrastructure projects by Q2/2023 are envisaged to be concluded, but these will be realized after the conclusion of the program agreements.

Furthermore, within 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 fields. Investments in strategic technology infrastructure projects for applied and targeted research will enable researchers in STEM and ICT fields to develop careers in collaboration with the business sector and collaborate on innovation activities. This infrastructure will directly contribute to strengthening human capacity for cutting-edge scientific research and cooperation with the business sector.

One of the envisaged strategic infrastructure projects is the Croatian Quantum Communication Infrastructure – CroQCI within which the quantum communication infrastructure (QCI) will be built, consisting of terrestrial and space solutions providing ultra-secure transmission of information and data within Croatia and enabling connecting communication means in Croatia with those across the EU.

Investments in the national scientific and technological infrastructure will be realized in accordance with the criteria developed in the Research Infrastructure Development Plan in the Republic of Croatia 2023-2028, which is due for publication as planned in Q2/2023.

Also, by Q1/2024, the plan is to publish an additional 2 calls for the Proof of Concept program worth approx. EUR 8 million and the publication of calls for the program Targeted Research worth approx. EUR 50 million, and also focused on developing new technologies, products and

processes stemming from applied research activities in collaborative projects between scientific organizations and companies.

In the same period, the plan is to commence implementation of two complementary programs focused on the Offices for Technology Transfer, which will strengthen the transfer of research and development results from research organizations to business entities. The programs focus on supporting the commercialization of research results in research organizations that face a lack of competencies, resources and infrastructure needed for successful technology transfer, as well as difficult access to funding. It is a program called Support to Technology Transfer Offices program (TTO program) (worth approx. EUR 0.5 million) and a Technology Transfer Support program (worth approx. EUR 4.5 million).

Planned measures outside the NRRP framework

Under the PCC 2021-2027 at the end of 2023, the plan is to carry out the approval process of the second phase of the project Open Scientific Infrastructure Platforms for Innovative Applications in Economy and Society (O-ZIP), the first phase of which is financed through the OPCC 2104-2020. It is a capital scientific and infrastructural project at the Ruđer Bošković Institute, developing multidisciplinary scientific and technological platforms to help the Institute work more effectively to resolve social challenges, especially in the areas of health, food and the environment, conduct research in collaboration with the economy and promote the commercialization of research results.

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

In the first half of 2022, when the epidemiological situation allowed for the normalization of business undertaken by economic entities, instead of preserving jobs, the priority of public policy was the creation of jobs. Therefore, in 2022, improved active employment policy measures were implemented, including eight measures incentivising employment, self-employment, and training and education to increase employability and job retention. Some active employment policy measures, such as employment and traineeship grants and self-employment through the NRRP have been financially strengthened and are geared towards the green and digital transition of the economy. Also, a new measure, “I choose Croatia”, was created to upgrade the existing support for self-employment. The measure aims to strengthen economic activity and the range of activities in most of Croatia, especially in economically less developed and demographically weaker areas, with an emphasis on rural areas of Slavonia, the hinterlands of Dalmatian counties, Banovina, Kordun, Lika, Gorski Kotar and the islands, and to encourage the return of the active working population.

In addition, in April 2022, the implementation of the voucher system to provide education for unemployed and employed persons commenced. The voucher system enables greater participation of unemployed and employed people in lifelong learning, emphasising the acquisition of green and digital skills, and provides employers with a quality workforce.

All these activities have contributed to positive indicators in the labour market, so in the CES unemployment register, we have 20,688 fewer unemployed people when comparing the average in 2022 (116,127) to the average in 2021 (136,816).

These measures contribute to the implementation of the European Pillar of Social Rights in the section Active Labour Market Support.

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

Planned measures outside the NRRP framework

In 2023, the continuous implementation of active employment policy measures continues, with particular emphasis on the green and digital transition of the economy. The aim is to encourage job creation in the green or digital industry, i.e., in those branches of the economy that will develop the most in the future and thus be sustainable in the future. One of the most significant measures in 2023 will be continued support for self-employment. This measure allows unemployed people to achieve their entrepreneurial ideas. The amount of this support is

growing year by year, and up to EUR 20,000 of incentives can be achieved in 2023 if the economic entity's business activity is related to the green and digital transition.

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

The NRRP envisages a reform measure improving labour legislation to address current labour market challenges. It includes adopting three regulations that, in terms of legislative support, enable the development of the economy and society. All three are adopted actively with social partners as important policy makers in Croatia. After the first regulation, the Minimum Wage Act was adopted in 2021. In December 2022, the reform measure above was fully implemented, adopting two important laws: the Act on Amendments to the Labour Act and a new regulation, the Act on the Suppression of Undeclared Work.

As the most important link in this package Improving Labour Legislation, the Act on Amendments to the Labour Act is a general labour law regulation and a regulation of general interest which entered into force on 1 January 2023.

The Act contributed to implementing the European Pillar of Social Rights, in the section on gender equality, secure and adaptable employment, wages, information about employment conditions and protection in case of dismissal, and work-life balance.

The new regulation, the Act on the Suppression of Undeclared Work, as one of the most important activities arising from the implementation of the National Program for the Suppression of Undeclared Work 2021-2024, also entered into force on 1 January 2023. The Act prescribes what is considered undeclared work, regulates measures to combat undeclared work and activities to encourage reporting of work and keeping records of inactive persons, and applies to third-country nationals who do not have a legal stay under the regulation. The objective of the Act is to eradicate or minimize the risks of unacceptable social phenomena of undeclared work.

Both laws are in line with SDG 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

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

According to the Labour Market Act,⁵³ the fundamental right exercised by an unemployed person upon the termination of employment or self-employment is the right to a monetary

⁵³ OG 118/18, 32/20 and 18/22

benefit during unemployment. The purpose of the monetary benefit is to provide legal material protection to those who have become unemployed without their will or guilt.

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

The amount of the monetary benefit for the first 90 days of use is 60% and 30% of the base wage for the remaining time. The maximum amount of the monetary benefit 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 the monetary benefit cannot be less than 50% of the minimum wage, less for contributions for compulsory insurance.

The highest monetary benefit in 2022 amounted to HRK 4,990.30, and the average monetary benefit paid was HRK 2,802.06.

The average number of beneficiaries of monetary benefits in 2022 was 23,458 people. The average number of beneficiaries of monetary benefits is dominated by women (60.5%), followed by middle-aged people aged 25 to 54 (68.9%), people with secondary education (64.3%) and short-term unemployed (95.6%). The payment of monetary benefits covers an average of 20.2% of the unemployed. People with secondary and tertiary education levels are more often covered by monetary benefits (21.83% and 24.59%, respectively) than people with a lower level of education (13.33%). In comparison, short-term unemployed people are many times more likely (33.15%) to be beneficiaries of monetary benefits than long-term unemployed people (1.54%).

The coverage of beneficiaries with monetary benefits during unemployment is relatively low because it includes only about 20.2% of unemployed persons registered in CES records. This fact points to the conclusion that the conditions for exercising rights during unemployment prescribed by the current Labour Market Act are strict and restrictive. Reviewing them to provide adequate legal material protection to unemployed persons is necessary.

To achieve this goal, the Zagreb Institute of Economics analysed the adequacy of monetary benefits, which included five components: 1) analysis of the current state of the adequacy of monetary benefits during unemployment, 2) comparative analysis of monetary benefits during unemployment, 3) causal analysis of monetary benefits during unemployment, 4) counterfactual analysis of monetary benefits during unemployment and 5) conclusions and recommendations for changes to the system of monetary benefits during unemployment.

The final Report on the Analysis of the Adequacy of Unemployment Monetary Benefits and Recommendations for Legislative Amendments was submitted at the end of September 2022.

Planned NRRP reforms and investments

After analysing the adequacy of monetary compensation and receiving recommendations from the Zagreb Institute of Economics, a Working Group was established in November 2022 to draft amendments to the **Labour Market Act**.

The recommendations of the Zagreb Institute of Economics are based on the conclusions according to which the task of monetary benefits during unemployment is to protect workers from the negative consequences of unemployment. That protection must be appropriate in such a way as to provide the unemployed person with a dignified life which will enable them to find quality employment and, which will not affect their motivation for gaining employment. The

conditions for obtaining monetary benefits during unemployment must strike a balance between the material protection of the unemployed person and their activation in the labour market.

The members of the Working Group were presented with the recommendations of the Zagreb Institute of Economics and evaluated them as acceptable. Following the above recommendations, amendments to the Labour Market Act will enable an increase in monetary benefits (after the 90th day of use) and an easier approach to exercising and re-using this right.

Also, activities related to digitalizing the process of exercising the right to monetary benefits are underway, which would facilitate monitoring the use of monetary benefits from the time of its submission to the issuance of the approval, as well as monitoring payments of monetary benefits. As part of the project, it will also be possible to file an online appeal against the decision on monetary benefits. The full functionality of the e-monetary benefit will be provided via the burzarada.hzz.hr website.

This measure contributes to implementing the principles of the European Pillar of Social Rights in the Unemployment Benefits section.

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

One of the main goals in creating a pension policy to ensure conditions for a dignified old age in a society that faces a growing ageing population is the sustainability of the pension system while increasing the level of pension adequacy. Accordingly, the pension system envisages continuing the pension reform, which is mainly aimed at increasing the adequacy of pensions. Further improvement of the legislative framework provides preconditions for strengthening all three pillars of pension insurance and achieving higher pensions for current and future pensioners. In compulsory pension insurance based on generational solidarity (Pension Pillar 1), special emphasis is placed on the most vulnerable categories of pensioners, those with lower-than-average pension incomes.

Therefore, in October 2022, the Act on Amendments to the Pension Insurance Act⁵⁴ was adopted, which entered into force on 1 January 2023, taking a significant step toward a generational solidarity pension system in terms of securing higher pensions for the most vulnerable categories of pensioners, i.e., beneficiaries of the family (survivor's) and smallest pensions. Amendments to the Pension Insurance Act allow the use of a part of the family (survivor's) pension along with the personal pension (old-age, early old-age, disability) according to the established criteria on age and the established limit for the total pension received from the mandatory pension insurance. Furthermore, by increasing the pension factor to calculate the family (survivor's) pension starting from 1 January 2023, they were increased by 10%. According to data from the Croatian Pension Insurance Institute (CPII/HZMO),

⁵⁴ OG 119/22

beneficiaries were paid a larger pension in February 2023. In February 2023, the average survivor's pension paid in January 2023 for 210,327 beneficiaries was EUR 336.34 (for December 2022, the payment in January 2023 was EUR 306.58). Likewise, as of 1 January 2023, the smallest pensions have been further increased by 3% for 280,331 beneficiaries. According to data from the Croatian Pension Insurance Institute (CPII/HZMO), regarding payments in February 2023 for January 2023, the average minimum pension was EUR 267.79 (regarding payments in January 2023 for December 2022, it was EUR 259.25). Also, due to the additional motivation of insured persons to stay longer in the labour force and consequently achieve higher pensions, the so-called bonification for each month of later retirement was increased from 0.34% to 0.45%, or a maximum of 27% for five years later retirement.

The effects of these legislative amendments follow the principle of Income in Old Age Income and Pensions of the European Pillar of Social Rights and the UN Sustainable Development Goal: End poverty in all its forms everywhere.

Planned NRRP reforms and investments

Under the Government Program, we continue to strengthen the capitalized pension system. In the system of capitalized savings, data show that mandatory pension insurance based on individual capitalized savings (Pension Pillar 2) achieves solid results and will play a significant role for future pensioners.

The NRRP measure C4.2.R1 Increasing Pension Adequacy Through Continued Pension Reform, by the end of Q1/2024, envisages the adoption of a conclusion on the acceptance of the report on the analyses of the investment profitability of mandatory pension funds in state-owned companies.

Within the framework of this measure, **expert analyses of the profitability of investments will be carried out, which will contribute to the creation of preconditions for achieving higher yield rates of mandatory pension funds**, i.e., higher pensions from Pension Pillar 2 for future pensioners. If individual investments, based on the analyses, prove profitable in terms of increasing returns, the interest of pension companies in such investments will increase. In addition, the report on the analyses will serve as a basis for the Decision by the Government on whether a change in the legislative framework in the capitalized pension system is necessary to ensure the preconditions for increasing the level of pension adequacy under the Pension Pillar 2.

Planned measures outside the NRRP framework

The National Elderly Allowance Act, which entered into force on 1 January 2021, introduced into the Croatian legal system a new national allowance for the elderly – cash benefits for Croatian citizens over the age of 65 and with 20 years of continuous residence in the Republic of Croatia before applying, and who are not pension beneficiaries nor are beneficiaries of any rights in the social welfare system.

The payment of the national allowance for the elderly began on 1 January 2021 in the monthly amount of HRK 800.00 (EUR 106.18), which is subject to adjustment once a year, according to the rate of exchange in the consumer price index from the previous year compared to the year preceding it, and based on data from the Croatian Bureau of Statistics, and which is decided upon by the Governing Council of the Croatian Pension Insurance Institute. As of 1 January 2022, the harmonised national allowance for the elderly amounted to HRK 820.80 (EUR 108.94) per month, and as of 1 January 2023, it is EUR 120.71. This amount is also a census

for exercising rights for one or more members of the same household. According to data from the Croatian Pension Insurance Institute, a total of 6,510 beneficiaries of the national allowance for the elderly were registered in February 2023.

Given the relatively small number of beneficiaries of the national allowance for the elderly in the two years of applying the Act, this assistance should be improved with changes to the legal framework. Amendments to the Act will redefine the national allowance for the elderly, especially in relation to the current conditions for exercising the rights, and aims to increase the coverage of welfare-protected income for the elderly.

The amendments will contribute to achieving the principle of Income in Old Age Income and Pensions of the European Pillar of Social Rights and the UN Sustainable Development Goal: End poverty in all its forms everywhere.

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

The NRP 2020 is the basis for implementing the reform measure Integration of Social Benefits, which was aimed at ensuring a transparent and coordinated system of social benefits with available data on the type and amount of benefits per person or beneficiary of social welfare rights, continuity of monitoring welfare benefits provided at the local and national level and transparency of monitoring for a fairer allocation of funds and poverty reduction. Implementing this reform measure provides insight into the IT social welfare system data for each beneficiary of the social welfare system, whether they receive social benefits at the national and/or local level. The IT social welfare system exchanges data with various bodies based on regulations for administrative relief of beneficiaries and workers of the social welfare system and for a more efficient and transparent social welfare system.

In February 2022, the new Social Welfare Act entered into force, which created the conditions for continuing initiated reforms in the social welfare system: reforms of social welfare centres by establishing the Croatian Institute for Social Work, the Family Center and the Academy of Social Welfare.

The new Social Welfare Act also introduces and defines new social services, such as social mentoring and psychosocial treatment, to prevent bullying. Regarding monetary rights/benefits, we would like to point out the following amendments:

- a) Guaranteed minimum benefit (GMB) as a basic benefit in the social welfare system: the base rate for the guaranteed minimum benefit has been increased from EUR 106 to EUR 132.7, and also the percentage of the census for certain categories of GMB beneficiaries (i.e. an increase in personal factors on which the benefit amount depends); the maximum

amount of GMB for households has been increased from 100% to 150% of the gross minimum wage in the Republic of Croatia, the segment of GMB users has been expanded: for homeless persons who use shelter accommodation, victims of domestic violence and victim of human trafficking assigned temporary accommodation in crisis situations, 50% of the GMB amount is approved; ownership of a registered vehicle whose value does not exceed the amount of 40 base rates (EUR 2,654.50) is no longer an obstacle to receiving approval for the GMB (a vehicle that exceeds the stated amount is also not an obstacle if it is used to transport a single person or a household member who is a GMB beneficiary based on disability/elderly person or, according to the expert worker, the vehicle is needed due to poor transport links).

- b) Set changes related to monetary benefit for housing expenses and monetary benefit for heating costs, which are combined into a single benefit, the Housing Expense Benefit. The right to a benefit for housing costs is to be granted by the local self-government unit amounting to at least 30% of the GMB approved for a single person or household.
- c) The amount of personal disability allowance was increased from EUR 199 to EUR 232.30; the criteria for recognising the right to a personal disability allowance have become more flexible such that the property-income census is no longer an obstacle to exercising the right. In addition, the suspension of rights for persons held in pre-trial detention and those serving prison sentences were eliminated.
- d) The amount of the benefit for the personal needs of the beneficiary having the right to accommodation or a group home according to the needs of individual user groups has been increased (from the previous 20% of the base rate for all users to 50% of the base rate for the child of primary school pupils, an adult and older person and 70% of the base rate for a child and a younger adult as a high school pupil and other younger adult).
- e) The segment of persons who can be granted the right to caregiver status has been expanded; the amount of the benefit to parents has been increased to 900% of the base rate or EUR 597.20 to parents caregivers for a child with developmental disabilities or a person with disabilities who cannot be included in community programs and services due to their state of health, or a parent who independently cares for two or more children with disabilities or persons with disabilities, the benefit is further increased by 400% of the base rate and amounts EUR 796.30.
- f) Also stipulated is the right to a benefit for vulnerable energy customers, granted to a single person or household who meets the requirements for gaining the status of a vulnerable energy customer.

Measures to mitigate the impact of increased energy prices in March 2022 upon amending the Regulation on Criteria for Acquiring the Status of Vulnerable Energy Customers Within Networked Systems has expanded the segment of beneficiaries who can gain the status of vulnerable energy customer where, in addition to the former beneficiaries of the guaranteed minimum benefit and beneficiaries of personal disability allowances and their household members, it also includes single people or households: beneficiaries of the national allowance for the elderly, beneficiaries of unemployment benefits for Croatian Homeland War veterans and their family members and beneficiaries of monetary benefits to civilian victims of the Homeland War. Regarding beneficiaries of the personal disability allowance, the status of vulnerable energy customers can no be given to beneficiaries of personal disability allowance who have been assigned accommodation or group home services.

The Regulation on the Monthly Amount of Compensation for Vulnerable Energy Customers sets the amount of the compensation up to EUR 26.50, and exceptionally on account of eliminating the consequences of higher energy prices from 1 April 2022 to 31 March 2023, it amounts up to EUR 53. Also, to mitigate the impact of higher energy prices, the Regulation

stipulates that the compensation for the vulnerable energy customer will subsidise energy costs (electricity, gas and/or heating), whereas until then, only electricity costs were subsidised.

The Regulation on Amendments to the Regulation on the Monthly Amount of Compensation for Vulnerable Energy Customers sets the manner of participating in settling energy costs of the compensation beneficiary and actions by the Croatian Institute for Social Work in determining that the compensation amounts of up to EUR 70 in the period from 1 April 2023 to 31 March 2024.

Also, based on the Decision on the Implementation of the Measure to Reduce the Impact of the Higher Energy Prices on Social Service Providers in the Republic of Croatia dated March 2022, providers of social services accommodation, group home services, home assistance services – activities in preparing and delivering meals including foster families are ensured funds that will mitigate the impact of higher energy prices (electricity, heat and gas). Foster families have been given a benefit set at up to EUR 53.

In September 2022, as part of the autumn package of protection measures against rising prices, based on the Decision, the monthly allowance for vulnerable energy customers and foster parents was increased to EUR 66.40, for which a total of EUR 1.8 million was secured for the implementation of measures to reduce the impact of the higher energy prices on foster parents, increasing the segment of beneficiaries of the guaranteed minimum benefit, which also covers the housing costs, utility fees, heating and water services.

In January 2023, the Project Comprehensive Diagnostics of Poverty and Social Exclusion and Review of the Social Policy Monitoring Systems funded by the Technical Support Instrument (TSI) was commenced, with the first component on developing a methodology for comprehensive diagnostics of poverty and social exclusion at the regional or local level. The project also implies the implementation of the Action Plan Against Poverty and Social Exclusion for the Period 2021-2024 as the first implementation program of the National Plan for Combating Poverty and Social Exclusion for the Period 2021-2027. This measure corresponds to many goals from other strategic planning acts carried out by this Ministry, such as the National Plan for the Development of Social Services for the Period 2021-2027, the National Plan for Equalisation of Opportunities for Persons with Disabilities for the Period 2021-2027, the National Plan for Work, Occupational Health and Safety and Employment for the Period 2021-2027, National Plan for Children's Rights in the Republic of Croatia for the Period 2022-2026, as well as NRRP measures aimed at adequacy and transparency, i.e., consolidation of social benefits also addressing CSR, given that evidence-based poverty mapping enables better addressing of social benefits to reduce poverty and social exclusion.

At the beginning of 2023, a professional and analytical basis for the normative regulation of functional unification of benefits for people at risk of poverty and for people with disabilities was developed as one of the phases of the NRRP measure C4.3. R1 Transparency and Adequacy of Social Benefits in the Social Protection System. The analysis focuses on the proposed benefits that can be functionally consolidated, the conditions for achievement (census) along with the simplification of the process, harmonisation of the legislative framework and standardization of criteria and proposals for indexation as a standard feature of benefits. Although this measure covers the rights defined by the Social Welfare Act, an agreement was reached to develop a professional and analytical basis for benefits at the national level, falling under the responsibility of the MLPSFSP. Therefore, the Baseline contains recommendations on improving the efficiency of the social security network as offered by the central government through the consolidation of benefits, strengthening and harmonization of measures (the analysis does not include health care benefits, survivor's (family) pensions, elderly benefits, and unemployment benefits and benefits provided by LRSGUs. The Baseline will be a guideline

for adopting amendments to the Social Welfare Act in 2024 and will include a proposal for the functional unification of benefits for people at risk of poverty. For persons with disabilities, it is important to point out that the draft Inclusive Supplement Act is in the final drafting stage, which is prescribed as financial support for persons with disabilities, and so creates conditions for equalising opportunities for their inclusion in everyday life. The Inclusive Supplement Act will consolidate the right to a personal disability allowance and the right to an allowance for assistance and care realised in accordance with the Social Welfare Act, the right to an increased children allowance, realised in accordance with the Child Benefit Act and the right to unemployment benefits until gaining employment, realised on the basis of the Act on Amendments to the Labor Market Act. In addition to unifying the above existing benefits that beneficiaries receive on the basis of a verified disability, the aim of adopting the new Act is a fairer distribution of the above-mentioned benefits and improving the transparency and economy of rights achieved based on disability.

The challenge of reducing poverty and social exclusion has been recognised in the Government Program; it has been set as a goal in the NDS 2030, and in line with several national plans, measures and activities have been defined to achieve this goal. The strategic framework is aligned with the European and international acquis, highlighting, in particular, the European Pillar of Social Rights and the United Nations 2030 Agenda on Sustainable Development.

The implementation of all activities with this measure conforms to the fundamental principles of the European Pillar of Social Rights in the field of social protection and inclusion, highlighting, in particular, the following principles: 11. Childcare and support to children (b. Children have the right to protection from poverty. Children from disadvantaged backgrounds have the right to specific measures to enhance equal opportunities.), 14 Minimum income (Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market.), 17 Inclusion of persons with disabilities (People with disabilities have the right to income support that ensures living in dignity, services that enable them to participate in the labour market and in society, and a work environment adapted to their needs.), 19 Housing and assistance for the homeless (a. Access to social housing or housing assistance of good quality shall be provided for those in need.)

The Action Plan for implementing the European Pillar of Social Rights sets 3 EU-wide targets for employment, skills and social protection, i.e., poverty and social exclusion reduction to be achieved by 2030. The EU Action Plan defines how the number of people at risk of poverty or social exclusion should be reduced by at least 15 million by 2030. Croatia's contribution is also a target defined by the 2030 NDS, which envisages reducing the number of people at risk of poverty and social exclusion from the 2019 baseline of 23.30% to < 15% by 2030. All Member States have shown their contributions to fulfilling the objectives. Development of an expert-analytical background as one of several activities of the NRRP measure C4.3. R1 Transparency and Adequacy of Social Benefits in the Social Protection System is the first phase/precondition that needs to be met to achieve all achieved goals.

The implementation of the activities in this measure contributes to the fulfilment of SDG 1 – End poverty in all its forms everywhere.

Planned NRRP reforms and investments

In 2023, the plan is to implement the activities from the measure for drafting a normative proposal of amendments to the Social Welfare Act. Besides these amendments, the plan is also

to devise a normative proposal for the inclusive supplement. The adoption of this regulation is covered in the National Plan for Equalisation of Opportunities for Persons with Disabilities for the Period 2021-2027 and its associated National Plan for Equalisation of Opportunities for Persons with Disabilities for the Period 2021-2024.

To achieve full transparency in monitoring social benefits within the social protection system by exchanging the relevant at all levels, the NRRP also envisages certain investments. Investment Improving the Digitalisation of the Social Benefits System Between the National and Local Kevels will provide every LRSGU with insight into the type and amount of social benefits from the social protection system at the national and local level for each individual beneficiary and vice versa, in line with the applicable legal regulations. A large number of benefits the LRSGUs provide annually will be categorised for transparency regarding each beneficiary. The plan is to supplement the JOPPD form codebook with categorised names of social benefits within the social protection system. The implementation deadline for this investment is 31 December 2025.

Investment Establishment of a Central Interoperability System, coordinated by the Central State Office for Development of the Digital Society (CSODDS), will ensure data exchange for each beneficiary of social benefits from social protection systems between bodies that recognise benefits at the national level, in line with applicable legal regulations. Also, to make the social protection system as transparent and accessible as possible to all citizens, investment Development of a Web Application on Eligibility for Social Benefits in the Social Protection System at the National Level will provide all citizens with information whether, based on their entering of certain conditions, they are eligible for a specific social benefit at the national level. The implementation deadline for this investment is 31 December 2024.

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

To ensure the highest quality and successful introduction of a new social mentoring service, in terms of the NRRP, reform C4.3.R2 Development of Social Mentoring Service was successfully carried out in training 253 professional workers in social welfare centres and branches of social welfare centres in the Republic of Croatia, as well as employees of regional services and/or CES offices. The Ordinance on the Manner of Cooperation Between the Croatian Institute for Social Work (CISW) and Croatian Employment Services (CES) in the Implementation of Measures for the Social Inclusion of Able-Bodied and Partially Able-Bodied Beneficiaries of Guaranteed Minimum Benefits was adopted. Also adopted was the Protocol on Cooperation Between CISW and CES in Providing Social Mentoring Services, which defines the stages and participants in the provision of social mentoring services, how the service is implemented, and the mode of cooperation between social mentors and employment advisors for the quality and successful provision of services. This is in line with the recommendation EC CSR 2019/2c, on the need to improve cooperation between employment services and social welfare centres in implementing measures for the unemployed, which will help them return to the labour market. It also contributes to implementing SDG 1 and SDG 8. In implementing this measure, the Guide for Croatian Institute for Social Work Experts *Social Mentoring* was

developed and printed, describing in detail all the steps taken by participants in the provision of social mentoring services.

Although currently available data on needs are a good indicator for necessary services, the project Support for Improvement of Social Services in Croatia (SRSP, 2020) has started to bring improvements to planning social services and aims to develop a new methodology for assessing needs in social services. It aims to ensure a uniform approach in assessing the needs of all user groups and social services, leading to the devising of new social plans based on a single methodological approach.

Within the framework of the reform, measure C4.3.R3 Developing Community-Based Services to Prevent Institutionalisation provides standards of conduct for family associates. These are a significant step in developing and improving the quality of provided social services for children and families at risk, given that for the first time, the procedure in the implementation of family associate activities within social service is standardized and harmonized, with the aim of improving parental skills for everyday child care and running the household.

The standard aims to provide families at risk of child abuse, neglect and social exclusion access to integrated and high-quality community social services that empower families to function in everyday life and provide children with a safe and supportive family environment and prevent child and parent separation. Based on practical assistance and support of the family associates, psychosocial support service to families and implementation of family legal protection measures based on the previous comprehensive assessment of needs and risks in the family and the development of a specific change plan, the capacities of the family will be improved to provide safety and conditions for the growth, development and well-being of the child in their family environment; prevent the child from being separated from the family and ensure the child's return to their own family as quickly as possible when conditions for it exist, and reduce the number of urgent measures to separate children from the family due to safety and development risks. The activities of the family associate will be provided within the framework of the social service for psychosocial support in the family for the empowerment for the functioning of the family in everyday life.

In terms of investment C4.3. R3-I3 Improving the Digitalisation of Social Welfare System and Implementing System on Methodology to Calculate the Prices of Social Services, a unique methodology for calculating the prices of social services has been developed, serving as a basis for drafting bylaws as a regulatory framework, with the aim of achieving a price that correlates to the quality of the service provided. To adopt the changes and needs in providing social services, special attention is given to improving the professional competences of professionals in the social welfare system. Accordingly, continuous and targeted training is carried out, and professional procedures are standardised to improve professional work and equalize the quality of provided social services.

Planned NRRP reforms and investments

The plan for improving social services is to strengthen the capacity of community service professionals under investment measure C4.3. R3-I1 includes targeted education and licensing of 750 professional workers for implementing measures in family-legal protection of children and an additional 30 workers.

As part of reform C4.3.R3 Developing Community-Based Services to Prevent Institutionalisation, investment C4.3. R3-I2 Improving the Digitalisation of Social Welfare System and Connecting Social Welfare Centres with Social Service Providers develops an application for social welfare homes and community service centres founded by the Republic

of Croatia and service providers with whom the Ministry of Labour, Pension System, Family and Social Policy (MLPSFSP) has concluded a cooperation agreement, and which will be part of a single IT social welfare system. The establishment of the single IT system provides a single digital platform for monitoring and analysing data on beneficiaries and services from the social welfare system. The implementation deadline for this investment is 31 December 2024.

Careful planning of public policy measures is a basic prerequisite for developing social services. In terms of investment C4.3. **R3-I3 Improving the Digitalisation of Social Welfare System and Implementing System on Methodology to Calculate the Prices of Social Services**, and based on a developed methodology, price ranges for each type of social service provided in the network were calculated, and the unit price of a social service from the network was determined within the calculated price range.

To facilitate faster and more efficient application of the methodology, an information system for data collection, analysis, and calculation of service prices is under development in accordance with the established methodology. Automated data collection, analysing the quality and calculation of social services prices using a new data management solution by social service providers is financed from the state budget (state institutions and non-state service providers with which the ministry responsible for social welfare affairs has concluded cooperation agreements). Therefore, the data collection process will be automated by applying social service data management solutions. A data management solution allows service providers to independently populate the necessary data in the database, using secure network access, without manually importing data from forms for collecting data (MS Excel).

Planned measures outside the NRRP framework

Improving social services requires expanding the range of quality, regionally available and affordable non-institutional services. In addition to the services stipulated in the Social Welfare Act, other services also need improving, such as personal assistance services that include the service of a personal assistant, interpreter and/or translator of Croatian sign language and/or communication mediator and the service of a sighted companion and innovative social services in a broader sense, such as services for taking a break from care that will facilitate the care of a family member who requires daily care and the opportunity to reconcile private and work life. In terms of the specific goal Deinstitutionalisation and Prevention of Institutionalisation of Persons with Disabilities defined in the National Plan for Equalisation of Opportunities for Persons with Disabilities for the Period 2021-2027, the measure Improvement of the Legislative Framework is implemented, according to which the Personal Assistance Act will be adopted to standardise the personal assistance services. The Croatian Parliament passed the draft act on personal assistance on 31 March 2023, and the Act is currently being prepared for its second reading.

To have a uniform approach in assessing the needs for all user groups and all social services, the plan in 2023 is to **adopt the Ordinance on a Single Methodology for Means Assessment**, which will provide new social plans based on a unique methodological approach. Social plans at the county level, to be developed according to the unique methodology for needs assessment, will facilitate the development of a transparent social welfare system within which a network of services will be developed in line with the needs of local communities.

Deinstitutionalisation and transformation of social welfare institutions

Progress in implementing the recommendations

With the support of secured grants from structural and investment funds under the European financial perspective 2014-2020, positive developments were made in the previous period regarding the deinstitutionalisation process and several community social services were developed. Some social service providers have expanded their activities to other groups, established non-institutional services not provided so far and increased the coverage of users with already existing services, given that capacities were insufficient. The ratio between institutional and non-institutional forms of care has changed in favour of non-institutional care, except for people with mental disabilities. To ensure the right to a life in a community for people with disabilities, children with developmental disabilities, children without adequate parental care and children with behavioural problems, MLPSFSP continuously implements the deinstitutionalization of users of accommodation services, prevents institutionalization of beneficiaries and undertakes the transformation of homes in the social welfare system.

The Operational Plan also defines the necessary financial investments in developing a network of community social services from the Structural Funds of the European Union (European Social Fund – ESF+ and the European Regional Development Fund - ERDF), meaning other financing instruments.

Planned NRRP reforms and investments

Deinstitutionalisation and transformation of social welfare institutions is closely related to the development of community services, therefore the activities planned under NRRP investment measure C4.3. R3-I1 Strengthening the Capacity of Community Service Professionals focuses on employing skilled workers to provide social services in the community that prevent institutionalisation.

Planned measures outside the NRRP framework

The plan is to adopt a new **Operational Plan for the Deinstitutionalisation, Prevention of Institutionalization and Transformation of Social Service Providers in the Republic of Croatia from 2022 to 2027**. It aims to reduce the number of users in institutions, ensure a life in the community, and develop community support services to ensure regional equity and availability of services.

To ensure proper preparation of service providers for the implementation of this process, MLPSFSP has provided technical assistance as support for the development of individual plans for deinstitutionalisation, prevention of institutionalisation and transformation of social service providers, support in preparing EU projects for service providers founded by the Republic of Croatia and improve the system of monitoring the implementation of the process. In 2023, 10 individual plans for deinstitutionalisation, prevention of institutionalisation and transformation of social service providers are planned.

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 development and expansion of the network of social services implies expanding a range of quality, regionally available and affordable non-institutional services to support the process of deinstitutionalisation and prevention of institutionalisation. To ensure the right of children to live in their own family, non-institutional services have been developed to prevent the risk of abuse, neglect and social exclusion of children. When, due to high risks to safety and development, children need to be separated from their own families, MLPSFSP continuously carries out the process for providing services of group homes in housing units with the support of educators. To secure property for the group home services, cooperation with the ministry responsible for state property was established, and a larger number of properties were provided to enable this service. Cooperation has also been established with LRSGUs, and in several cities, we have at our disposal properties allocated to social service providers for long-term use free of charge or at acceptable lower rent prices. Unfortunately, this was not enough for the needs and therefore, social service providers were provided with properties by concluding a lease agreement with natural persons.

Some properties are also secured by construction, purchasing, or reconstruction from the European Regional Development Fund 2014-2020. The group home program currently covers a total of 1,190 users. Using funds from the European Social Fund for expanding and developing community support services, about 400 workers were employed in the previous period, which enabled social service providers to include a larger number of users in non-institutional services and expand the network of community support services to smaller cities and municipalities. The service involving personal assistants is provided for 2,365 persons with disabilities, and associations of the deaf and hard of hearing and deafblind people are provided with the services of 106 sign language interpreters, and associations of the blind are provided with 77 employed sighted companions.

Given the regional disbalance and non-uniformity of social services in the community, the reform aims to provide better accessibility of services to all user groups. To continue the deinstitutionalisation process, focus will be placed on additional efforts to increase the scope of support services to children, young people and families at risk, and persons with disabilities. In addition to the existing services, the need for new social services was established to prevent further the institutionalisation of children, youth and persons with disabilities and better integrate users into the life of the community. Accordingly, the plan is to introduce psychosocial counselling services, psychosocial treatment to prevent bullying, social mentoring, rest from care and family associates.

Building on the child poverty prevention recommendation Investing in Children - Breaking the Cycle of Disadvantage by the Council of the EU, the European Child Guarantee has been adopted. It complements the EU Strategy on the Rights of the Child and aims that every child has access to basic rights and services, and is justification for additional investment by EU Member States in the development of services for children and additional support mechanisms for children at risk of poverty and social exclusion.

To establish access to early and pre-school education, access and support within primary and secondary education, access to quality nutrition, availability of health services and social

services in the community, the adoption of the National Action Plan for the Implementation of the European Child Guarantee in Croatia is envisaged in 2023. It also envisages the establishment of an adequate monitoring system for children's rights and access to services.

The implementation of the measures from the National Implementation Plan, along with an integrated approach to childcare, will help reduce the number of children living at risk of poverty and social exclusion, thus also fulfilling SDG 1. End Poverty in All Its Forms Everywhere.

Planned NRRP reforms and investments

In the coming period, activities for further development of social services are planned in areas where these services are insufficient or unavailable at all to prevent the separation of users from their own families or facilitate the integration of users into the community.

Given the insufficient number of professional workers providing social services, which makes it difficult to develop social services in the community, additional professionals should be hired, new profiles of workers introduced.

Therefore, in implementing investment measure C4.3. R3-I1 Strengthening the Capacity of Community Service Professionals the plan in 2023 is to employ leaders for intensive professional assistance measures and the supervision of gaining care of child and family associates and within the framework of investment measure C4.3. R2-I1 Introduction of Social Mentoring Services for employing social mentors to make the service available throughout Croatia.

Planned measures outside the NRRP framework

Within the European Child Guarantee, a final proposal of the National Action Plan for the Implementation of the European Child Guarantee in Croatia has been developed, which includes measures and activities directed to children at risk of poverty and social exclusion with the aim of ensuring access to early childhood education, access and support within primary and secondary education, access to quality nutrition, availability of health services and social services in the community. It is a comprehensive national document that forms the basis for the implementation of measures and activities in key areas of intervention with a focus on cross-sectoral cooperation and joint action.

Assistance programs for the most deprived

Progress in implementing the recommendations

As part of the fund allocation for Croatia within REACT – EU funds for 2021, the Operational Program for the Use of FEAD 2014-2020 in 2022 was increased by EUR 10 million, and the funds were used to implement an additional fourth phase of the call for poverty alleviation by providing assistance to the most deprived people and distributing food and /or basic material assistance with the aim of reducing the consequences of the COVID-19 pandemic and earthquakes. The projects were contracted for 2022/2023, and in 2022, assistance was planned for about 35,000 people at risk of poverty. In all, 26 projects worth EUR 11.6 million have been contracted, and more than 70,000 of the neediest people are receiving assistance in 2023, which has achieved and exceeded the planned results of the NPR 2022 measure.

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 Government and the competent Ministry of Health (MH) are making decisive efforts to create and implement a responsible health policy, focusing on fiscal sustainability, supporting the recovery of the system after the pandemic and earthquakes, and strengthening public health in changing demographic, economic and economic circumstances.

In 2022, a comprehensive and structural reform of Croatian health care was launched, which has as its main goal a sustainable health system with the patient at its core. A resilient and sustainable health care system is also a prerequisite for a sustainable economy.

The specific goals of the reform are: strengthening public health, turning towards prevention and early detection of diseases, strengthening primary health care, reorganising hospital health care, investment in human resources in public health, focusing on the quality of the system and health service, measuring and evaluating treatment outcomes and financial stability of the system.

Assisting in developing and strengthening the health system will also be the implementation of reforms and investments under the NRRP.

Through the NRRP, the efficiency, quality, availability and financial sustainability of the Croatian health care system will be increased. Key measures include restructuring and reorganising essential health services, further application of joint procurement, standardisation of services and education of specialised medical personnel. Primary health care and telemedicine access in rural, remote and island areas will be further developed.

In 2022, amendments to the Act on Amendments to the Health Care Act and the Act on Amendments to the Compulsory Health Insurance Act were prepared and adopted in Q1/2023. The project to functionally link the hospitals continues, and 18 hospitals were connected by the end of 2022.

Planned NRRP reforms and investments

A functional connection is expected by the end of Q4/2023 between two more hospitals to strengthen the resilience and sustainability of a patient-centred health system and protect the nation's health. Also, the Ministry of Health has adopted the Decision on Joint Implementation of Specific Procurement Procedures and three Decisions on amendments to the Decision on Joint Implementation of Specific Procurement Procedures, the implementation of which by the end of Q4/2023 anticipates the procurement of at least 85% of procurement categories, which

account for at least 80% of the total spending of hospitals managed by the state, in terms of the joint public procurement procedure.

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

In September 2022, the Ministry of Health adopted the Framework for Assessing the Efficiency of the Health Care System and the Action Plan for the Framework for Assessing the Efficiency of the Health Care System (HSPA) and the same were published on the MH website.⁵⁵

In December 2022, the Telemedicine Framework for Expanding the Scope of Emergency Medical Services in the Republic of Croatia was adopted, developed in cooperation with the Croatian Institute of Emergency Medicine and DG REFORM, and published on the Ministry of Health website.⁵⁶ In August 2022, a Grant Agreement was signed for the Teletransfusion project, which established 35 telemedicine centres to provide teletransfusion services, as well as the Grant Agreement for the Telecordis project, which established 40 telemedicine centres for the provision of telemedicine services in Q1/2023. Contracts were also signed for Split Clinical Hospital Centre, equipped with digital imaging diagnostics and Merkur Clinical Hospital, which digitized and equipped four diagnostic units in Q1/2023. Calls for Grants for Central Financing of Specializations of Doctors at the Level of Primary Health Care, Emergency Medicine and Public Health, as well as Specialist Training of Nurses in the Field of Emergency Medicine, have also been announced.

Planned NRRP reforms and investments

By the end of Q2/2023, Dubrava Clinical Hospital will be equipped with devices for digital imaging and devices for preoperative diagnostics and treatment of patients with pharmacoresistant epilepsy. By the end of Q4/2023, four operating rooms will be digitized and integrated, and robotic systems will be integrated into the Split Clinical Hospital Centre, and new facilities of unified emergency hospital admission and day hospitals will be equipped with medical and non-medical equipment at the Sisters of Mercy Clinical Hospital Centre, as well as digitization and integration of four operating rooms.

Continuous work is being done on reducing waiting lists and analysing the status of waiting lists and grouping them depending on the defined medically acceptable waiting period, as well as analysing the use of the existing capacity of medical equipment with a proposal for better utilisation. By the end of Q4/2023, the waiting period for patients on diagnostic treatment will be reduced to 270 days (compared to the current 400-day period).

⁵⁵ <https://bit.ly/3yyTnLH>

⁵⁶ <https://bit.ly/42ao7R1>

Planned measures outside the NRRP framework

The ageing population is one of the greatest health and social, and economic challenges of the 21st century, not only in Croatia but also in Europe. Like most European countries, Croatia belongs to countries with an elderly population, which certainly affects the structure of health needs and, thus, the adjustment and organisation of health capacities. Croatia continues to follow the European trend of extending life expectancy and which shows a further tendency to increase. In terms of health reform, the goal is to increase life expectancy and the number of healthy years in a person's life.

The geographical distribution of health infrastructure and human resources varies considerably. Central Croatia has the largest number of institutions and health workers, and this number is declining in remote areas. On the other hand, many hospitals located relatively close to each other offer the same types of services.

For all these reasons, a comprehensive health system reform was initiated, whereby the system responds to the population's health needs in a quality and timely manner. In 2023, the second important factor in health care reform will be the adoption of a new Public Health Service Network.

The current public health service network shows the number and schedule of health care providers, according to 2011 population figures and their health needs from 2012 and 2015, which does not represent or allow the adaptation of health capacities to current needs and challenges.

The new Public Health Service Network will determine for the territory of the Republic of Croatia, for the areas of LRSGUs or LSGs, the required number of health institutions, private health workers, i.e., the required number of primary health care teams, nurses, the number of teams for specialist-consultative health activities and specialist diagnostics by medical activity, the required number of physiotherapists, the required number of beds per medical activity and by the types of hospital health care, including the required number of beds in the inpatient facilities of health centres.

Promoting healthy lifestyles and disease prevention

Planned measures outside the NRRP framework

Better medical treatment of patients is possible in several ways. One approach is reorganising the entire health care system to achieve higher quality health services and better treatment outcomes. But an even more important and successful way is to invest in prevention, development of health literacy and education.

One of the specific goals of health care reform is the shift towards prevention, early detection of diseases, and promoting and encouraging healthy lifestyle habits.

The measures planned in this area relate to **establishing a completely new model of preventive health examinations**, followed by revising existing and establishing new National Preventive Programs and adopting the Action Plan for the Prevention of Obesity.

Primary prevention or health promotion by changing lifestyles and habits such as poor diet, obesity, smoking, physical inactivity and excessive alcohol consumption is extremely important. By the end of 2023, an Action Plan for the Prevention of Obesity 2023-2026 will be adopted, which will be elaborated based on life periods and priority areas of intervention with

the aim of undertaking measures to promote healthy lifestyles and prevent risk factors and strengthen activities to identify, monitor and treat obesity.

Besides being categorized as a separate chronic non-communicable disease, obesity also poses a risk factor in developing other chronic non-communicable diseases, such as type 2 diabetes mellitus, cardiovascular diseases and some tumours. In addition to having impaired physical health, people with obesity often face stigmatisation and impaired mental health, and obesity is also associated with poorer educational outcomes and limited employment opportunities. Overweight and obesity often begin at an early age, whereas timely action is crucial in preventing it.

Introducing preventive health screenings in the health system is part of comprehensive health reform and primarily means a shift towards prevention and early detection of diseases. Preventive health examinations will be provided to adult citizens with this right based on mandatory health insurance without additional financial participation at the nearest health institution and in the shortest possible time. The program for preventive health examinations will define a set of examinations tailored to the person's age and gender. Preventive health screenings will be conducted within the public health system, primarily health centres.

National prevention programs are aimed at risk groups of citizens. Currently, active National Preventive Programs are showing different results, and for this reason, an audit of all the implemented programmes will be carried out within the framework of the health reform.

The adoption of the National Program for Screening and Early Detection of Lung Cancer as the first in the EU shows that Croatia can achieve positive steps in implementing National Preventive Programs. One of the key elements in the successful implementation is the complete digitalization that has enabled integration across all levels of health care, from primary, secondary and tertiary, and by placing family physicians in the central location where screening and ordering of participants of the National Program take place. It has created conditions where the response rate for ordered Low-Dose CT exceeds 95%.

The goal is to **establish a completely new National Preventive Program** by the end of 2023.

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; 2022.CSR3.1. Renewable energy sources, energy infrastructure and networks; 2022.CSR3.2. Accelerate the use of renewable energy sources by simplifying procedures for administrative approvals and permits; 2022.CSR3.4. Strengthen actions to reduce energy demand by improving energy efficiency, mainly in residential buildings, and reduce dependence on fossil fuels for heating

Progress in implementing the recommendations

In terms of reform C6.1. R1 Decarbonisation of Buildings, at the end of March 2022, the Program for Energy Renovation of Public Sector Buildings for the Period Until 2030 was adopted, which envisages several categories of renovation: integral energy renovation, in-depth renovation and comprehensive renovation of public sector buildings by implementing energy efficiency measures, while reducing thermal needs and energy consumption in public sector buildings and increasing the use of energy from renewable sources and reducing CO₂ emissions.

Implementation of investment C6.1. R1-I1 by the end of 2022, led to contracting a grant worth EUR 92.6 million for energy renovation of multi-apartment and public sector buildings. It was achieved through the call for energy renovation of multi-apartment buildings with a total allocation of EUR 43.8 million, a direct allocation of EUR 33.2 million to the Croatia Real Estate Agency (APN) and a direct allocation of EUR 19.9 million to the Central State Office for Reconstruction and Housing Care. The contracts define the energy efficiency requirement for each building in terms of savings of annual needed heat energy for heating of at least 50% compared to the pre-renovation situation, which will achieve a minimum of 30% annual primary energy savings compared to the pre-renovation situation at the level of the entire investment or all renovated buildings, while adhering to the do no significant harm principle (DNSH) from Article 17 of the Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment.

Planned NRRP reforms and investments

Regarding the decarbonisation of buildings, within the framework of three NRRP investments, the goal is to rebuild at least 180,000 m² of multi-apartment buildings undamaged by the earthquake by mid-2026 and constructively and energetically renovate 45,000 m² of multi-apartment buildings damaged by the earthquake. By mid-2026, the goal is to restore at least 288,000 m² of public sector buildings undamaged by the earthquake and 274,000 m² of public sector buildings damaged by the earthquake. Also, by mid-2026, energy renovation of at least 31,000 m² of public cultural buildings assigned the status of cultural property undamaged in the earthquake is planned.

In 2023, a call for energy renovation of public sector buildings undamaged by the earthquake will be launched with an allocation of EUR 39.8 million, which will further increase the target

value of the contracted grants. Also, there will be a call for energy renovation of buildings with the status of cultural property and a call for energy renovation of multi-apartment buildings damaged by the earthquake.

Planned measures outside the NRRP framework

Given the new situation in the energy market, in September 2022, within the framework of a comprehensive autumn package of measures for the protection of households and the economy from rising prices, the Government adopted the Conclusion encouraging the implementation of energy renovation measures for family houses and multi-apartment buildings in the Republic of Croatia by the end of 2023 in line with national energy renovation programs, to reduce the consequences of the energy crisis.⁵⁷

The conclusion provided EUR 132.7 million to encourage energy renovation and increase energy efficiency for multi-apartment buildings and family houses by the end of 2023.

Based on these Conclusions, the plan in 2023 is to **adopt the Program for Energy Renovation of Family Houses for the period until 2030 and Amendments to the Program for Energy Renovation of Multi-Apartment Buildings for the period until 2030**, based on which in 2023 the plan is to publish a public call for energy renovation of family houses and a public call for energy renovation of multi-apartment buildings.

As part of the comprehensive spring package of measures to help citizens and the economy, to mitigate the rise in energy prices and protection against inflation, on 16 March 2023, the Government adopted the Information on the Energy Renovation of Houses and Buildings in the Republic of Croatia, which supports the energy renovation of buildings in the Republic of Croatia with a total of EUR 288 million.

Funds for energy renovation of the housing stock of buildings planned from revenues derived from the sale of emission units in the Republic of Croatia were increased from EUR 131 million, as foreseen in the autumn package, to EUR 225 million:

In September 2023, a public call for energy renovation of 300 multi-apartment buildings undamaged in the earthquake with an allocation of EUR 80 million and a public call for energy renovation of 10,000 family houses will be announced, with an allocation of EUR 120 million. These calls will support measures to improve the energy renovation of buildings under the Construction Act (preparation of the necessary project documentation, energy certificate and/or main design, increase the outer thermal envelope, improvement of technical building systems, heating/cooling, ventilation/air conditioning, preparation of domestic hot water, lighting system, automation and building management system, the introduction of renewable energy sources), as well as horizontal measures (implementation of new or reconstructions existing accessibility elements, measures for embedding elements of green infrastructure, urban sustainable mobility and electromobility). The percentage of subsidization will depend on the degree of renovation or individual measures on single-family houses will be supported in the amount of 40% of eligible costs, while integral energy renovation will be supported up to 60%, and in-depth and comprehensive renovation up to 80% of eligible costs – both for family houses and multi-apartment buildings.

- In December 2023, the Environmental Protection and Energy Efficiency Fund (EPEEF) will issue a public call for the elimination of energy poverty, with an allocation of EUR 25 million, which envisages the reconstruction of 1,000 houses on the entire territory of

⁵⁷ OG 104/22

Croatia. In addition to energy renovation measures, the implementation also envisages measures to improve structural and non-structural elements in cases where the need arises. The percentage of co-financing will be 100% of the envisaged costs.

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

Progress in implementing the recommendations

The National Action Plan for Skills Development in the Context of Green Jobs Related to Energy Renovation and Post-Earthquake Renovation was adopted in December 2022 as part of reform C6.1. R2 Developing a Framework for Ensuring Adequate Skills in the Context of Green Jobs Needed for Post-Earthquake Reconstruction and published on the Ministry of Physical Planning, Construction and State Assets (MPPCDA) website. The National Action Plan aims to improve green skills in energy renovation, post-earthquake renovation, green infrastructure, application of nature-based solutions and circular management of space and buildings, based on the review of existing programs and development and adaptation of educational programs established within the framework of the reform.

Planned NRRP reforms and investments

In 2023, the plan is to begin harmonising occupational and qualification standards from the Construction and Geodesy sector in accordance with the needs of the labour market. These are professions arising from the conclusions and recommendations of the National Skills Development Plan for Green Jobs Related to Energy Efficiency and Post-Earthquake Reconstruction.

The goal is that by mid-2026, a total of 500 people have completed an adult training and education program for post-earthquake reconstruction and energy renovation. Also, by mid-2026, the goal is for a total of 50 people to complete specialist studies and educational programs in the field of sustainable urban development and cultural heritage restoration.

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

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

Progress in implementing the recommendations

Within the framework of reform C6.1. R3 Increasing Efficiency, Reduction of Administrative Burden and Digitalisation of the Renovation Process, at the end of 2022, an online single contact system was put into operation, gathering all the necessary information for energy renovation and post-earthquake renovation. The central contact centre was carried out in two phases:

- Emergency services necessary for the urgent structural reconstruction and necessary damage repair to guarantee a level of safety for citizens and facilities.
- Integrating all other services and information necessary for comprehensive and energy renovation with the services and information included in accordance with the better reconstruction principle.

Planned NRRP reforms and investments

As part of the mentioned reform, by mid-2023, 40 public servants are planned to undergo training to provide the services of the central contact centre for energy efficiency and post-earthquake reconstruction. Ultimately, by mid-2026, the plan is to have at least 80 public servants trained to provide high-quality services that combine energy efficiency and post-earthquake reconstruction.

Seismological data network development

Progress in implementing the recommendations

By the end of 2022, under investment C6.1. R4-I1, a total of 335 new units of seismological equipment have contracted, which strengthens the organisational and infrastructural capacities of the Seismological Service of the Republic of Croatia. The aim of the procurement of new units is to increase the quality of collecting, processing and application of seismological data necessary for the renovating buildings, planning the development of new facilities and monitoring of public infrastructure, as well as strengthening Croatia's resilience to earthquakes and related risks.

In terms of investment C6.1. R4-I1 the call for the Development of the Seismological Data Network has been announced, which provides the Seismological Service of the Geophysical Department of the Faculty of Science, University of Zagreb with adequate technology necessary for monitoring, processing and application of seismological data. Improving the seismological data network will contribute to the efficiency of the post-earthquake reconstruction process, future planning of space and construction, and greater resilience of the country and society to natural disasters.

Planned NRRP reforms and investments

In the framework of reform C6.1. R4 Modernisation and integration of seismic data for the renovation process and planning of future construction and monitoring of public infrastructure, by mid-2023 on the MPPCDA website will present the Manual for the Integration of Seismological Data into Expert Baselines for Physical Plans of Local Government Units. The manual will serve as a system of guidelines and instructions for physical planners to integrate seismological data and direct Croatia's physical planning towards a higher degree of resistance against risk.

Introduction of a new model of green urban renewal strategies and implementation of a pilot project for the development of green infrastructure and the circular management of buildings and space

2019.CSR3.1. Focus investment-related economic policy on research and innovation, sustainable urban and railway transport, energy efficiency, renewables and environmental infrastructure; 2020.CSR3.4. Direct investments in the green and digital transition, especially in environmental infrastructure, sustainable urban and rail transport, clean and efficient energy production and use, and broadband high-speed Internet.

Progress in implementing the recommendations

Within the framework of the NRRP reform C6.1. R5 Introduction of a new model of green urban renewal strategies and implementation of a pilot project for the development of green infrastructure and the circular management of buildings and space in September 2022. The Call for Development of Green Urban Renewal Strategies for LSGs and the City of Zagreb was announced to introduce a model of green urban renewal and provide the foundations for the development of sustainable space, encouraging the development of green infrastructure in urban areas and circular management of space and buildings, integration of nature-based solutions, strengthening resilience to risks and climate change, and supporting overall sustainable development. In all, 19 project proposals were selected for funding, of which 17 are direct to areas where a natural disaster due to earthquakes was declared, and the total allocation allocated amounts to EUR 0.5 million.

Planned NRRP reforms and investments

By the end of 2023, under reform C6.1. R5, the plan is to **adopt at least 10 green urban renewal strategies at the local level**. Also, by mid-2023, the plan is to publish the Call for Grants for the Implementation of a Pilot Project Identified Through Green Urban Renewal Strategies and Linked with the National Programs on Green Infrastructure and Circular Management of Space and Buildings with a total allocation of EUR 2.1 million. Based on the pilot projects, the plan is to implement solutions for achieving the goals of developing green infrastructure in urban areas and improving circular management of space and buildings, including elements of strengthening resilience to risks and climate change and achieving energy efficiency goals.

Planned measures outside the NRRP framework

From the PCC 2021-2027, within specific objective 2.vii. Improving the Protection and Conservation of Nature, Biodiversity and Green Infrastructure, Including in the Urban Environment and Reducing All Forms of Pollution, EUR 71 million has been allocated for green infrastructure development projects in urban areas. Within specific objective 2.i. Promoting Energy Efficiency and Reducing Greenhouse Gas Emissions, EUR 274 million has been allocated for renovating buildings, from which projects for the development of circular management of space and buildings will be financed.

Pilot project for the establishment and implementation of systematic management energy and the development of a new financing model

2019.CSR3.1. Focus investment-related economic policy on research and innovation, sustainable urban and railway transport, energy efficiency, renewables and environmental infrastructure; 2020.CSR3.4. Direct investments in the green and digital transition, especially in environmental infrastructure, sustainable urban and rail transport, clean and efficient energy production and use, and broadband high-speed Internet.

Progress in implementing the recommendations

In the framework of reform C6.1, R6, in August 2022, the Call for Proposals for an Analysis of the Possibilities of Implementing a New Model of Financing Energy Renovation of Multi-Apartment Buildings was announced. Goal C6.1. R6 of the reform is to cover the consumption of energy and water in multi-apartment buildings of one pilot area of LSGs through the establishment of automatic collection of energy and water consumption data in multi-apartment buildings in the area and to achieve savings in energy and water consumption by establishing and implementing systematic energy management activities. Regarding the data collection model, in addition to the pilot project, there is an analysis of the possibility of developing a new model of financing energy renovation based on the assessment of energy consumption.

Planned NRRP reforms and investments

By the end of 2023, under reform C6.1. R6, the plan is to successfully **complete a pilot project of systematic energy management** with the aim of testing a new model of financing energy efficiency renovation. Also, by the end of September 2023, the plan is to complete the analysis on the basis of which guidelines for the application of the model of systematic energy management in multi-apartment buildings will be developed, and by the end of March 2024, to establish a working group for the drafting of guidelines to apply the model of systematic energy management in multi-apartment buildings at the national level.

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

Goal 1. End poverty in all its forms everywhere

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 (sub-goal 1.4).

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

The Agriculture Act⁵⁸ defines the following objectives of Croatian agricultural policy:

- Raising the level of competitiveness of the agri-food sector
- Improving market mechanisms for the sale of agri-food products
- Sustainable management of natural resources
- Environmentally friendly agriculture
- Balanced spatial development of rural areas while improving life in the local community, including job creation and retention
- Ensuring the stability of farmers' income.

The goals of Croatian agriculture and ways of achieving them can be related to sub-goals 2.3, 2.4, 2a and 2c and are in line with the reformed EU Common Agricultural Policy for the period up to 2027, which was adopted in 2021.

The NDS 2030⁵⁹ defines self-sufficiency in food as one of its strategic goals, which can also be linked to sub-goal 2.1. Starting from the NDS, the Agriculture Strategy of the Republic of Croatia for the period 2030 was developed and subsequently adopted in February 2022.⁶⁰ The main goal of the Agriculture Strategy is to increase the value of agricultural production in Croatia, which is in line with the sub-goal 2.3.

Most agricultural policy measures (income support for farmers, support measures for certain agricultural sectors and rural development measures) are financed from the EU budget in accordance with EU legislation and programs approved by the EC.

In 2022, 18 tenders were announced for the allocation of funds from the Rural Development Program, which included, for example, investments in assuring agricultural production, irrigation, the establishment of producer groups and organisations, the construction of small slaughterhouses, the construction of storage capacities for grains and oilseeds, support to farmers who have suffered damage from natural disasters and more.

In addition, the State Budget and EU funds provided funding for producers who were in difficulty due to the consequences of COVID measures or market disruptions due to the conflict in Ukraine. This aid aimed to stabilise the market for agricultural products, in line with sub-goal 2c.

⁵⁸ OG 118/18, 42/20, 127/20 and 52/21

⁵⁹ OG 13/21

⁶⁰ OG 26/22

In 2022, several national support schemes for the agricultural sector were adopted, of which we highlight the programme for the conservation of native and endangered breeds of domestic animals that directly contributes to sub-goal 2c.

In 2022, the Strategic Plan of the Common Agricultural Policy of the Republic of Croatia for the period 2023-2027 was approved (more information on the Strategic Plan is given in Chapter C.1.5. Improving the Use of Natural Resources and Strengthening the Food Supply Chain).

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

In 2022, a comprehensive and structural reform of health care was begun, which at its core has a sustainable health system as its main goal. The specific goals of the reform are: strengthening public health, turning towards prevention and early detection of diseases, strengthening primary health care, reorganization of hospital health care, investment in human resources in public health, focusing on the quality of the system and health service, measurement and evaluation of treatment outcomes and financial stability of the system.

Several investments implemented as part of the recovery and resilience plan will also facilitate the development and strengthening of the health system in the coming period.

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

The implementation of all reforms and measures in the field of education envisaged in the NRRP contributes to this sustainable development goal. These include:

- Modernisation of the system at all levels of education, which includes the construction of kindergartens to improve the availability of early childhood and pre-school education, as well as equal education opportunities throughout the educational process
- Increasing the number of schools operating in one shift a day
- Better connection between vocational education and the labour market through further development of regional competence centres, improving the management of enrolment quota in secondary education and increasing the segment of adults involved in lifelong learning.

The reform contributes to the construction of an educational system that enables every person, regardless of their socioeconomic background and age and other circumstances, to acquire knowledge and skills relevant to personal development and successful integration in the labour market, in line with the UN Sustainable Development Agenda for 2030, which provides for inclusive and quality education and lifelong learning for all.

The plan is to finance infrastructure in the field of education, i.e., construction, upgrading, reconstruction and equipping of preschool institutions, primary schools for the needs of one-shift work and all-day school, secondary schools and digital transformation of higher education.

Regarding the area of achieving infrastructure investments in kindergartens covered by the NRRP reform C3.2.R1., as part of the first Call for Grants Construction, Upgrading, Reconstruction and Equipping of ECEC Facilities, a total of 251 projects were contracted, which plans to increase the capacity for 16,408 additional places in the ECEC. This is followed by the publication of the second Call for the remaining amount of funds secured through the NRRP.

An additional EUR 45 million to increase pre-school education capacity has been secured through the new EU Multiannual Financial Framework. The call for grants will be launched under the PCC 2021-2027.

In March 2023, a public call for applications for participation in the Experimental Program: Primary School as an All-Day School – A Balanced, Fair, Efficient and Sustainable Education System was published. At the same time, the experimental program was published on the basis of available analyses from European comparative reports and detailed analysis of standards and norms related to school construction, formation of class departments, teacher standards, etc.

On 30 December 2022, the Decision on Establishing the Norms of the Premises for Primary School Buildings, which will be applied to projects for the construction of new buildings and reconstruction of existing buildings, was adopted.

The process of drafting the fundamental Act on Primary and Secondary School Education, the development of subject curricula of special programs for students with disabilities and the drafting of the Ordinance on the Education of Gifted Children and Students are also underway. Within the framework of the NRRP reform C3.1.R1, a call for the construction, upgrading, reconstruction and equipping of primary schools for the needs of one-shift work and all-day school will be published. This infrastructure investment provides better conditions for learning and teaching and thus consequently addresses the problem of the low level of basic literacy, especially among pupils of lower socioeconomic status. The value of the investment is more than EUR 300 million. The Act on amendments to the Act on Primary and Secondary School Education⁶¹ enabled the financing or co-financing of food for all primary school students using funds from the state budget, with implementation starting in the second semester of the 2022/2023 school year. This measure creates equal meal opportunities for all primary school students.

To support the planned reform measures related to secondary and vocational education, the Study on the Situation in the Field of Secondary Education for the Purpose of Increasing the Coverage of Pupils in Grammar School (Gymnasium) Programs and Reducing the Number of Surplus Programs in Vocational Education (published in September 2022), and the data it provides will be used in planning further reform measures. Analyses at the national, regional and county levels show the structure of supply and enrolment into high school programs and identify inequalities and discrepancies between counties. Modalities have been proposed to increase and uniformise the availability of grammar school (gymnasium) programs and reduce the number of surplus vocational programs from existing capacities.

To encourage lifelong learning, a model of financing has been established using the voucher system for inclusion in education programs aligned with the needs of the labour market, and a model of recognising previous non-formal and informal learning is being developed that will provide citizens with better access to and advancement on the labour market, as well as inclusion in further education.

To ensure equal access to higher education in Q2/2022-Q1/2023, the implementation of state scholarship programs for students of lower socioeconomic status continues. As of the 2022/2023 academic year, the number of scholarships has increased from 10,000 to 12,000 scholarships per year.

The project Awarding Scholarships to Students of Lower Socio-Economic Status will continue to be implemented in the coming period to further increase the availability of higher

⁶¹ OG 151/22

education, improve the social dimension of higher education and increase completion rates in higher education. The project is financed in synergy with the state budget and ESF+ funds.

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

In terms of component C1.4. Development of a Competitive, Energy Sustainable and Efficient Transport System, the plan is to make significant investments that will have a beneficial impact on the mobility of persons with disabilities. For example, to increase mobility in the largest urban areas, the purchase of low-floor and semi-low-floor trams will ensure the provision of services and accessibility to services for people with disabilities (C1.4. R1-I2). Greater mobility of persons with disabilities will also be encouraged by award vouchers for free rides under the new mobility program (C1.4. R5-I2). Also, investments in the energy system that encourage its decarbonisation (C1.2. R1-I1) include building a network in areas where there is currently no access to a network, which has a beneficial effect on equal opportunity for people in different parts of the country, enabling them easier access to education and other services and contributing to the reduction of energy poverty. Finally, as part of the support to enterprises for the transition to an energy and resource-efficient economy (C1.1.1. R1-I4), financial instruments for micro, small and medium-sized enterprises (C1.1.1. R4-I2) will particularly encourage investment by women-owned enterprises and young entrepreneurs.

Furthermore, the introduction of a model for a hybrid approach to the workplace – smartworking (C2.2. R2-I2) will help achieve greater inclusion of persons with disabilities in the labour market. As part of the digitisation of public administration services (C2.3. R2-I2), the plan is to carry out targeted education and training for the formation and strengthening of digital literacy of certain groups of users, which may include elderly people, persons with disabilities, Roma and others in which a weaker level of digital literacy is identified. In addition, labour market measures involving the establishment and implementation of voucher systems for the education of employed and unemployed persons (C4.1. R3-I1 and C4.1. R3-I2) will enable the acquisition of digital skills necessary for the modern labour market, and which could particularly benefit vulnerable groups such as young people or the long-term unemployed.

Given that particularly vulnerable groups continuously encounter employment difficulties, measures aimed at improving employment and the legal framework for the modern labour market and the economy of the future focus primarily on the most vulnerable groups of the population in the labour market, namely the long-term unemployed, Roma, migrants, people over 50 years of age and in particular women (measures under component C4.1). Reform of labour legislation (C4.1. R4), especially related to distance, but also precarious forms of work, i.e., better regulation and control of the conclusion of fixed-term employment contracts, will improve the position of women in the labour market and facilitate reconciling professional and private obligations, and indirectly reduce the wage gap between men and women. The reform of labour legislation, especially on teleworking, facilitates a rapid response in crisis situations and the reconciliation of professional and private life, which has proven particularly frustrating for women during the COVID-19 crisis. Furthermore, in terms of component 3.2 Boosting Research and Innovation Capacity, as part of a more functional program framework for project funding for research, development and innovation (C3.2 R3-I1), the plan is to implement a sub-program for financing projects with topics on equality in STEM and ICT fields (e.g., addressing gender biases in artificial intelligence, developing technologies that help older people and people with reduced mobility or visual impairment). Also, support and financial instruments under component 1.1 (C1.1.1.R4-I1 and C1.1.1.R4-I2) will encourage entrepreneurship among women and young people whose enterprises generally find it more difficult to obtain funding.

The development of community-based services to prevent institutionalisation (C4.3 R3) that will develop new social services and standardize and improve the implementation of family law measures intended for family empowerment and support parenting, protection of persons with disabilities and prevention of institutionalization will endeavour to achieve social inclusion of certain vulnerable groups better.

Construction, upgrading, reconstruction and equipping of preschool institutions (C3.1. R1-I1) will allow for an increase in the coverage of children participating in early childhood education. Since current coverage is worst in rural and economically less developed parts of the country, this measure potentially achieves greater involvement of more vulnerable groups of children – those living in adverse socioeconomic conditions, children with disabilities, Roma children and migrant children, which directly affects their later equal opportunities and the fulfilment of their full potential. Furthermore, introducing one-shift classes in primary schools and increasing the number of teaching hours (C3.1. R1-I2) will positively affect school performance and social inclusion of children living in adverse socioeconomic conditions, which directly affects their future educational outcomes.

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 Areas⁶² 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 2030,⁶³ which identifies the framework for investing in the development of the public water supply and sewage, as well risk assessment and mitigation measures. The adoption of the Program also fulfilled the previous funding condition from PCC 2021-2027. The adoption of the new Act on Water for Human Consumption, which predominantly adopts the provisions of Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption (recast) (Text with EEA relevance) (OJ L 435, 23.12.2020) is currently in the procedure of the Croatian Parliament, while a smaller part of the provisions of this Directive is assumed by amendments to the Water Act, which is also in the process of adoption by the Croatian Parliament.

The Agriculture Strategy of the Republic of Croatia for the period 2030 identified the need for better access to irrigation water to improve agricultural productivity, which can be linked to sub-goal 6.4. Accordingly, the Strategic Plan of the Common Agricultural Policy of the Republic of Croatia for the period 2023-2027 plans to intervene in support of public irrigation systems, for which envisaged support amounts to EUR 72.4 million.

⁶² OG 147/21

⁶³ OG 147/21

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

The amended legislative framework (laws and bylaws) has reduced barriers and facilitated administrative procedures that prevented greater use of renewable energy sources. Two key laws were adopted (the Electricity Market Act and the Act on Renewable Energy Sources and High-Efficiency Cogeneration), and during 2022, intensive work was done on the adoption of bylaws.

Through the NRRP, EUR 658 million has been allocated for the energy transition to a sustainable economy, more precisely for the revitalisation, modernisation and digitalisation of the power system. Through the PCC, EUR 279 million has been allocated for energy efficiency, microsolar, geothermal energy in heat facilities, battery systems and decarbonisation of transport.

NRRP and PCC measures will increase industry energy efficiency and encourage stronger implementation of district heating and cooling systems based on renewable energy sources (geothermal, etc.).

Also, Croatia intensively participates in activities within the North Adriatic Hydrogen Valley with the Republic of Slovenia and the Autonomous Region of Northern Italy (Friuli, Venezia and Giulia). Among other things, this Valley promotes the potential of hydrogen technologies to attract investment and secure the value chain from production to hydrogen use. As part of the North Adriatic Hydrogen Valley, a consortium was established, in which, after mapping potential projects by territories, 34 representatives from projects and companies, a scientific community of external partners with specific knowledge and institutions became involved. The application was submitted on 20 September 2022 for so-called large-scale financing for EUR 25 million, and the project has been approved for funding, where implementation will start in 2023.

The Hydrogen Valley continues its activities to promote the interests of the three territories further, map new projects, and connect projects from all three territories while ensuring international cooperation and monitoring available funding sources and calls for financing.

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).

In line with NRRP reform C1.6. Enhancing the resilience and sustainability of the tourism sector, the Croatian Parliament adopted in December 2022 the 2030 Strategy for the Development of Sustainable Tourism and based on it, the National Plan for the Development of Sustainable Tourism Until 2027 is being developed, which will include the operationalisation of priority areas through concrete measures as a medium-term act of strategic planning. In October 2022, public calls for proposals were announced, under which EUR 123 million is planned for public infrastructure and EUR 165 million for the green and digital transitions of the private sector. Public calls focus on the construction and establishment of sustainable public and private tourism infrastructure outside the main tourist and coastal areas, green and digital transition of existing public tourism infrastructure and the development of sustainable tourism

products of high added value while preserving local traditions and creating new jobs, in accordance with the legislative framework for climate and protection of environment and natural resources (especially space and the sea along with coastal ecosystems). In 2022, capacity-building activities for resilient and sustainable tourism amounting to more than EUR 1.3 million were commenced with the development and implementation of educational programmes at all levels and the aim of better adapting the workforce to new business conditions and strengthening digital skills and skills for sustainable and green business and destination management, ultimately contributing to a faster recovery of the tourism sector. In 2022, three workshops were held to strengthen tourism stakeholders in climate change adaptation and eco-certification in tourism, which will continue in 2023.

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

A new strategic framework for the railway sector has entered into force, which includes the Strategy for the Development of the Railway System of the Republic of Croatia until 2032 and the National Plan for the Development of the Railway Infrastructure for the period up to 2030 and the National Plan for the Management of Railway Infrastructure and Service Facilities and the Development of Rail Transport Services for the period up to 2030.

An investment has been launched that includes the development of two prototypes of trains (the BEMV battery electric multiple unit prototype and the BMV battery motor train prototype) and the commissioning of six stable power connections for charging power batteries.

As part of the project Renewal of the HŽ Passenger Transport Fleet with New Electric Multiple-Units (EMU), a total of 21 trains will be produced.

A solar-powered electric car ferry has been built to connect the village of Križnica and other parts of the municipality of Pitomača in Virovitica-Podravina County.

Investment is also planned, which will co-finance the purchase of new electric or hydrogen-powered vehicles and the construction of charging stations for alternatively powered vehicles.

In October 2022, two calls for proposals were published, the Regional Diversification and Specialization of Croatian Tourism Through Investments in the Development of High Added Value Tourism Products within the NRRP investment C1.6. R1-I1 and Strengthening the competitiveness of entrepreneurs and fostering the green and digital transition of the tourism sector within the NRRP investment C1.6. R1-I2. The deadline for applications for both calls was 1 March 2023. The first call aims to develop and adapt the public tourism infrastructure used for developing health and wellness tourism, visitor infrastructure and active tourism infrastructure. The second call refers to encouraging entrepreneurial investment in accommodation capacities and theme parks, as well as the development of environmentally friendly tourism products and resource efficiency, especially those in less developed tourism areas, the introduction of innovations in the entire value chain of tourism and the transformation of private renters into entrepreneurs.

As part of the public science research sector reform (NRRP reform C 3.2. R1), a new Act on Higher Education and Scientific Activity⁶⁴ has been drafted and has been in force since Q4/2022. Work is being done to develop program agreements followed by negotiations with

⁶⁴ OG 119/22

scientific organizations. Institutions with signed program agreements will announce the first tenders for research projects.

In the second half of 2022, the Ordinance on Amendments to the Ordinance on the Conditions for Election to Scientific Titles⁶⁵ and the new Act on Quality Assurance in Higher Education and Science,⁶⁶ which represent the regulatory framework for the implementation of the program within the framework of investment C3.2 R2-I2 were adopted. Within the framework of the mentioned investment, five calls for proposals were published by Q1/2023 for five programs that, in different ways, encourage the development of research careers and create conditions for high-quality research work, followed by outgoing and incoming mobility of researchers, training of new doctorands, the establishment of research groups, and encouraging and acquiring entrepreneurial skills among researchers by starting their own company. The total value of the published calls is approx. EUR 48 million. Also, based on investment in terms of 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 fields, which will facilitate career development for researchers in cooperation with the business sector and cooperation on 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 to be implemented by mid-2026.

In implementing NRRP reform C3.2. R3, the plan is to revise the existing IRI funding policy programming framework targeting excellence in research and innovation. The new programs will be mutually aligned and tailored to the needs of the scientific and business community. In Q2/2022, a new Croatian Science Foundation Act⁶⁷ was adopted, which enables the transformation and strengthening of the Foundation's capacities and will facilitate the implementation of improved programs from this investment. In Q3/2022, the first in a series of four calls for the Proof of Concept program, worth EUR 4.8 million, were launched. The call is intended for scientific institutions and companies and finances pre-commercial activities in the initial phase of developing new products, services and technological processes to direct further development and reduce investment risk. By Q1/2024, the plan is to publish two additional calls for this program valued at approx. EUR 8 million and to publish calls for proposals for the Targeted Research program amounting to approx. EUR 50 million.

Goal 10. Reduce inequality within and among countries

The foreign worker employment system has been completely modified to manage migration and respond quickly to labour market developments. At the beginning of 2021, a new model of employing foreign workers was established with the enactment of the new Aliens Act. Instead of the current quota system, a labour market test was introduced with the aim of checking beforehand whether workers who meet the conditions set by the employer can be found on the domestic labour market.

To facilitate the process of applying for residence and work permits for seasonal workers covering a duration of up to 90 days, an online application for applying for residence and work permits for seasonal workers covering a duration of up to 90 days was created in 2022. Also, in 2022, additional meetings and workshops were held with employers' associations, employers, as well as officers from police departments and police stations to more efficiently and quickly issue residence and work permits.

⁶⁵ OG 111/22

⁶⁶ OG 151/22

⁶⁷ OG 57/22

In terms of the project Procurement of IT equipment for More Efficient Regulation of Stays by Third-Country Nationals, desktop computers and monitors and signature tablets for counter work in police departments and police stations were procured. The installation of the delivered equipment (computers and monitors) at the headquarters of the Ministry of the Interior has been completed, and computers and monitors are deployed and installed in police departments and police stations. The procurement process for the remaining counter equipment (image scanners and fingerprint scanners and matrix printers) was completed in December 2022 and is expected to be delivered.

In the area of international protection, there was a significant increase in expressed intentions for international protection in 2022 compared to 2021, which posed a challenge given the limited accommodation capacities. The reconstruction and renovation of the Reception Centre for International Protection Seekers in Kutina was completed in November 2022, which significantly improved the conditions for accommodation and stay of applicants for international protection, as well as the working conditions of officials, and the accommodation capacity of the facility was increased (140 applicants for international protection can stay, or 40 more than in the period before the reconstruction).

In 2023, the plan is to continue the project of renovating the Reception Centre for International Protection Seekers in Zagreb with the aim of increasing the quality of accommodation and the level of security of applicants for international protection and other persons working in the facility.

In 2023, the implementation of projects co-financed by the national program of the Asylum, Migration and Integration Fund (AMIF) from the Multiannual Financial Framework for the period 2014-2020 continues: New Neighbours – Inclusion of Persons with Approved International Protection in Croatian Society until the end of Q1/2023 (implemented by the association Centre for the Culture of Dialogue, EUR 1.9 million) and Translation Services During Integration Assistance until the end of Q4/2023 (EUR 68,000). Within the project Establishment of the Relocation Mechanism (EUR 25,000), until the end of Q3/2023, the mobile application (Re)Settle in Croatia continues, which contains information on the resettlement procedure, details of all the rights and obligations of persons with approved international protection and useful information for everyday life in Croatia, all translated into three languages (English, Kurdish-Kurmanji and Arabic). In 2023, projects co-financed by the National Program for the Asylum Migration and Integration Fund relate to: continuing to provide free legal aid in the international protection approval procedure (EUR 373,000); providing legal advice in the international protection approval procedure (EUR 98,250). In 2023, the plan is also to complete the implementation of the RECORD project – development, implementation and maintenance of an application for the needs of international protection (EUR 800,000), which would increase the quality of data collection and processing in the area of international protection.

In 2023, the plan is to prepare new project proposals to strengthen the capacity of international protection and integration.

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

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. The fleet of public transport operators has been renewed with the procurement of four new buses running on compressed natural gas as fuel and 210 new buses equipped with Euro 6 diesel engines.

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.

Investing grants from the RRF in improving the public transport system in 2023 will include the procurement of at least 25 electric or hydrogen buses for operators in major Croatian cities and the procurement of at least 12 trams for ZET Zagreb and GPP Osijek.

In October 2022, a public call for financing the green and digital transition of the existing public tourism infrastructure and the development of public tourism infrastructure outside the main tourist and coastal areas was published. The application deadline was 1 March 2023. 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).

According to the provisions of the Air Protection Act, if in a given zone or agglomeration, the level of air pollutants exceeds any limit value, an action plan is adopted to improve air quality for that zone or agglomeration, ensuring achieving limit values within the shortest possible time. The action plan is prepared by the competent administrative body of the LSGs or the City of Zagreb no later than two years from the end of the year in which exceeding limit values were determined. From 2013 to 2021, action plans were made to improve air quality for: the City of Zagreb, Velika Gorica, Kutina, Sisak, Slavonski Brod, Osijek and Vinkovci and the municipality of Viškovo.

In the field of waste management under the 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 Program for Closed Landfills leading to the adoption of the Waste Disposal Reduction Program of the Republic of Croatia for the period 2023-2028, which should result in a reduced share of municipal waste sent for disposal to 30% by 2026 and the remediation of 10 closed landfills or contaminated locations by 2026. These activities also contribute to SDG 12.

In line with the new Critical Entities Resilience Directive, a **Critical Infrastructure Act will be adopted** to improve the provision of services in the internal market necessary for maintaining vital social functions and economic activities. It will include an understanding of the risks and interdependencies faced by critical actors and include a wide range of activities related to strengthening resilience, capacity and improving cooperation and information exchange among participants of critical infrastructure protection.

LRSGUs are obliged to develop civil protection action plans in their area of competence following their own Major Accident Risk Assessments and the State Civil Protection Action Plan, which contributes to the effective, organized and unique operation of the civil protection system in eliminating the consequences of major accidents and disasters.

Goal 12. Ensure sustainable consumption and production patterns

In December 2022, a new Plan for the Prevention and Reduction of Food Waste of the Republic of Croatia 2023-2028 was adopted, which continues the planned action aimed at increasing the amount of donated food, reducing food waste and increasing the nutritional security of poorer groups of the population. The estimated value of the implementation is EUR 5.7 million, with EUR 4 million provided by EU funds from the Recovery and Resilience Facility.

The plan includes the continuation of measures and activities that will contribute to further progress in preventing and reducing food waste at all stages of the food chain. The measures include: encouraging and further improving the food donation system in the Republic of Croatia; encouraging the reduction of food waste; promoting the social responsibility of the food sector; raising consumer awareness and awareness of the prevention and reduction of food waste; monitoring food waste and investing in research work and innovative solutions that contribute to the prevention and reduction of food waste. In January 2022, the first data of the statistical survey on the amount of food waste were published, which showed that about 286 thousand tons of food are wasted annually in the Republic of Croatia. These data will be a starting point in further assessment and monitoring of the progress of implementing food waste prevention activities.

In 2022, a website was developed to inform the public and publish data on sustainable tourism. The adoption of sustainable practices and reporting through the EU Ecolabel certification of tourism companies has been improved to implement the sustainable development policy and improve the efficiency and utilisation of resources in the production and consumption of the tourism sector. In addition, projects have been implemented, such as a pilot project to reduce food waste in the hotel industry, and raising the quality of sustainable destination management has continued through support for monitoring the impact of tourism on the environment and vice versa along with the support of the Croatian Sustainable Tourism Observatory (CROSTO) project. All these activities will continue in 2023, with the launch of new projects, such as the hotel plastic reduction project under the Global Tourism Plastics Initiative (UNWTO).

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

Based on the monitoring of Croatia's contribution to reducing EU emissions by 55% by 2030, the plan is to further control compliance with commitments through annual monitoring of greenhouse gas emissions to limit the increase of greenhouse gas emissions from the non-trading sector to -7% by 2030 compared to the 2005 level. For 2020, Croatia was allowed a quota of 19 317 944 tCO₂eq, while real emissions for 2020 in the non-trading sector amounted to 16 518 244 tCO₂eq.

According to existing EU legislation in the period from 2021 to 2030, Croatia must achieve a 7% reduction in greenhouse gas emissions from the non-trading sector compared to 2005 levels (18 056 312 tCO₂eq). For 2021, the allowed quota for Croatia was 17 661 355 tCO₂eq, and for 2022 a quota of 16 544 497 tCO₂eq was allowed.

For the EU to achieve climate neutrality by 2050, a new common emission reduction target by 2030 has been adopted, which is now -55% compared to 2005 levels. Consequently, as part of the Fit for 55 package, the EC also revised the national targets of Member States for non-EU ETS sectors, and Croatia must reduce emissions from these sectors by 16.7% by 2030. According to this goal, new annual quotas for the period 2023-2030 will also be calculated.

The greenhouse gas emissions inventory for 2021 shows that greenhouse gas emissions in non-trading sectors amounted to 17 427 400 tCO₂eq, and Croatia will meet its commitment. Greenhouse gas emissions are 2.2% higher in 2021 than emissions in 2020. If emissions remain at that level well into 2022, Croatia will have a shortfall or exceed (by approximately 880,000 tCO₂eq) the permissible quota, which for 2022 is 16 544 497 tCO₂eq. Given that Croatia will already have a problem meeting the permitted quota in 2022, this problem will be even greater in 2023, when the quota will be even lower due to the increase in the reduction target. There is a need to intensify the implementation of measures to reduce greenhouse gas emissions in all sectors. Preliminary analyses made as part of the update of the National Integrated and Energy Plan show that investments in the renovation of buildings in households and services bring the largest reductions. Furthermore, as transport emissions are still rising, the marketing of electric cars in the economy should intensify, as well as the use of biofuels.

Following the review by the EC and the United Nations Framework Convention on Climate Change (UNFCCC), the actual emissions will be made public. In 2023, the real emissions for 2021 and in 2024 for 2022 will be known in 2023.

The development of the **Action Plan for the Implementation of Priority Measures from the Climate Change Adaptation Strategy in the Republic of Croatia for the period up to 2040 with a view to 2070**⁶⁸ will continue. The action plan will include priority measures to adapt to climate change in vulnerable sectors with the aim of strengthening the resilience of natural and social systems in order to reduce vulnerability and avoid damage.

A feasibility study will be developed for the establishment of the National Centre for Climate and Ecological Transition, which will work on improving the system of monitoring the impact of climate change, on the system of climate change risk assessment and for faster, smarter and more systematic implementation of climate change adaptation in Croatia. Fragmentation of efforts, insufficient information and knowledge, are an obstacle to an effective response to growing climate changes and adaptation to climate change, resulting in increasing damage from climate change, and public finances are also exposed to risks. The establishment of a climate centre is envisaged in the Climate Change Adaptation Strategy and PCC 2021-2027.

⁶⁸ OG 46/20

An audit of the Air Pollution Control Program for the Period 2020-2029 and 2030 will be performed. The Program is the main management instrument by which EU Member States must ensure that commitments to reduce air pollutant emissions are respected. Revision of the Program is an obligation under the Directives (e.g., National Emission Ceiling Directive – NEC Directive) 2016/2284 on the reduction of national emissions of certain atmospheric pollutants, which aims to limit anthropogenic emissions of certain air pollutants, to make progress in achieving air quality levels that do not lead to significant negative effects and risks to human health and the environment. The revision of the Program will include, for example, an overview of progress in reducing emissions and improving air quality achieved through existing policies and measures (PaM), an assessment of compliance with national and EU commitments, further development projections, possible policy options to comply with reduction commitments for 2020, 2030 and the median emission level for 2025, the results of consultations with the interested public and key sectoral stakeholders, selection of PaM for adoption by sector (energy, agriculture, waste, industry, transport), financial resources and the timeframe necessary for the implementation of PaM.

The EU and its Member States will draw up and submit to the Secretariate of the UNFCCC and the Paris Agreement a joint nationally determined contribution called the Nationally Determined Contribution (NDC). The latest submission to increase its target of reducing greenhouse gas emissions under the Paris Agreement to -55% compared to 1990 EU levels was submitted by the EU in 2020.

Croatia has a Low-Carbon Development Strategy of the Republic of Croatia until 2030 with a view to 2050,⁶⁹ and counties and larger cities, in line with the legal obligation, are developing local programs for climate change mitigation and protection of the ozone layer.

The Low-Carbon Development Strategy of the Republic of Croatia until 2030 with a view to 2050 describes scenarios for reducing greenhouse gas emissions for Croatia. The strategy, together with the new EU legislation from the energy climate package Fit for 55, will direct the development of Croatia towards a significant reduction of greenhouse gas emissions. The Action Plan for the Implementation of Priority Measures from the Low-Carbon Development Strategy of the Republic of Croatia until 2030 with a view to 2050, will include measures to achieve greater emission reductions by 2030.

Croatia has an Integrated National Energy and Climate Plan, and climate goals are integrated into all strategic and planning documents at the national and local levels. National greenhouse gas emissions are monitored annually through the Greenhouse Gas (GHG) Emissions Inventory system.

Regarding the tax policy and its contribution to reducing emissions, when importing motor vehicles in Croatia, a special tax is paid according to the average carbon dioxide emissions depending on the type of fuel used by the vehicle and the selling price of the motor vehicle. The special tax exempts motor vehicles with carbon dioxide emissions of 0 grams per kilometre, which encourages the import of low-emission vehicles to reduce emissions from road transport as much as possible.

The national air quality monitoring system, i.e., the state network for continuous air quality monitoring, is continuously being improved. As part of the project AIRQ – Expansion and Modernisation of the National Network for Continuous Air Quality Monitoring, financed through the OPCC 2014-2020, five new state network measuring stations were established, and 18 existing stations for permanent air quality monitoring were modernised and reconstructed. An air quality modelling system has also been established, and models for ground-level

⁶⁹ OG 63/21

pollutant concentrations as well as equipping the Croatian Meteorological and Hydrological Service laboratory for precipitation analysis, are being worked on.

Croatia has a Strategy for Adaptation to Climate Change in the Republic of Croatia for the period to 2040 with a view to 2070,⁷⁰ and counties and major cities, in accordance with the legal obligation, develop local climate change adaptation programs. The development of a national action plan for the implementation of the Adaptation Strategy will continue, which will include climate change adaptation communication measures.

In 2022, software was developed for early warning of the population and crisis management. The system has been tested and is ready to receive production data from mobile network operators (Hrvatski Telekom, A1 and Telemach). The proposal of the Protocol on the Use of Operator Data for the purposes of the said system was also agreed upon, and at the beginning of 2023, the Ministry of the Interior requested mobile network operators to sign the Protocol. By the end of Q2/2023, training of operators in the 112 system for the use of system applications (Supervisory Control Portal and Public Portal) will be carried out, and by 22 June 2023, all services for implementing promotion should be delivered.

The Government adopted a Decision on the Adoption of the Strategy for Disaster Risk Management until 2030 and the Action Plan for Disaster Risk Management Action Plan for the period until 2024. It is the first such document that represents a unified approach to disaster risk management, guides activities and investments and is a key prerequisite for the use of EU funds, programs and instruments in the financial period 2021-2027. The total amount of estimated investments required by 2030 through projects is around EUR 1.8 billion.

The implementation of the project **Early Warning and Crisis Management System** will ensure fast and reliable communication for crisis management using modern technologies. Establishing new communication channels and improving the communication process will significantly contribute to the rapid and reliable distribution of hazard notifications and related information. Timely issuance and distribution of these notifications, as an essential component of the complete early warning system, will contribute to raising the overall capacity of crisis response. The final objective of the project is to quickly and efficiently inform civil protection participants and citizens via mobile phones and other modern technologies about the dangers as threats and the measures to be taken to reduce human casualties and material damage.

The Disaster Risk Assessment for the Republic of Croatia identifies all threats and risks that originate from a wide range of natural phenomena as well as in technical and technological processes and represent a significant social, economic and economic burden. Risk assessments evaluate the impact of climate change on individual risks and its cross-border.

Lessons learned from recent events in combatting the spread of the coronavirus, two earthquakes, floods, increasingly devastating fires, activities of housing displaced persons from Ukraine, to the crash of an aircraft highlighted the necessity of adopting a new **Civil Protection System Act**. The adoption of the new Civil Protection System Act will improve the implementation of all activities at all levels of the system (local, regional and state) and create a better basis for strengthening the system through EU funds. The primary goal is to further improve the organisation, role and positioning of the civil protection system in the Republic of Croatia and the international community.

The **Strategy for the Development of the Civil Protection System** will improve the capabilities of the civil protection system to reduce risks, mitigate consequences and recover, coordinated action of all participants in the civil protection system and through the active involvement of citizens and society as a whole. The aim is to develop mechanisms for reducing

⁷⁰ OG 46/20

the risk of major accidents and disasters, develop management capacities in the civil protection system and build the capabilities of the civil protection operational forces.

The project **Helicopter Support to the Civil Protection System** envisages strengthening the operational capacities of the civil protection system, i.e., building the capabilities of helicopter support to the civil protection system through the procurement of two multipurpose equipped helicopters for the needs of the civil protection system, as well as training operational forces and civil protection system participants how to act in case of emergency events.

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

In accordance with the Nature Protection Act,⁷¹ the preservation and/or restoration of biodiversity and the sustainable use of natural resources are one of the goals and tasks of nature protection. To implement the Convention on Biodiversity, Croatia developed a Nature Protection Strategy and Action Plan, ensuring the implementation of the main objectives of the Convention and the incorporation of biodiversity conservation measures into relevant sectoral and cross-sectoral plans, programs and policies.

The contribution to this goal in nature conservation activities is expected from strategic projects⁷² 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

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 2021-2026,⁷³ 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 2017⁷⁴ and implementation of the procedure for strategic environmental impact assessment Program of Measures for the Protection and Management of the Marine Environment and the Coastal Zone of the Republic of Croatia 2022-2027. Accordingly, by mid-2023, the cited Program of Measures will be adopted.

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 (sub-goal 14.4).

Building on these fundamental principles of the EU's Common Fisheries Policy, Croatia does not provide assistance that would cause overcapacity for catching fish nor illegal, unreported

⁷¹ OG 80/13, 15/18

⁷² <https://bit.ly/3JNF0dh>; <https://bit.ly/3DNjJJe>

⁷³ OG 28/21

⁷⁴ OG 97/17

and unregulated fishing. Croatia supports efforts to appropriately address these issues at the international level through the World Trade Organization Fisheries Agreement (sub-goal 14.6).

The Marine Fisheries Act⁷⁵ stipulates that traditional fishing skills in the Adriatic are protected as intangible cultural assets. 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 European Union (sub-goal 14b).

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

In accordance with the Nature Protection Act,⁷⁶ the preservation and/or restoration of biodiversity and the sustainable use of natural resources are some of the goals and tasks of nature protection. To implement the Convention on Biodiversity, Croatia has developed a Nature Protection Strategy and Action Plan, ensuring the implementation of the main goals of the Convention and the incorporation of biodiversity conservation measures into relevant sectoral and cross-sectoral plans, programs and policies.

The contribution to the realization of SDG 15 is ensured through strategic projects⁷⁷ implemented by the Ministry of Economy and Sustainable Development (MESD) within the Framework of PCC, primarily: Development of the Framework for Managing the Natura 2000 Ecological Network and Development of the System for Tracking Conservation of Species and Habitat Types.

The Agricultural Land Act⁷⁸ 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, and pollution from harmful substances and organisms, including erosion and conversion (sub-goal 15.1).

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 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. (sub-goals 15.1 and 15.3).

Almost half of the total land area of the Republic of Croatia consists of forests and forest land, which have been managed for more than two centuries according to the principle of sustainability. In the Forests Act,⁷⁹ forests and forest lands are goods of interest to the Republic of Croatia and are specially protected. The principle of sustainable forest management has the

⁷⁵ OG 62/17, 130/17 and 14/19

⁷⁶ OG 80/13 and 15/18

⁷⁷ <http://www.haop.hr/hr/projekti>; <https://bit.ly/3DWz0eD>

⁷⁸ OG 20/18, 115/18, 98/19 and 57/22

⁷⁹ OG 68/18, 115/18, 98/19, 32/20 and 145/20

purpose of the immediate and future fulfilment of appropriate ecological, economic and social functions at local, national and global levels (sub-goals 15.1 and 15.2).

The Strategic Plan of the Common Agricultural Policy of the Republic of Croatia for the Period 2023-2027 envisages aid for the reconstruction (conversion) of degraded forests and forest crops, which translate smaller forests into a higher breeding form and acquire autochthonous vegetation. In synergy with other forestry measures to support the EU EAFRD funding – 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 forest management (sub-goal 15.2).

In Croatia, the area of degraded forests covers 533,828 ha (22.22%). Although degraded, these forests fulfil their general beneficial role, protecting the soil from erosion, preventing the occurrence of torrents, mitigating climatic extremes, storing carbon dioxide, releasing oxygen, and contributing to the beauty of the landscape, are important habitats of animals and medicinal plants and have a tourist role. Given the low economic value of forests in the Mediterranean area, they primarily depend on continuous support for cultivation interventions. Cultivation interventions improve the resilience and ecological value of forests and contribute to mitigating climate change through carbon outflow. Investing in these actions and increasing investment in fire prevention and protection can minimise damage from natural risks (sub-goal 15.3).

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

One of the priorities is to strengthen legal certainty and build strong institutions. In 2022. The government adopted key strategic documents for the medium-term development of the judicial system; the National Plan for the Development of the Judicial System for the Period 2022-2027 and the Action Plan for the Implementation of the National Plan for the Development of the Judicial System for the Period 2022-2024. The main goals of the National Plan are to improve the efficiency of court proceedings, ensure transparency, legal certainty, quality and predictability of court decisions, develop human resources in the judicial system, modernise infrastructure and improve the level and scope of ICT use for automation, digitalisation and provision of e-judicial services, and improve the quality of the prison system and probation.

In March 2022, the government also adopted strategic documents for the development of public administration; the National Plan for Development of Public Administration for the Period 2022-2027 and the Action Plan for the Implementation of the National Plan for Development of Public Administration for the Period 2022-2024. The National Plan for Development of Public Administration will facilitate further transformation of Croatian public administration into a modern, highly professionalised, efficient and transparent public administration, adapted to the needs of society and citizens, with a stronger application of the principle of good governance in all public administration bodies. Specific development goals of public administration in the upcoming period are user-oriented public administration, digital transformation of public administration, development of human resources in public administration, strengthening the capacity of public administration for the design and implementation of public policies and improving the functionality and sustainability of LRSGUs.

Normative activities are continuously carried out as amendments to key procedural laws and umbrella laws for courts and state attorney's offices, but also to improve 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 cadastral 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.

In 2022, the NRRP adopted the Action Plan from 2022 to 2024 with the Anti-Corruption Strategy for the period 2021-2030. The Action Plan in question contains concrete actions for managing corruption risks within the framework of previously strategically defined specific objectives and measures in specific sectoral priority areas. Within the framework of the measures, each planned activity defines the competent authorities for implementation, the implementation deadlines, the necessary financial resources and the result indicators, i.e., the target of their implementation. Also, in April 2022, a new Whistleblower Protection Act was adopted to bring legislation into line with 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. Within the framework of reform measures in the field of prevention and suppression of corruption, a code of ethics for MPs and a code of ethics for officials in the executive branch were adopted.

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 amounts 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 2021 amounted to EUR N74.43 million. Compared to 2020, allocations increased by 14%. 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 2021 amounted to 0.13% of GNI.

V. EU Funds

V.1. Programming and complementarity

A prerequisite for utilising EU funds in the financial period 2021-2027 is the program documents approved by the EC. The first drafts of the program documents were prepared by five working groups for the preparation of program documents for the European Union financial period 2021-2027 established under the Subcommittee on Funds for the period 2021-2027. The working groups were established adhering to the principle of partnership based on a multilevel governance approach (stakeholders from the national, regional and local levels, as well as representatives of economic and social partners, civil society, academia and the scientific community). More than 90 institutions and 800 members and member associates of working group participated in the program process. Following the negotiation process, the EC approved the Partnership Agreement on 24 August 2022, an umbrella programme document setting out an investment strategy from EU funds for economic and social development until 2027 and then approved the program Effective Human Resources 2021-2027 on 11 October 2022, the Competitiveness and Cohesion Programme 2021-2027 on 9 November 2022, the Program for Fisheries and Aquaculture of the Republic of Croatia for the program period 2021-2027 on 29 November 2022, and the Integrated Territorial Program 2021-2027 on 2 December 2022.

Throughout the process of drafting program documents for the financial period 2021-2027, consideration was given to ensure complementarity, synergies and demarcation with the NRRP, but also between individual EU funds, and in this regard, in addition to monitoring activities financed from different sources, it was essential to ensure that the coordinators developing content in the working groups were also the persons in charge of the NRRP within their competence. The demarcation lines established during the programming of first the NRRP and later the EU funds in shared management were largely retained with certain adjustments where applicable.

During the programme process, complementarity was identified in the segments on strengthening research and development activities (NRRP, ERDF). Investments planned under the ERDF will continue to implement the reform by continuing the pilot programs implemented through the NRRP. Additional complementarity in this sector is also ensured with investments from Horizon Europe program and the EMFAF with actions focused on sustainable fisheries and aquaculture and the protection and restoration of aquatic biodiversity and ecosystems. The development of digital educational materials and the strengthening of digital competences will be financed by the ESF+, while the increase in eServices and digitalisation will be carried out through the NRRP and ERDF, with the difference being that investments through the ERDF for support activities to state and public administration bodies must result in increased availability of public e-services for citizens. In addition, the Digital Europe Programme, where applicable, will also seek complementary investments in cybersecurity, advanced digital skills and ensuring the widespread use of digital technologies across the economy and society, including strengthening digital innovation hubs.

Strengthening the sustainable growth and competitiveness of SMEs is envisaged by both the ERDF and the NRRP. The NRRP aims to support the sustainable development of the economy, green and digital transitions, while the ERDF will focus on activities that contribute to enhanced growth, the competitiveness of SMEs, improving business support frameworks, and strengthening export potential and inclusion in regional and international value chains.

As part of the renewal after earthquakes, once the renovation of buildings through the EUSF has been supported, the plan is to continue investing from the NRRP for a complete renovation (structural and energy) while the ERDF will support investments in energy efficiency (public and private sectors). In addition, relevant investments in energy efficiency and greenhouse gas emission reduction will also be funded by the EMFAF in the fisheries segment. The ERDF and NRRP also plan complementary investments to promote renewable energy and develop smart energy systems.

Funding for disaster risk reduction in the water management sector is envisaged within the NRRP, while within the ERDF, it will also be extended to strengthen the operational capacity to act, including forest fires and open type of fires, climate change prevention, strengthening climate change monitoring systems. In addition, the EAFRD will finance, at the farm level, investments aimed at adapting to climate change and activities targeting plant and animal diseases. Through the ISF programme, the procurement of equipment for the detection and neutralisation of explosive devices is planned, which is also complementary to demining activities within the ERDF.

The transition to a circular economy will primarily be financed by the ERDF, the CF, but also the EMFAF and the NRRP with a clear demarcation of potential investments and an increase in biodiversity and green infrastructure from the ERDF, the EAFRD and the EMFAF. Thus, the NRRP plans to invest in the Remediation Program for Closed Landfills and Locations Contaminated with Hazardous Waste, while the ERDF and CF will invest in the goals of a transition to a circular economy stemming from EU directives and the Waste Management Act, i.e., in line with the Amendment to the Waste Management Programme (WMP) 2017-2022, as well as with future WMP 2023-2028. Addressing further needs of water-utility infrastructure will be financed through NRRP and CF, as well as the EAFRD within the framework of rural development. Through the EAFRD, investments will continue to be made in systems below 2000 p.e., while CF will continue to invest in those above 10,000 p.e. through the NRRP, those projects that can be completed by mid-2026 will be financed, while the CF envisages the implementation of the remaining priority investments in line with the Multiannual Program for the Construction of Municipal Water Structures. The NRRP envisages the implementation of pilot projects for developing green infrastructure and circular management of space and buildings, which will complementarily contribute to investments in developing green infrastructure in urban areas financed by the ERDF. The EAFRD, the EMFAF and the ERDF will contribute to implementing measures set out in the Priority Action Framework (PAF).

Investment in public transport, especially in the area of procuring alternatively powered vehicles and fuels and modernisation of tram transportation, co-financing the purchasing of new alternative fuel vehicles and the development of alternative road transport infrastructure, is planned to be financed through the NRRP, while the ERDF will focus its investments on railway lines, cycling infrastructure, modernisation of bus stations and stops, the introduction of environmentally friendly public transport vehicles and the digitalisation of urban and the development of alternative transport infrastructure.

Investments in the core and comprehensive TEN-T network will be financed through the CEF facility, with complementary investments from the NRRP and the CF, where parts related to border management through the BMVI with complementary investments from the ERDF.

The labour market in terms of supporting small and medium-sized enterprises with a view to improving competitiveness will be supported through the NRRP, ERDF and EAFRD, while the ESF+ will provide support through ALMP and strengthen skills and raise labour market qualifications in line with labour market needs. The ESF+ will provide direct support through ALMP measures for jobseekers, with a particular focus on labour market groups and women.

Through the NRRP, investments will be made in the education system vouchers for developing green/digital skills among employed and unemployed persons in the form of training and training programs. The NRRP will be implemented until 2026, and the same measure will continue after 2026 through the ESF+ and JTF, which completely take over investments in ALMP and vouchers related to the dual transition. Education vouchers for skills unrelated to dual transition will be funded by the ESF+ as early as 2023. ESF+ investments will establish a system for recognizing informally and informally acquired knowledge and skills, enabling greater mobility and vertical and horizontal flow of the system. Investing in skills from the JTF will focus on counties in transition.

Through the NRRP, investments will be made in the construction, upgrading, reconstruction and equipping of institutions that perform the activity of early childhood and preschool education, schools for the needs of one-shift work and all-day classes and secondary schools. The introduction of all-day school (ADS) will contribute to the NRRP by investing in the construction of educational infrastructure, and the ERDF investments will be directed towards improving conditions for teaching institutions engaged in primary education, including the establishment and improvement of the infrastructure necessary to ensure effective learning and conditions for healthy living of children, while the ESF+ will support the implementation of education reform, through support for vulnerable groups of students by investing in teaching assistants, improving the professional development of educational workers, strengthening capacities for monitoring and evaluation of educational policy measures, supporting schools to implement ADS, with some of the investment focused on assisted and mountainous areas. Investments from the ESF+ will also focus on improving vocational education and training as part of a comprehensive curricular reform with the aim of optimising, streamlining and adapting vocational programmes to the needs of the economy and increasing the supply of quality work-based learning. Investments in the reform of the all-day school are supported by the ERDF and the ESF+ in the curricula, teaching assistants and material conditions.

Interventions aimed at increasing participation in early childhood education from the ERDF (infrastructure) and ESF+ (raising accessibility and quality) that will be directed towards increasing and improving the capacities and conditions of institutions engaged in early childhood education with support for children, especially vulnerable groups, are complementary to NRRP infrastructure investments.

Increasing the quality and participation in early childhood education as well as the implementation of ADS will contribute to the quality of life of citizens and enable greater inclusion of women in the labour market and contribute to the demographic revitalization of Croatia.

The modernisation of higher education through digital transformation will be carried out through the NRRP, and the segment on accessibility of higher education will be provided from the ERDF in terms of strengthening accommodation capacities for tertiary education students, while increasing the completion rates of higher education is encouraged by ESF+ by providing scholarships to vulnerable groups and improving quality and relevance.

Investments from the NRRP in the field of health will be directed to recovery from the COVID-19 pandemic and strengthening the resilience of the health system through the functional integration of hospitals and strengthening day hospitals, ensuring financial sustainability, introducing a system of strategic human resource management in health, and in medium and long-term priorities through the ERDF and ESF+, focusing on health infrastructure, primary health care and long-term care. The primary goal is to ensure equal access to healthcare and strengthen the resilience of the health care system. Investments from the ERDF relate to the strengthening of emergency medical assistance systems, year-round emergency helicopter

medical services (HEMS), further introduction and development of telemedicine services, strengthening primary and specialist consultative health care by renewing equipment, improving hospital health care systems by investing in infrastructure and equipment, and improving the system for the production of blood plasma preparations to meet blood plasma self-sufficiency. Significant investments in the ESF+ will improve long-term care based on a more strategic approach in line with the development of social plans while strengthening the capacity of workers and long-term care services and establishing coordination between health and social care systems. The ESF+ will focus on strengthening the training of healthcare workers, including early intervention professionals and those in the field of early intervention, which will aim not only to overcome geographical barriers but also to reduce labour shortages in the health sector.

In the area of social protection systems within the NRRP, planned reforms will contribute to reducing the share of people at risk of poverty and social exclusion by increasing the transparency and adequacy of social benefits in the social protection system, developing and providing social mentoring services that will contribute to a better connection between the social welfare and employment systems, improving the planning system and digitization of social services systems and strengthening services from social welfare centres to provide family legal protection and develop a strategic framework for comprehensive and accessible care of the elderly, including infrastructure investments in centres for the elderly. The ERDF and the ESF+ will finance complementary activities related to deinstitutionalisation, development and provision of social services, education programs and strengthening skills of unemployed persons, provision of services for the elderly and activities to combat material scarcity, as well as certain related infrastructure investments.

The NRRP will foster the transformation and strengthening of the competitiveness of cultural and creative industries, while investments in the construction, reconstruction and equipping of cultural infrastructure from the ERDF will focus on sustainable projects that contribute to social development. Investments in the digital development of the sector through the NRRP will contribute to its recovery and improvement, while investments from the ERDF and the ESF+ will contribute to social inclusion, especially of vulnerable groups, by removing barriers to cultural participation and valorisation and revitalisation of cultural heritage. Comprehensive investments will foster further recovery and strengthen the resilience of the cultural sector, particularly affected by the pandemic, on account of which its operation and financial sustainability are jeopardised, as well as the revitalization of cultural heritage, with the support of the ERDF, while the ESF+ will in particular support vulnerable groups by removing barriers to their participation in culture. Also, the ESF+ will invest in the development and provision of cultural services that contribute to the social inclusion of vulnerable groups with a particular focus on developing reading and media literacy.

The comprehensive reform will encourage tourism development leading towards sustainability, economic, social and environmental. The NRRP started the reform by managing the development of tourism, which aimed to create a resilient and sustainable tourism sector, while investments from the ERDF and ESF+ will continue to respond to key challenges and needs in Croatian tourism by creating functional units through investments in public tourism infrastructure, with the aim of encouraging private investments and the development of the local economy, quality and innovative products, diversifying the tourism offer of products and services and introducing innovation. Investments in tourism supported by the ERDF under specific objectives 1(iii), 4 (vi) PCC and 5. ITP are complementary to each other and respond to key challenges and needs in Croatian tourism through the creation of functional units by investing in public tourism infrastructure that can stimulate private investment and the development of the local economy, the development of quality and innovative products,

diversification of the tourist offer of products and services and the introduction of innovations, which encourages economic growth and employment, the creation of quality jobs, social inclusion and quality of life in local communities, as well as the adoption of the principles of the green and digital transitions. In addition to ESF+ and activities aimed at the well-being of children, activities for social inclusion of vulnerable groups, including sports and recreation, tourism, culture, art and the like, will be supported. With the aim of social inclusion of persons with disabilities, the adaptation of public tourist services and facilities will be supported. Sports and recreational facilities for vulnerable groups will be ensured.

Certain Investments from the JTF will be complementary to investments from the ESF+ in the form of developing green skills, and potential EAFRD investments focused on sustainable food production and NRRP investment in a biorefinery project. In addition to a series of investments in the development of green and digital skills in specific sectors (SMEs, tourism, etc.), the NRRP will invest in the system of vouchers for the education of employed and unemployed persons related to training and training programs for the acquisition of skills needed in the labor market as a prerequisite for the transition to the green and digital economy. These programmes will be aligned with the CROQF, for which further elaboration is planned through the ESF+.

The cooperation between the Coordinating Body (CB) for EU funds and the CB for NRRP and the Prime Minister's Office is direct and ensured through the National Coordination Committee for European Structural and Investment Funds (ESIF) and EU Instruments in the Republic of Croatia (NCC), whose members are representatives of Prime Minister's Office, NRRP CB (MFIN) and other ministers responsible for the implementation of EU funds in shared management and NRRP. In parallel, the institutional framework for the implementation of the NRRP includes bodies in the management and control system for the utilization of EU funds, thus ensuring the interoperability of business processes in all systems.

VI. Institutional Processes and the Inclusion of Stakeholders

VI.1. Inclusion of stakeholders in the preparation and implementation of reforms

In connection with the establishment of the Sustainable Finance Support Forum, in November 2022, MFIN participated in a preliminary meeting with representatives of the Croatian National Bank (CNB) and the Croatian Banking Association, where a discussion on ESG factors and sustainable finance at the national level was initiated. Representatives of the MFIN, the CNB and the Croatian Banking Association also held a virtual meeting with the representative of the Central Bank's Sustainable Finance Office in the Netherlands with the aim of exchanging experiences regarding the Dutch sustainable finance platform. At a minimum, the representatives of Ministry of Economy and Sustainable Development (MESD) and HANFA will be invited to work in the Sustainable Finance Support Forum.

Representatives of the MFIN and HANFA will be involved in activities for drafting the proposed Strategic Framework for the Development of Capital Markets in the Republic of Croatia, with the gradual appointment of additional relevant stakeholders as members of the working group for the development of the Strategic Framework for the Development of Capital Markets in the Republic of Croatia. Furthermore, the involvement of the European Bank for Reconstruction and Development (EBRD) is also possible, which, as an international financial institution with experience and knowledge, can advise on improving the capital markets.

As part of the decarbonisation of the energy sector, consultations with key stakeholders were carried out during the adoption of strategic documents. The Croatian Hydrogen Strategy for 2050 passed public debate, and a broader working group was involved in the development of the strategy. Also, regarding the assessment document with recommendations for removing obstacles and relieving administrative procedures that limit greater use of energy from renewable sources, a public debate was conducted with the involved stakeholders and based on their comments, the document was further revised. In 2023, particular attention will be paid to revising the Integrated Energy and Climate Plan when it comes to involving a wider scope of stakeholders.

The amendment to the legal framework for implementing reforms in the water services sector, as a legal precondition for operational reform, includes the adoption of four regulations for which the key stakeholders (public suppliers of water services and LSGs as their founders) were involved in the process of preparation and adoption and the process of consultation with the public on the e-Consultation portal. At the initiative of the Ministry of Economy and Sustainable Development (MESD), in the course of drafting the regulations in question, several meetings, consultations and workshops were held with public suppliers of water services, LSGs and the Croatian Water Supply and Sewerage Group. In 2022, 12 workshops with public water service providers were held through the NRRP, and at least four more workshops will be held by Q4/2023. At these workshops, participants will have the opportunity to present their proposals and comments and learn how to implement these regulations in their business and successfully carry out the integration. Other measures within the scope of water management provided for in the NRP are carried out in direct contact with stakeholders.

The Ministry of the Sea, Transport and Infrastructure (MSTI) ensures the involvement of all relevant stakeholders (infrastructure managers, passenger and freight carriers, government bodies, regulators, the World Bank, etc.) in preparing sectoral strategic documents related to

reform activities from the NRRP. In the process of adopting laws, other regulations and acts, public consultation procedures with the interested public are carried out, and reports on the course and outcome of the advisory procedure are published on the central government website for public consultations e-Consultation (eSavjetovanje) and the MSTI website. Opinions from the competent SABs are also collected. The received comments and remarks are taken into consideration, and in line with the accepted comments, the text of the act is supplemented. Stakeholders involved in the implementation of reform and investment measures, including public authorities, LRSGU, privately or majority-owned economic entities and operators, participate in exchanging information and contribute to preparing monthly and semi-annual reports on the fulfilment of NRRP milestones and targets.

The reforms implemented by the Ministry of Agriculture (MA) are contained in documents from the Common Agricultural Policy and the Common Fisheries Policy, and to a lesser extent, in the NRRP.

As part of implementing measure C1.5 Improving the Use of Natural Resources and Strengthening the Food Supply Chain, stakeholders were involved during the presentation of the NRRP draft to the Croatian Chamber of Agriculture (February 2021); through a public call for expression of interest of users of future logistics and distribution centres for fruit and vegetables; presentation of investment C1.5.R1 Establishing a network of logistics infrastructure to strengthen the production market chain in the fruit and vegetables sector and associated calls; expression of interest towards local and regional self-government units for land consolidation; workshop on the implementation of the Land Consolidation Act and Public Call for the Selection of a Specific Area for the Implementation of Land Consolidation in line with the Agricultural Land Consolidation Program until 2026; e-Consultation (eSavjetovanje) (Land Consolidation Program, Call for LDCs, Program and Call for Donations, Ordinance on Areas for Land Consolidation); the website of the Ministry of Agriculture for the publication of all relevant documents, information, calls and procurements, questions and answers, results.

In December 2022, the Decision on the Establishment of the Working Group for the Preparation of the Draft Proposal of the Tourism Act, as an advisory body of the Ministry of Tourism and Sport (MTS), was adopted. In December 2022, the first meeting of the Working Group presented the material that the new law should also cover and the timeframe for its adoption. In addition to representatives of the relevant ministry, representatives of the Ministry of Physical Planning, Construction and State Assets (MPPCDA), Ministry of Economy and Sustainable Development (MESD), MFIN and representatives of chambers, communities and associations were appointed to the Working Group: Croatian Camping Association, Croatian Chamber of Economy, Croatian Association of Employer in the Croatian Hospitality Industry, Croatian Tourism Association, Association of Cities in the Republic of Croatia, Croatian Union of Municipalities, National Association of Restaurateurs, Croatian National Tourist Board, Institute for Tourism, Association of Croatian Travel Agencies, Croatian Society of Family Accommodation Associations, Croatian County Association, Croatian Chamber of Trades and Crafts, Croatian Employers' Association. In addition to drafting the Tourism Act, an analysis of the necessary changes in existing regulations will be carried out to comply with the framework law.

In terms of cooperation on the collection of secondary data necessary for the establishment of the Sustainable Tourism Satellite Account System of the Republic of Croatia, the Ministry of Tourism and Sport (MTS) cooperates with numerous institutions, owners of secondary data, such as MESD, MSTI, port authorities, port authorities, Agency for Coastal Maritime Transport, Croatian Civil Aviation Agency, Public Institutions for the Management of Protected Areas, the Croatian Bureau of Statistics and the system of local and regional tourist tourists For

the purpose of processing and interpreting data of secondary and primary research that will be carried out to establish the System, MINTS has an agreement with the Institute for Tourism, which is an expert institution for statistical processing of such data, and according to recommendations that have been communicated at workshops organized by the EC (DG GROW) and OECD experts (TAIEX TSI Sustainability accounts and measurement).

Activities proposed in the NRP, in the area of justice and public administration, are covered by the National Plan for the Development of Public Administration and the National Plan for the Development of the Judicial System, which were adopted in March 2022. These plans were developed respecting the principles of partnership and transparency, using different mechanisms of dialogue and consultation with interested stakeholders. For the development of national plans, Government Decisions have established expert working groups composed of representatives of institutional stakeholders responsible for the development of public administration and the judicial system, the scientific and academic community, LRSQU, economic associations and social partners, civil society and other public authorities dealing with various areas of development of the public administration and the judicial system. Consultations in the development of the National Plan for the Development of Public Administration were also guided by the Council for the Reform of Local and Regional Self-Government Units, which was involved in shaping the implementation framework. Public consultations on national plans were also conducted in accordance with the regulatory procedure.

Measures in the field of corruption prevention have been transferred from the Action Plan for the period from 2022 to 2024 along with the Anti-Corruption Strategy for the period 2021-2030. Members of the Working Group for drafting the said Strategy and members of the Council for Prevention of Corruption participated in the preparation of the Action Plan, which included representatives of state administration bodies, judicial bodies, independent state bodies, trade unions, employers, civil society organizations, academia, associations of LRSQU. In the process of drafting in January 2022, a session of the Council for Prevention of Corruption was held to discuss the content of the Action Plan. With the aim of ensuring a quality mechanism of supervision over the implementation of anti-corruption policies, along with the mentioned Council for Prevention of Corruption at the level of executive power, the National Council for Monitoring the Implementation of the Anti-Corruption Strategy was established at the parliamentary level.

Implementing initiative C6.1. Renovation of Buildings, and Reform C6.1.R1 – Decarbonisation of Buildings, included stakeholders consisting of representatives of state and local government, academia, professional and interested public, construction and energy sectors and accompanying industries. Stakeholders were gathered at a conference held on 6 June 2022, as part of the Open Partners Dialogue, on the topic of implementing the NRRP and the Building Renovation Initiative. The aim of the dialogue is to involve all stakeholders in the implementing the wave of renovations of existing buildings and the transformation of the existing building stock into an energy-efficient and decarbonized building stock.

During the call for project proposals titled Energy Renovation of Multi-Apartment Buildings, six informative and educational workshops were held for potential applicants who were informed about the conditions and criteria of the Call, the course and rules of its implementation, as well as the method of applying project proposals through the information system fondovieu (eNRRP). A total of 11 sets of Questions and Answers (188 questions and answers) were published to further clarify and explain its provisions. EPEEF, as the Implementing Body, held 2 workshops with grant beneficiaries where they were familiarised with their obligations in implementing the project. Also, the Environmental Protection and

Energy Efficiency Fund (EPEEF) – Energy Efficiency Sector provided expert support to potential applicants through individual consultations to verify the compliance of project proposals with the technical criteria of the Call and ultimately 136 project proposals received a Technical Compliance Certificate for the Project Proposal or recommendations for improvement.

In terms of reform C6.1. R2, a public consultation for the National Action Plan for Skills Development in the Context of Green Jobs Related to Energy Renovation and Post-Earthquake Renovation was conducted from 8 to 22 December 2022.

In terms of reform C6.1. R5 Introduction of a new model of green urban renewal strategies and implementation of a pilot project for the development of green infrastructure and the circular management of buildings and space, workshops were held for potential applicants for the Call for Grants Development of Green Urban Renewal Strategies. The hybrid workshop organised in cooperation with the Association of Cities was attended by representatives of 115 cities, and three informative workshops were attended by 104 representatives of LSGs, who are more closely acquainted with the elements of the Call and the necessary documentation for its application. Consequently, a lot of interest from LSGs for introducing the green urban renewal model was expressed, which is evident from a large number of received project proposals that exceeded 780.9% of the initial allocation.

In terms of C2.3. R3-I7 Improvement of the system of spatial planning, construction and state assets through digitisation, expert-analytical baselines are devised for the development of physical (spatial) plans of areas with special features within the NRRP, which includes the consultation process with the institutes for physical planning of the county. In December 2022, two professional seminars were held (Split and Varaždin) where participants (town and municipalities mayors, coordinators of physical plans and institutes for physical planning of counties) were presented with the activities of Ministry of Physical Planning, Construction and State Assets (MPPCDA) on the development of Physical Planning Information System (PPIS / ISPU), in the part related to the new generation of physical plans and ePlans modules and ePlans Editor including the proposed Act on Amendments to the Act on Physical Planning for which an e-consultation was conducted during November 2022, which achieves the preconditions for issuing calls to LSGs for the development of new-generation physical plans and the introduction of the digitalization of physical planning systems. After each seminar, a discussion was conducted with the participants, and in line with the comments, some of the legal and/or technical solutions were adjusted.

All these reforms of the education system, investments and measures within and outside the NRRP framework are part of the National Plan for the Development of the Education System for the period until 2027 and the Action Plan for the period until 2024, which were adopted in March 2023.

The main stakeholders and partners who participated in the preparation of the National and Action Plan as members of the Working Group, along with the Ministry of Science, Education and Sports were: representatives of the Prime Minister's Office, MLPSFSP, MTS, MESD, MRDEUF, CSODDS, Central State Office of Demography and Youth, Central State Office for Croats Abroad, CES, Croatian Employers' Association, Croatian Chamber of Economy, Croatian Chamber of Trades and Crafts, Education and Teacher Training Agency, Agency for Vocational Education and Training, Agency for Mobility and EU Programmes, Agency for Science and Higher Education, Croatian Academic and Research Network CARNET, National Centre for External Evaluation of Education, Croatian Association of Counties, Association of Cities in the Republic of Croatia, Rectors' Union of the Republic of Croatia, Council of Polytechnics and Colleges of the Republic of Croatia, Croatian Student Union, Croatian

Association of Primary School Principals, Association of Croatian Secondary School Principals, Croatian Academy of Sciences and Arts, Trade Union of Croatian Teachers, Independent Union of Workers in Secondary Education of Croatia, Union Preporod, Independent Union of Research and Higher Education, Union of Workers in Preschool Education of Croatia, Association Teachers Organized, Teachers' Group 45 Minutes and Teachers Group School Meeting Room. All other interested stakeholders had the opportunity to engage in the discussion on all the measures listed through the public consultation process.

In terms of vocational education and adult education systems, the following are included:

- MLPSFSP – maintains the Subregister of Occupational Standards, participates in awarding financial incentives to beneficiaries for inclusion in priority training and training programs,
- MESD – participates in the development of curricular documents for obtaining qualifications for related crafts,
- Croatian Employers' Association, Croatian Chamber of Economy, Croatian Chamber of Trades and Crafts – participate in connecting employers and the education system,
- CES – monitors, analyses and anticipates labour market needs for professions,
- services and bodies of local (regional) self-government – are partners in the development of the RCC and adopt criteria for granting incentives,
- Agency for Vocational Education and Training – develops the methodology of sectoral and vocational curricula and proposes to the Minister the adoption of vocational curricula,
- Employers – carry out work-based learning.

In the implementation of the NRRP reform C3.2. R1, based upon which the new Act on Higher Education and Scientific Activity⁸⁰ was drafted, stakeholders were involved with the Working Group for preparing the Draft Act, within which representatives of public scientific institutes, public universities and faculties, polytechnics and colleges, trade unions, private higher education institutions and professors of law faculties (Osijek, Rijeka, Zagreb and Split) are represented.

As part of investment C3.2. R1-I1 Development of a system of program agreements, universities and scientific institutes are involved in the process of negotiations related to the development of program agreements through working groups composed of stakeholders from the Ministry of Science, Education and Sports, universities and scientific institutes, and with the support of a team of external experts. Also, the Act on Higher Education and Scientific Activity, the Act on Quality Assurance in Higher Education and Science and the Croatian Science Foundation Act passed the public consultation procedure before adoption.

Some of the measures were previously financed with funds from the EU financial period 2014-2020 (e-Schools project, awarding scholarships to students in STEM priority areas) and communication with relevant stakeholders was carried out during programming in line with the requirements of ESI funds, as well as in the procedure for awarding EU funds. By the end of 2022, 1,393 scholarships had been awarded to undergraduate and graduate students in STEM fields.

Furthermore, the umbrella innovation strategy – the Smart Specialisation Strategy (S3) until 2029, which outlines the planned actions from the NRRP and the ESIF, was communicated with stakeholders at the development and adoption stages. S3 by 2029 has been developed with the participation of sectoral stakeholders (entrepreneurs, scientists and experts), and during the entrepreneurial discovery process, seven thematic priority areas of investment were identified: Personalized Health Care, Smart and Clean Energy, Smart and Green Transport, Security and Dual Purpose – Awareness, Prevention, Response and Remediation, Sustainable and Circular

⁸⁰ OG 119/22

Food, Customized and Integrated Wood Products, Digital Products and Platforms. A public consultation on the draft S3 by 2029 was held at the end of 2022.

The Ministry of Health (MH) ensured the involvement of all relevant stakeholders in preparing acts on health reform. The relevant stakeholders, especially within the framework of the health reform, include public administration bodies, LRSGUs, health care providers, health care chambers, associations including patient associations, trade unions, the interested public, and the EC. In implementing the reform, the involvement of all relevant stakeholders is ensured in preparing the laws, bylaws and other regulations and acts through working groups addressing certain professional topics and in the adoption process, in line with the procedure for adopting regulations. In the process of adopting laws and regulations other than interdepartmental harmonization, public consultation procedures are carried out with the interested public through the central state internet portal for public consultations e-Consultation, where reports on the course and outcome of the advisory process are published. Also, the directions and plans of the comprehensive health reform include public presentations to the stakeholders of the system, the interested public, as well as the media.

VI.2. National institutional process for approval of the NRP

The Decision on the coordination of activities within the European Union's economic governance framework⁸¹ sets out the institutional framework and procedures on the coordination of activities within the European Union's economic governance framework – the European Semester at the government level, ensuring the coordination of policies and measures covered by the economic policy coordination mechanism within the EU and those necessary to boost growth and job creation, as well as a measure to mitigate the economic and social impact of the COVID-19 epidemic and to address the challenges posed by the green transition and digital transformation.

It should be borne in mind that Croatia has defined key reforms for the period 2021-2026 with its NRRP and that those measures due in the period Q2/2023-Q1/2024, i.e., in the implementation period of this NRP, i.e., in the period implementing this NRP, have been taken from it. These measures are communicated with key stakeholders and the public in the phase of drafting the NRRP, i.e., they are communicated in the phase of preparing the implementation of reforms when key stakeholders are involved in the drafting of laws and/or bylaws, and the interested public is involved through consultation with it and can influence the content of final solutions in line with the procedure for adopting regulations.

On April 21, 2023, at the Economic and Social Council (GSV) session, we informed the participants of the session about the draft NRP.

⁸¹ OG 13/17, 51/17, 97/17, 50/18, 74/19, 16/20, 89/20, 37/22, 55/22, 85/22 and 10/23

Appendices

Appendix 1. **Croatia's Contribution to Implementing the Recommendations of the EU Council** has been updated in the EC CESAR information system.

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**⁸²

No	Reference					Measure (<i>reform or investment</i>)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation on period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
1 - ECONOMY																	
1	8	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	M	Digitization of the Small and Medium Enterprise Efficiency Test is planned for 2023. It involves the development of a digital platform for coordinator collaboration, online education and mutual communication.	Digital platform functioning		0		Q4	2023	MESD	Applying consulting services in the area of IT develops and establishes the digital platform for implementing testing for SMEs. The platform will comprise an IT database of conducted SME tests, a database of standardised values used when calculating impact assessments, and facilitate systematic monitoring and surveillance of the calculated effects, analytical reports and development of performance simulations. In addition to the database, an integral part of the platform will be a portal for mutual	98,734

⁸² Green means measures covered by the NRRP.

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
															communication and exchanging experiences by national experts who make up the network, all for better regulation. All activities will be implemented within the technical support projects.		
2	9	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	T	Implementation of measures from the new Action Plan for the Reduction of Non-Tax and Parafiscal Charges		Number	0	132,722,808	Q4	2023	MESD + SAB	An important element in assessing the business environment are various fees in the form of parafiscal charges and administrative fees. The fees arising from public regulations paid by companies to central government bodies, local and regional government bodies or other bodies with public authority are analysed. Implementation of measures for relieving economic entities given the parafiscal and non-tax charges in the new/second Action Plan for the Reduction of Non-Tax and Parafiscal Charges, which lead to direct cost reductions amounting to at least EUR 132,722,080.	
3	12	2019.CSR4.subpart5 2020.CSR3.subpart3 2020.CSR2.subpart4		/		1 - ECONOMY - C1.1.1. R2 Continuing the reform of regulated professions	M	Implementation of the Third Action Plan for the Liberalisation of the Services Market	Minimum cumulative number of implemented services market liberalisation measures	Number	260	270	Q4	2023	MESD	Continuation of reforms of regulated professions will be ensured with the implementation of the Third Action Plan for the Liberalisation of the Services Market (adoption envisaged in the NRP 2022). In this way, the total number of implemented measures for the liberalisation of the services market would be at least 300 by the end of Q4/2024 or at least 270 by the end of Q4/2023.	
4	39	2019.CSR3.subpart1 2019.CSR3.subpart3 2020.CSR3.subpart6 2020.CSR3.subpart7 2020.CSR3.subpart8 2022.CSR3.subpart3 2022.CSR3.subpart1		7		1 - ECONOMY - C1.2. R1-II Revitalising, building and digitising the energy system and supporting infrastructure to decarbonise the energy sector	M	Construction permit granted for the upgrade of the high-voltage network	Ministry of Physical Planning, Construction and State Assets (MPPCDA) issued the construction permit				Q2	2023	MESD	Construction permit issued after the implementation of the review and/or appropriate assessment in accordance with Article 6, para. 3 of the Directive on habitats regarding the special goals of the conservation of areas in accordance with the requirements of the Directive. Proof that the project does not have a significant impact on the integrity of the respective Natura 2000 network will be submitted.	62,560

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year			
		2022.CSR3.subpart2														
5	55	2019.CSR3.subpart3 2020.CSR3.subpart8 2022.CSR3.subpart2 2022.CSR3.subpart1		7		1 - ECONOMY - C1.2. R1-I4 Biorefinery for the production of advanced biofuels Sisak	M	Adopted the Plan for the Production and Use of Biofuels in Transport	Coming into force of the Plan and Program for the Production and Use of Biofuels in Transport				Q4	2023	MESD	Plan for the Production and Use of Biofuels in Transport will come into force. The plan will determine the policy for promoting the production and use of biofuels in transport in the Republic of Croatia. The plan includes a current overview and assessment of the state of the biofuels market, new business models, stakeholders and measures intended for increasing the production and use of advanced biofuels in transport.
6	61	2019.CSR3.subpart3 2020.CSR3.subpart6		6		1 - ECONOMY - C1.3. R1 Implementation of the water management programme	T	Integration of water service providers		Number	200	40	Q4	2023	MESD	Integration of the existing 200 public water supply providers into 40, in accordance with the principle of one supplier for each service area.
7	64	2019.CSR3.subpart3 2020.CSR3.subpart6		6		1 - ECONOMY - C1.3. R1-I1 Public sewage development programme	T	Works contracts concluded for sewage / wastewater infrastructural projects		Number	0	60	Q4	2023	MESD /HV	The signing of at least 60 works contracts for sewage/wastewater infrastructural projects related to contracts which will be awarded by the end of 2023. Environmental impact assessment conducted in accordance with Article 6, para. 3 of the Directive on habitats regarding the special goals of the conservation of areas in accordance with the requirements of the Directive. Proof that the project does not have a significant impact on the integrity of the respective Natura 2000 network will be submitted.
8	70	2019.CSR3.subpart3 2020.CSR3.subpart6 2022.CSR3.subpart4		6		1 - ECONOMY - C1.3. R1-I2 Public water supply development programme	T	Works contracts concluded for water supply projects		Number	0	100	Q4	2023	MESD /HV	The number of works contracts signed for water-based projects relates to contracts to be awarded by the end of 2023. 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

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
															integrity of the Natura 2000 sites concerned.		
9	71	2019.CSR3.subpart3 2020.CSR3.subpart6 2022.CSR3.subpart4		6		1 - ECONOMY - C1.3. R1-I2 Public water supply development programme	T	Built or reconstructed public water supply network		Number	0	673	Q4	2023	MESD /HV	At least 673 km of public water supply network constructed or reconstructed. The investment consists in building drinking water supply systems with an average energy consumption of ≤ 0.5 kWh or an Infrastructure Leakage Index (ILI) of ≤ 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%.	
10	77	2019.CSR3.subpart3 2020.CSR3.subpart6		6		1 - ECONOMY - C1.3. R1-I3 Disaster risk reduction programme in the water management sector	T	Flood protective structures built		Number	0	65	Q4	2023	MESD /HV	At least 65 km of flood protective structures built to protect against the harmful effects of water.	
11	94	2020.CSR2.subpart3		11		1 - ECONOMY - C1.4. R1-I2 Improving the system of exercising the rights of persons with disabilities in the field of mobility	T	Establishment of a functional system for the exercise of the rights of persons with disabilities in the field of mobility		%	0	50	Q4	2023	MMPI, AKD	As part of the investment, which shall put in place a functional system that makes it easier for people with disabilities to apply for all mobility rights in one place and ensures faster processing of applications, a single document shall be established to allow persons with disabilities to use the functional system and exercise the same rights throughout the territory of Croatia (invalidity e-card) and, at least 50% of the envisaged cards shall be issued to persons with disabilities who have rights in the field of mobility.	2,043,931
12	119	2019.CSR2.subpart3 2019.CSR3.subpart1 2019.CSR3.subpart2 2020.CSR3.subpart7 2020.CSR3.subpart8 2022.CSR3.subpart5		9		1 - ECONOMY - C1.4. R5-I2 Research, development and production of new mobility vehicles and supporting infrastructure	T	Verification prototypes of fully autonomous and electric vehicles and relevant testing		Number	0	60	Q1	2024	MMPI	Completed production of verification prototypes, including the development of the required autonomous electric vehicle platform and battery systems, testing of prototypes and testing of autonomous driving systems.	55,346,897
13	127	2019.CSR3.subpart3		2 8		1 - ECONOMY - C1.5. R1-I1 Construction and equipping of logistic	T	Logistic distribution centres (LDC)		Number	0	1	Q4	2023	MA	The built Logistic Distribution Centre (LDC) shall include a refurbishment part intended for the reception of the	34,089,852

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year			
		2020.CSR3.subpart6				and distribution centres for fruit and vegetables	built and operational								product, cleaning, washing, sorting and packaging, as well as a storage part of suitable reception and storage capacity under chilling and long-term storage and a certain level of processing of the product. Primary processing of fruit and vegetables is planned to make use of products of a non-standardised quality and thus avoid food waste (waste). The storage capacity of the LDC shall be at least 3 000 up to maximum 12 000 tonnes. The measure concerns the construction of a new building, with a Primary Energy Demand (PED) that is at least 20% lower than the nearly zero energy building (NZEB).	
14	137	2020.CSR2.subpart3		2		1 - ECONOMY - C1.5. R3-I3 Traceability System	M Establishment of a traceability information system	Traceability information system operational and accessible to the public				Q3	2023	MA	The planned traceability information system shall enable better informing of consumers in form of monitoring the traceability of agricultural and food products. The system shall be voluntary and shall be used for unifying and facilitating information tracking, facilitating business and providing information to consumers via QR code. The system shall be designed to connect with other e-systems and continuously update information on traceability. The system shall also have the potential to record information on traders and intermediaries who may never come into physical contact with the product.	1,725,397
15	139	/		2 12		1 - ECONOMY - C1.5. R4-I1 Infrastructural equipping of food bank and intermediaries in the food donation chain	M Support Scheme for the infrastructure equipping of food banks and intermediaries in the food donation chain	Support Scheme for the infrastructure equipping of food banks and intermediaries in the food donation chain implemented and funds disbursed				Q4	2023	MA	The Support Scheme shall be put in operation following a public call and contracts concluded, through the disbursement of the funds, which shall be used for the construction and refurbishment of storage facilities, storage equipment and furniture, cooling and food storage equipment, fork-lift trucks, refrigerated vehicles, vehicles and IT equipment.	2,986,263
16	142	2019.CSR3.subpart4		8 12		1 - ECONOMY - C1.6. R1 Enhancing the	M Drawing up the Sustainable	Provision on the entry into force of				Q3	2023	MTS	The system of Tourism-Sustainability Satellite Accounts shall create the conditions for managing and	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year			
		2020.CSR4.subpart1 2022.CSR3.subpart2 2022.CSR3.subpart1 2022.CSR3.subpart4				resilience and sustainability of the tourism sector	Tourism Satellite Account of the Republic of Croatia	the Sustainable Tourism Satellite Account							monitoring the development of tourism through defined tourism sustainability indicators at both national and regional level. The satellite account shall become a tool for public policy management. Data collection and compilation will be harmonized with the European Tourism Indicators System (ETIS) and the concepts, definitions, classifications and accounting rules of the Environmental Economic Accounting System (SEEA). To improve the efficiency of regional tourism policy, a Regional Tourism-Sustainable Satellite Account will be set up, with the addition of specific indicators of tourism activity at the destination level adjusted to signal the possible occurrence of over-tourism. Data and analysis shall underpin both, public and private, the strategic direction of planning as well as becoming a relevant policy management tool.	
17	143	2019.CSR3.subpart4 2020.CSR4.subpart1 2022.CSR3.subpart1 2022.CSR3.subpart2 2022.CSR3.subpart4		8 12		1 - ECONOMY - C1.6. R1 Enhancing the resilience and sustainability of the tourism sector	M Tourism Act establishing a framework for monitoring and development of the tourism sector	Entry into force of the Tourism Act				Q4	2023	MTS	The Tourism Act shall provide a framework for the monitoring and development of the tourism sector through the establishment of a data monitoring and analysis system, a system of incentives, monitoring and analysis of investments, the definition of the role of key stakeholders in the development of tourism and inter-service cooperation, and the definition of indicators and standards for ensuring the sustainability of tourism (in particular green and digital standards).	
18						1. ECONOMY - C.1.1. Resilient, Green and Digital Economy	M More effective functioning of the capital market in the Republic of Croatia	Adoption of the Strategic Framework for the Development of Capital Markets in the Republic of Croatia				Q1	2024	MFIN, HANFA and other relevant stakeholders	The Strategic Framework for the Development of Capital Markets in the Republic of Croatia should contribute to the more effective functioning of the capital market and will be directed to supporting sustainable economic growth and increasing the competitiveness of the economy.	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year			
19						1. ECONOMY - C.1.1. Resilient, Green and Digital Economy	M Establishment of the Sustainable Financing Support Forum	Establishment of the common platform under the name of Sustainable Financing Support Forum				Q4	2023	MFIN	The Sustainable Financing Support Forum will facilitate exchanging information and increase the contribution of the finance sector to achieving the goals of the European Green Plan, along with coordination of the MFIN and inclusion of all essential stakeholders with a focus on timely preparation of new requests.	
20		2022.CSR1.2. 2022.CSR3.1.		13		1 - ECONOMY - CLIMATE CHANGE AND ENERGY SUSTAINABILITY, Establishment of the plan framework for implementing the Low-Carbon Strategy	T Monitoring the contribution of Croatia in reducing EU emissions by 55% by 2030.	Limiting greenhouse gas emissions up to the annual national quota for the non-trading emission sectors (compared to 2005), which is tracked by drafting the annual national Greenhouse Gas (GHG) Emissions Inventory system	t CO2eq	18,056,312	16,544,497	Q1	2024	MESD	Croatia fulfilled its obligation to reduce emissions for 2020. According to existing EU legislation in the period from 2021 to 2030, Croatia must achieve a 7% reduction in greenhouse gas emissions from the non-trading sector compared to 2005 levels. With the adoption of the new legislative packet, and with the goal of a common reduction of emissions by 55% in the EU by 2030, the EC also revised national targets of Member States for non-EU ETS sectors and Croatia must reduce emissions from these sectors by 16.7% by 2030. For 2021, the allowed quota for Croatia was from 17 661 355 tCO2eq. The greenhouse gas emissions inventory for 2021 shows that greenhouse gas emissions in non-trading sectors amounted to 17 427 400 tCO2eq and Croatia will meet its commitment. Greenhouse gas emissions are 2.2% higher in 2021 than emissions in 2020. If emissions remain at that level well into 2022. Croatia will have a shortfall or exceed (by approximately 880,000 tCO2eq) the permissible quota, which for 2022 is 16 544 497 tCO2eq. Given that Croatia will already have a problem with meeting the permitted quota in 2022, this problem will be even greater in 2023 when the quota will be even lower due to the increase in the reduction target. There is a need to intensify the implementation of greenhouse gas emission reduction measures in all sectors. Preliminary analyses made as part of the update of the National Integrated and Energy	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
															Plan, show that the largest reductions are brought by investments in the renovation of buildings in households and services. Furthermore, as transport emissions are still rising, the marketing of electric cars in the economy should intensify, as well as the use of biofuels.		
21		2022.CSR1.2. 2022.CSR3.1.		13		1 - ECONOMY - CLIMATE CHANGE AND ENERGY SUSTAINABILITY, Establishment of the plan framework for implementing the Low-Carbon Strategy	M	Drafting the Five-Year Action Plan for the Implementation of Priority Measures from the Low-Carbon Strategy	Adopted the the Low-Carbon Strategy	Number	0	1	Q1	2024	MESD	The Action Plan for the Implementation of Priority Measures from the Low-Carbon Strategy will be drafted, and which also includes new national obligations for achieving the EU common goal of reducing greenhouse gas (GHG) emissions by 55% by 2030, and achieving EU climate neutrality by 2050.	
22		2022.CSR1.2. 2022.CSR3.1.		13		1 - ECONOMY - CLIMATE CHANGE AND ENERGY SUSTAINABILITY, Establishment of the plan framework for implementing the Low-Carbon Strategy	M	Drafting the Five-Year Action Plan for the Implementation of the Climate Change Adaptation Strategy	Adopted the Climate Change Adaptation Plan	Number	0	1	Q1	2024	MESD	The Action Plan for the Implementation of Priority Measures from the Climate Change Adaptation Strategy will be drafted for the first five-year period.	
23		2022.CSR1.2. 2022.CSR3.1.		13		1 - ECONOMY - CLIMATE CHANGE AND ENERGY SUSTAINABILITY, Establishment of the plan framework for implementing the Low-Carbon Strategy	M	Founding of the National Center for Climate and Ecological Transition	Administrative establishment of the National Center for Climate and Ecological Transition	Number	0	1	Q1	2024	MESD	The National Center for Climate and Ecological Transition will be established, which will work on improving the system of monitoring the impact of climate change, on the system of climate change risk assessment and for faster, smarter and more systematic implementation of climate change adaptation in Croatia.	
24		2022.CSR1.2. 2022.CSR3.1.		11		1 - ECONOMY - CLIMATE CHANGE AND ENERGY SUSTAINABILITY, Establishment of the plan framework for implementing the Low-Carbon Strategy	M	Adoption of Amendments to the Air Pollution Control Program for the Period 2020-2029 and 2030	Adoption of revised national Air Pollution Control Program	Number	0	1	Q3	2023	MESD	An audit of the Air Pollution Control Program for the Period 2020-2029 and 2030 will be performed. The Program is the main management instrument by which EU Member States must ensure that commitments to reduce air pollutant emissions are respected for the period 2020-2029 and 2030. In accordance with the changes to projected emissions of air pollutants, the national Air Pollution Control	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
															Program containing priority measures should be revised.		
2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS																	
25	151	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	M	Amendments to the Act on Regulatory Impact Assessment	Entry into force of the act amending the Act on Regulatory Impact Assessment				Q4	2023	(Legislative Office) UZZ	Amendments to the Regulatory Impact Assessment Act shall simplify ex-post regulatory impact assessment processes, including methodology and procedures, based on the Technical Support Instrument recommendations of the project related to the ex-post regulatory impact assessment. The amendments shall also include changes to the job descriptions and competences of civil servants related to the impact assessment with a view to the professionalisation of the coordination, drafting and monitoring of the effects of regulation in the public administration.	
26	163	2019.CSR3.subpart4 2020.CSR4.subpart1		/		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C.2.2. R1 Improving recruitment in the civil service	M	Amended legislative framework for a centralised system of selection in the state administration, identifying the necessary qualifications of civil servants and establishing a modern recruitment system	Entry into force of an amended legislative framework for a centralised system for the selection of civil servants				Q2	2023	MJPA	The revised legislation shall include at least the following measures: — defining job profiles specific to the national administration in order to attract the necessary competences and skills; — Creating a single employment platform to centralise recruitment procedures within a single platform for all national administrations; — Adjust the recruitment process for: i) the transition from a knowledge-only system to a system based primarily on competences and appropriate skills; ii) the assessment of competencies for the performance of civil servants; iii) distinguishing between recruitments at initial level, which should be based exclusively on competences, and recruitment of specialised profiles, which should combine competences with relevant work experience and lead to access to careers at a higher level; — Strengthen commitment to gender balance and ensure gender equity in recruitment, as well as promotion of women to senior management positions.	1,541,057
27	166	2019.CSR2.subpart4		/		2 - PUBLIC ADMINISTRATION,	M	Adoption of the	Entry into force of the Acts on				Q2	2023	MJPA	New legislation on salaries in the state administration and public services shall	6,491,240

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year			
						JUDICIARY AND STATE ASSETS - C2.2. R2 Improving the wage models in civil and public service, HRM and COP systems	Acts on salaries in the state administration and public services	salaries in the state administration and public services and of the regulations for vertical and horizontal mobility of civil servants in public administration							allow for a fair and transparent assessment of posts in accordance with established criteria, ensuring the harmonisation of grades and bonuses in the civil service and in the civil service, setting of coefficients at occupational level in consultation with the social partners, and the establishment of a reward system based on performance (work performance). A new payment system shall be created and the new Acts on civil service salaries and public services salaries shall include provisions to evaluate posts fairly and transparently in line with established criteria and ensure harmonisation of salaries in the civil service and public services, and establish a reward system based on work performance. The legislative framework (Civil Service Act and bylaws) for vertical and horizontal mobility shall be amended. This includes a career plan that includes possible access to middle and senior management posts and strengthening the link between career progression and performance assessment. Additionally, setting the preconditions for an efficient labour market in the public administration including (a) the creation of a transparent and uniform advertising system for all vacancies in the public administration (b) the possibility to apply for any available job anywhere in the public administration.	
28	168	/		/		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.2. R2-I2 Introduction of Hybrid Workplace Access Model – Smartworking	T At least 20% of civil servants work in the smartworking model		%	0	20	Q3	2023	MJPA	20% of civil servants already work in the smartworking model, enabling them to work remotely in order to provide a continuous, high-quality public service accessible to all and to increase the motivation of officials.	19,343,504

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
29	169	/		/		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.2. R2-I2 Introduction of Hybrid Workplace Access Model – Smartworking	T	At least 60% of civil servants trained in smartworking working method		%	0	60	Q3	2023	MJPA	60% of civil servants are trained in the smartworking model and have the necessary skills to work remotely in order to provide a continuous, high-quality public service accessible to all and to increase the motivation of officials.	
30	170	2020.CSR2.subpart3		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.2. R3 Digital transformation of conservation bases and archive records	M	Establishment of an e-conservation service	E-conservation base digital public service fully functional and accessible				Q4	2023	MCM	By establishing digital infrastructure and public administration services, the development of a system of conservation bases enhances documentation management by public authorities and other document creators as essential supporting functions for all business processes. The e-conservation system shall enable a more efficient delivery of public administration services using implemented ICT solutions that ensure interoperability and data sharing, cost reduction, business transparency and the protection of citizens' rights. The digital public service (e-conservation base) linked to existing digital public services shall be established, removing administrative obstacles in the licensing process under the Act on the Protection and Conservation of Cultural Property.	6,222,083
31	178	2019.CSR1.subpart1 2019.CSR1.subpart2 2020.CSR2.subpart3		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R2-I1 Establishment of a central interoperability system	M	Set-up of the central interoperability system	Report from the Central Office for the Development of Digital Society (SDURDD/ CSODDS) that the system is operational and tested for use				Q4	2023	CSODDS	The central interoperable system shall be operational for use, including the online provision of the 21 administrative procedures listed in Annex II of the Single Digital Gateway Regulation	
32	181	2020.CSR2.subpart3		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R3-I2 Strengthening the	M	Pilot project on cybersecurity	Report from the Ministry of the Interior				Q4	2023	MJPA	Pilot project for system stress test shall be carried out – with simulation of 'cyber dependent' and 'cyber enabled' criminal offences. The system shall be equipped with specific software and hardware components for cybercrime	977,557

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
						capacity of the police to tackle cybercrime									investigation, open source search on the Internet and digital forensics, and investigation analysis sets for the analysis of digital evidence. The implementation of the project shall fulfil the necessary pre-condition for upgrading forensic tools and systems, as well as secret surveillance systems for electronic communications networks and services, necessary to increase the level of cyber security in Croatia and the EU. Once the equipment has been acquired and fully operational, a pilot project to simulate cyber-crime research in the form of Tabletop Exercise shall be carried out, to assess the contribution of the equipment to the achievement of the measures and objectives of the cyber-enforcement project.		
33	182	2020.CSR2.subpart3		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R3-I2 Strengthening the capacity of the police to tackle cybercrime	M	Cybersecurity public prevention campaign	Report from the Ministry of the Interior				Q1	2024	MJPA	A public prevention campaign shall be carried out on cybercrime manifestations and prevention measures, monitored by the following indicators: - number of preventive awareness-raising and education activities carried out by different target groups on measures of self-protective behaviour in relation to the risks of cybercrime - number of participants in the activities - number of preventive materials distributed - number of media posts (includes all media) - number of target groups' responses on social media - number and processed results of on line surveys carried out via social networks - number of evaluation of target groups carried out using quantitative methods	112,241

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
34	183	2020.CSR1.subpart2 2020.CSR2.subpart3		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R3-I3 Establishing a one-stop shop for all e-public helpdesk services	M	Establishment of a one-stop shop	Report from the Central Office for the Development of Digital Society (SDURDD/ CSODDS) that the one-stop-shop is established and operational for use				Q4	2023	CSODDS	The one-stop shop platform (JKC) providing information and customer support to citizens and businesses in a single centralised location, shall be established and operational for use.	
35	184	2020.CSR2.subpart3		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R3-I4 Consolidation of CEZIH health information infrastructure systems	M	CEZIH IT system	Report from the Ministry of Health				Q2	2023	CSODDS MH	Croatia's central health information system shall be operational for use in the state cloud (CDU/SSC)	
36	185	2020.CSR2.subpart3		/		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R3-I5 Digital Identity Card Deployment Project	T	Digital Identity Card e-signature	Report from the Agency on Digital Security (AKD) on the number of qualified signed certificates for eOI users	Number	0	300000	Q4	2023	MI	300 000 certificates shall have been issued for remote qualified electronic signature	
37	191	2020.CSR2.subpart3		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R3-I9 Establishing a new platform for the Electronic Public Procurement Bulletin of the Republic of Croatia	M	Establishment of a new public procurement platform and mobile application	First public procurement procedure launched on the new e-tendering platform				Q3	2023	MESD	The new platform for conducting public procurement procedures, and the mobile application shall be operational, with public procurement procedure being launched on the new e-tendering platform.	
38	192	2019.CSR2.subpart3 2020.CSR2.subpart3 2020.CSR2.subpart1		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R3-I10 Digitalisation and computerisation of the CES (eHZZ)	M	CES' digital identity and human resources management systems	Report from CES/HZZ				Q4	2023	MLPSFSP	The CES' digital identity management system and digital human resources management system shall be in place and operational.	995,455

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
39	208	2019.CSR4.subpart1		8		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.4. R2 Improving corporate governance in state-owned enterprises of particular interest to the Republic of Croatia and in majority-owned enterprises of central government.	M	New legal framework on state-owned enterprises, incorporating the recommendations of the OECD.	Provision on the entry into force of the law on state-owned enterprises and relevant decision and provisions				Q1	2024	MFIN	<p>The new regulatory framework shall also provide for the establishment of a central coordination unit with a view to a more efficient implementation of proprietary policy in the medium term, i.e. horizontal coordination between competent authorities in charge of carrying out the functions of proprietary powers.</p> <p>The new law shall also include legal provisions strengthening board autonomy and independence and establishing that a) the state has to nominate/appoint members of the SOEs supervisory board within 3 months of the post becoming vacant, and b) that the line ministry proposes a candidate to the government based on a recommendation by the central coordination unit.</p> <p>ii) a Government decision establishing a central ownership coordinating entity with the adequate mandate and resources, required to effectively fulfil its coordination role. The entity shall develop standards for corporate governance of SOEs and monitor compliance to those standards; monitor the performance of SOEs, and engage in regular public reporting.</p> <p>iii) an Ownership Policy clearly outlining the rationale and objectives for state ownership of all SOEs fully or majority-owned at the national level and non-financial properties, outlining all corporate governance and disclosure requirements applicable to SOE, and establishing the obligation and the frequency for the revision of the list of state-owned enterprises of particular interest to Croatia.</p>	
40	218	2019.CSR4.subpart3 2020.CSR4.subpart2		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.5. R1 Increasing the	M	Adoption of amendments to the legislative framework in the area of justice	Entry into force of amendments to the Code of Civil Procedure, the Administrative				Q2	2023	MJPA	I) Amendments to the Code of Civil Procedure and the Administrative Disputes Act, which shall help to shorten court proceedings, speed up the resolution of administrative	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year			
						efficiency of the justice system to increase citizens' trust	with the new Non-contentious Procedure Act.	Disputes Act, the Land Register Act, the Courts Act, the Area and Seat of Courts Act, the Notarial Act and the new Non-contentious Procedure Act.							disputes, reduce the flow of cases and reduce costs; II) The new Non-contentious Procedure Act, which facilitates citizens' access to courts, ensures quality and transparent redress and removes legal uncertainty; III) Amendments to the Law on Notaries to modernise the business of notaries through ICT solutions; IV) The Act amending the Land Register Act for the electronic handling of cases and allowing for a more efficient redistribution of cases within the courts; V) the Act amending the Courts Act and the Law on the Areas and Seats of Courts, which shall allow for the specialisation of judges and the establishment of specialised family units in municipal courts, with a view to ensuring a more effective level of judicial protection for the most vulnerable social groups, children, and which shall revise the conditions for providing expertise and interpretation, of which the system of compulsory professional training will be an important feature. The competence to decide on status issues shall be transferred from the courts to the Ministry of Justice and Public Administration and the system of oversight and accountability shall be strengthened.	
41	219	2019.CSR4.subpart3 2020.CSR4.subpart2		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.5. R1 Increasing the efficiency of the justice system to increase citizens' trust	T Set up four mediation centres at commercial courts in Zagreb, Split, Osijek and Rijeka and adopted amendments to		Number	0	4	Q2	2023	MJPA	Amendments to the Mediation Act that shall further promote voluntary mediation in litigious cases and administrative disputes, reducing case length and costs. Four mediation centres shall be set up and enter into operation in Zagreb, Split, Osijek and Rijeka, where mediators shall be trained and mediation procedures	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year			
							the Mediation Act								conducted. The central centre in Zagreb and the regional centres in Split, Osijek and Rijeka shall be located in the same place as the commercial courts, the High Commercial Court of the Republic of Croatia, and it shall be possible to provide the necessary professional support to the parties.	
42	220	2019.CSR4.subpart3 2020.CSR4.subpart2		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.5. R1 Increasing the efficiency of the justice system to increase citizens' trust.	M New Framework Benchmarks for the work of judges adopted and an active judicial case management tool introduced	New Framework Benchmarks for the work of judges adopted and an active case management tool introduced				Q3	2023	MJPA	Indicative benchmarks for the work of judges, which prescribe an increased number of cases to be resolved with a view to encouraging more cases to be dealt with, in particular old cases. The use of the tool for the active management of court cases in selected courts, including the Municipal Civil Court in Zagreb, shall result in greater efficiency (creation of checklists, in particular tagging, self-assessment tools based on the international framework for judicial excellence).	
43	243	2019.CSR4.subpart2 2020.CSR2.subpart3		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.6. R2 Improving the implementation of the Act on the Right of Access to Information	M Evaluation of the effects of the Law on the right of access to information	Publication of Evaluation Report on the Right of Access to Information Act				Q4	2023	Information Commissioner (PI)	Published study with recommendations regarding the evaluation of the effects of the Law on the right of access to information and its impact on the constitutionally guaranteed exercise segment from the perspective of users and public authorities. Recommendations will be taken into account in the context of future amendments to the Act on the Right of Access to Information.	50,435
44	244	2019.CSR4.subpart1 2019.CSR4.subpart2		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.6. R3 Improving corporate governance in majority-owned companies of local and regional government units	M Application of OECD corporate governance recommendations on majority ownership of local and regional units	Publication of an handbook for the application of the OECD recommendations on corporate governance in majority-owned local and regional units				Q1	2024	MJPA	Published Handbook on: -The application of OECD recommendations on corporate governance in majority ownership by local and regional government units. -The introduction and implementation of a compliance function in all legal entities obliged to establish it. Importance of implementing anti-corruption policies, introducing a code	621,143

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
															of ethics and a better established compliance function, as to confirm that the company carefully implements the prevention of unethical behaviour, as well as an organisational culture that encourages ethical behaviour and compliance.		
45	254	/		/		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.8. R4 Enhancing anti-money laundering and counter terrorism financing supervision based on a risk assessment in the financial sector in Croatia	M	Strengthening supervision of the financial sector based on a risk assessment in the area of AML/CFT	Full implementation of enhanced procedures and methodologies for risk based supervision, developed under the Technical Support Instrument (TSI) project "Risk-based anti-money laundering and financing of terrorism supervision in financial sector in Croatia", in order to effectively mitigate identified money laundering and terrorist financing risks				Q4	2023	CNB, HANFA	The authorities shall take measures, if necessary by adopting legislation, to strengthen supervision of the financial sector, on the basis of a risk assessment by the Croatian National Bank and Croatian Financial Services Supervisory Agency and using a risk-based approach developed in line with the results from the technical assistance provided under the Technical Support Instrument. The actions shall strengthen institutional and administrative capacity and contribute to improving the effectiveness of the whole anti-money laundering and counter terrorism financing prevention system in Croatia and ultimately to improve the overall anti-money laundering framework in Croatia.	
46	258	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	M	Integration of a tailored framework for continuous training of procurement officers under ProcurCompEU into the mandatory training and certification scheme for public procurement.	Entry into force of the framework for continuous training of public procurement officers aligned with ProcurCompEU				Q4	2023	MESD	The ProcurCompEU tool shall be adapted to Croatia's specificities and integrated into the existing mandatory public procurement training and certification scheme. A subpage on the Public Procurement Portal will be created where ProcurCompEU tools are available and free to use by all stakeholders in the public procurement system, and the competent public procurement policy body supports its practical implementation and supervision.	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year			
47	263	2019.CSR4.subpart2		9		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.9. R3 Innovative Procurement	M Programmes and activities aimed at designing and managing innovative public procurement	Programme in place to provide professional assistance and training to procurers in innovation procurement				Q1	2024	MESD HAMAG-BICRO	With the use of technical assistance support Croatian institutions shall set up programmes to provide professional assistance to procurers in innovation-related procurement procedures. The Competition Centre for Innovative Public Procurement set up in HAMAG-BICRO (Croatian Agency for Small Businesses, Innovation and Investment) shall be strengthened and its staff trained to provide training on public procurement of innovation on its own. The administrative capacity of MINGOR (Ministry of Economy and Sustainable Development) shall also be strengthened in the same way. A progress report on this strengthening of capacities shall be prepared by Q1 2024.	
48		2019.CSR3.subpart4 2020.CSR4.subpart1		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - Further Improving the Efficiency of Public Administration	T Introducing the quality management system in SABs	Numerous bodies with the introduced quality management system	Number	124	149	Q1	2024	MJPA	Following the implementation of ESF project for introducing quality and adoption of the Guidelines for Quality Management in Public Administration, there will be efforts to continue the introduction of quality management in other public administration bodies. Introducing quality management will be achieved through greater competitiveness of the economy, satisfaction of users of public administration services, as well as greater efficiency and agility of public administration.	587,891
49		2019.CSR4.subpart3 2020.CSR4.subpart2		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - Modern Justice Fit for Future Challenges	M Ensuring conditions for effective service of court documents	Entry into force of the Act on Service of Documents in Court Proceedings				Q4	2023	MJPA	The current regulation of the service of documents via the basic procedural laws (Code of Civil Procedure and the Criminal Code) proved to be insufficiently effective and was recognized as a reason for the length of court proceedings. Consequently, to increase the efficiency of service and to simplify and harmonize the procedural rules for service, this Act fully and in an identical manner regulates the service of documents in all court proceedings.	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year			
50		2019.CSR4.subpart3 2020.CSR4.subpart2		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - Modern Justice Fit for Future Challenges	M Improving the court mediation system	Drafted sociological research on the reasons for inadequate utilisation of mediation in the Republic of Croatia, and implemented training of 500 persons. An analysis of mediation in the Republic of Croatia will be done with respect to other EU member states, a manual on court mediation will be drafted, the training of persons will be continued by implementing training for mediators and a campaign will be run to raise awareness.				Q4	2023	MJPA	For the purpose of improving the procedure for mediation and encouraging citizens to use mediation as a way of resolving disputes, a series of activities will be carried out relating to improving the system of court mediation (Project Improving the System of Court Mediation within the Norwegian Financial Mechanism).	359,715
51		2019.CSR4.subpart3 2020.CSR4.subpart2		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - Modern Justice Fit for Future Challenges	M Improving the land registry procedure	Sending the Act on Amendments to the Land Register Act into the government procedure				Q4	2023	MJPA	Act on Amendments to the Land Register Act will further improve the Individual Corrective Procedure as a particular land register procedure with the aim of shortening the time and quicker resolution of land register cases.	
52		2019.CSR4.subpart1 2019.CSR4.subpart2		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - Preventing and Combating Corruption	M Further improvement to the whistleblower protection system	Drafting the analysis of the implementation of the Whistleblower Protection Act in terms of the internal reporting of irregularities by confidential person in legal entities owned by the Republic of Croatia				Q4	2023	MJPA	An analysis will be done of the current implementation of the Whistleblower Protection Act in state-owned enterprises, with respect to stipulated obligations of the employer in accordance with the Act, and establishing a system for internally reporting irregularities, which includes the adoption of a general act, the appointment of a confidential person and the provision of substantive and	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
															technical preconditions for the functioning of the system for internally reporting irregularities		
53		2019.CSR4.subpart1 2019.CSR4.subpart2		16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - Preventing and Combating Corruption	M	Legislative regulation of the lobbying system	Entry into force of the Lobbying Act				Q4	2023	MJPA	The adoption of the Lobbying Act will regulate lobbying activities to the highest ethical standards, ensuring high standards of transparency in the work of lobbyists. Under this framework, the plan is to also regulate the issue of the structure, content and manner of maintaining the register of lobbyists, the obligation to report on lobbying, restrictions on work undertaken by lobbyists, sanctions for violating the law and other lobbying issues, and in this regard, it will take into account the standards of the Council of Europe, OECD recommendations and comparative frameworks of EU Member States.	
54		2019.CSR3.2.	2022.EPR2	11	10	2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - Improving protection of critical infrastructure	M	Adoption of the Critical Infrastructure Act	Entry into force of the Critical Infrastructure Act	Broj	0	1	Q4	2023	MI	The Critical Infrastructure Act will be adopted to improve the provision of services in the internal market necessary for maintaining vital social functions and economic activities. It will include an understanding of the risks and interdependencies faced by critical actors, and include a wide range of activities related to strengthening resilience, capacity and improving cooperation and information exchange among participants of critical infrastructure protection.	
55		2019.CSR3.2.	2022.EPR2	13	10	2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - Strengthening the civil protection system	M	Adoption of the Civil Protection System Act	Entry into force of the Civil Protection System Act	Number	0	1	O1	2024	MI	Better implementation of all activities at all levels of the system (local, regional and state) and create a better basis for strengthening the system through EU funds. The primary goal is to further improve the organization, role and positioning of the civil protection system in the Republic of Croatia.	
3 - EDUCATION, SCIENCE AND RESEARCH																	
56	268	2019.CSR2.subpart1		4		3 - EDUCATION, SCIENCE AND	M	Adoption of the amendments for a	Entry into force of the amendments adopted to the law				Q4	2023	MSE	The amendments to the law regulating primary and secondary education shall	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
		2020.CSR2.subpart4				RESEARCH - C3.1. R1 Structural reform of the education system		full-day teaching model	regulating primary and secondary education for full-day teaching						define the conditions for the introduction of all-day teaching		
57	186	2019.CSR2.1.				3 - EDUCATION, SCIENCE AND RESEARCH - C3.1. R2-II Digital transformation of higher education	T	Drafting digital educational content and procurement of tablets for conducting teaching at the Polytechnic of Criminology and Public Security	Report from the Ministry of Science and Education (MZO)	Number	0	450	Q4	2023	MI	The digital transformation of police education will be carried out by creating digital educational content, the acquisition of software solutions/licenses and tools for creating digital content and the provision of an adequate number of tablets for teaching, as well as the training of teachers from the Polytechnic of Criminology and Public Security for the creation and use of digital content.	
58		2019.CSR2.subpart1	2022.EPR2	4	1	3 - EDUCATION, SCIENCE AND RESEARCH - Implementation of the student scholarship program	T	Awarding scholarships to students of lower socioeconomic status		Number	10000	12000	Q2	2023	MSE	The project Awarding Scholarships to Students of Lower Socioeconomic Status aims to increase the accessibility to higher education, improve the social dimension of higher education and increase completion rates in higher education by providing state scholarships for students of lower socioeconomic status. The project awards 12.000 direct assistance to students of lower socioeconomic status annually.	42.254.933
59		2019.CSR2.1. 2020.CSR2.3.	2022.EPR2	4	1	3 - EDUCATION, SCIENCE AND RESEARCH - kurikulum Encouraging excellence in vocational training and screening relevant and market-justifiable vocational curricula	M	Drafted the proposed criteria for awarding scholarships	Drafted the proposed criteria for awarding scholarships	Number	0	1	Q3	2023	MSE	To encourage excellence in vocational education, as well as select relevant and market-justified vocational curricula for obtaining qualifications, a proposed scholarship criteria will be developed to increase the number of pupils in vocational curricula relevant for the economic and regional development of the country.	1.053.156
60		2020.CSR2.3.	2022.EPR2	9	1	3 - EDUCATION, SCIENCE AND RESEARCH - Strengthening human potential in science	M	Drafted the Action Plan for Researcher Mobility	Drafted the Action Plan for Researcher Mobility	Number	0	1	Q1	2024	MSE	The Action Plan includes measures to improve the well-being of researchers and encourage their career development, as well as further development of support for researcher mobility and encouraging participation in framework programs for research and innovation.	

4 - LABOUR MARKET AND SOCIAL PROTECTION

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
61	288	2019.CSR2.subpart3 2019.CSR2.subpart2 2020.CSR2.subpart1 2020.CSR2.subpart2		18		4 - LABOUR MARKET AND SOCIAL PROTECTION - C4.1. R2 Strengthening of the system of inclusion and monitoring of vulnerable groups in the labour market through improvements of the employment service processes	M	Entry into force of the amendments to the Labour Market Act	Entry into force of the act amending the Labour Market Act				Q4	2023	MLPSFSP	Entry into force of an amended or new Labour Market Act, which increases the amount and prolongs the duration of unemployment benefits, relaxes requirements for vulnerable workers and digitalises the application process for unemployment benefits in line with the analysis carried out.	35,000
62	298	2019.CSR2.subpart2 2020.CSR2.subpart2		1		4 - LABOUR MARKET AND SOCIAL PROTECTION - C4.2. R1 Increasing pension adequacy through continued pension reform	M	Adoption of the Conclusions on Acceptance of the Report on cost-effectiveness analyses of compulsory pension funds' investments in state-owned enterprises.	Government adoption of the Conclusion on Acceptance of the Report on Profitability Analysis of Compulsory Pension Funds Investments in SOEs.				Q1	2024	MLPSFSP	An expert analyses shall be carried out, followed by a Report on the analyses carried out and endorsed by the Government, and to determine whether a change in the legislative framework in the form of capitalised savings is necessary in order to increase pension adequacy under the 2nd pension pillar.	3,712,522
63	304	2019.CSR2.subpart2 2019.CSR2.subpart3 2020.CSR2.subpart2 2020.CSR2.subpart1		1		4 - LABOUR MARKET AND SOCIAL PROTECTION - C4.3. R1 Transparency and adequacy of social benefits in the social protection system	T	Beneficiaries of the Guaranteed Minimum Benefit		Number	56905	68000	Q4	2023	MLPSFSP	By increasing the census from HRK 800 to HRK 1,000 and increasing personal factors by 25% for households with children, as well as easing the most difficult eligibility criteria for exercising the right to the GMB, better coverage and an increase in the number of beneficiaries are expected as follows: - Initial value (April 2021) - 56,905 users - Target value (December 2023) - 68,000 users	126,709,027

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
64	316	2019.CSR2.subpart2 2020.CSR2.subpart3 2020.CSR2.subpart2		1		4 - LABOUR MARKET AND SOCIAL PROTECTION - C4.3. R3-I3 Improving the digitalisation of social welfare system and implementing system on methodology to calculate the prices of social services	M	IT system calculation of prices for social services and service providers in the network	Developed and functional IT system for calculation of prices for all social services and all service providers in the network				Q2	2023	MLPSFSP	Data management IT system developed to automatically collect and analyse data and calculate prices for all types of provided social services and all social service providers in the network. The investment shall finance software, hardware and educational requirements for enabling full functionality of the solution.	585,905
65				1	15	4 - LABOUR MARKET AND SOCIAL PROTECTION - Improving the a new national allowance for the elderly	M	Adoption of amendments to the National Elderly Allowance Act	Entry into force of the Act on Amendments to the National Elderly Allowance Act				Q1	2024	MLPSFSP	Enactment of the amended National Elderly Allowance Act, which will redefine the conditions for exercising rights and/or the amount of the National Elderly Allowance in order to achieve the goal of the Act itself, i.e. to increase its scope	
66						4 - LABOUR MARKET AND SOCIAL PROTECTION - Strengthening social policy and social solidarity towards the most vulnerable	M	Adoption of the Personal Assistance Act	Enactment of the Personal Assistance Act				Q3	2023	MLPSFSP	With the entry into force of the Personal Assistance Act, the personal assistance service will be standardized, that is, for the first time, all important issues related to the personal assistance service, which includes the service of a personal assistant, interpreter / translator of Croatian sign language / communication intermediary and the service of a sighted companion, will be legally regulated.	185,936,831
67				1	11	4 - LABOUR MARKET AND SOCIAL PROTECTION - REDUCING POVERTY, Child Guarantee	M	Adoption of the National Action Plan for the Implementation of the European Child Guarantee in Croatia	Adopted the National Action Plan for the Implementation of the European Child Guarantee in Croatia				Q4	2023	MLPSFSP	The National Action Plan for the implementation of the European Child Guarantee in Croatia represents the basis for additional investment in the development of services for children and additional support mechanisms aimed at children at risk of poverty and social exclusion. Applying measures with an integrated approach to child care will reduce the number of children living at risk of poverty and social exclusion.	
68				1	10	4 - LABOUR MARKET AND SOCIAL PROTECTION -	M	Adoption of the Operational Plan for the Deinstitutionalisation, Prevention of	Adopted the Operational Plan for the Deinstitutionalisation, Prevention of				Q4	2023	MLPSFSP	It aims to reduce the number of users in institutions and ensure a life in the community and the development of community support services, to ensure	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
						Development and Expansion of the network of social services, transformation of social welfare institutions and deinstitutionalisation of users	Institutionalization and Transformation of Social Service Providers in the Republic of Croatia from 2022 to 2027	Institutionalization and Transformation of Social Service Providers in the Republic of Croatia from 2022 to 2027								regional equity and availability of services.	
69				10		4 - LABOUR MARKET AND SOCIAL PROTECTION - Development and Expansion of the network of social services, transformation of social welfare institutions and deinstitutionalisation of users	M Adoption of the Ordinance on a Single Methodology for Means Assessment	Adopted the Ordinance on a Single Methodology for Means Assessment				Q2	2023	MLPSFP	The Ordinance on a Single Methodology for Means Assessment, will lead to the drafting of new social plans based on a unique methodological approach. Social plans at the county level, to be developed according to the unique methodology for needs assessment, will facilitate development of a transparent social welfare system within which a network of services will be developed in line with the needs of local communities		
5 - HEALTH CARE																	
70	319	2020.CSR1.subpart2		3		5 - HEALTH CARE - C5.1. R1 Improving the efficiency, quality and accessibility of the health system	T Optimising time for diagnostic treatment – waiting lists		Number	400	270	Q4	2023	MH	Waiting time period for patients on diagnostic treatment shall be reduced to 270 days from the current waiting list time frame of 400 days.		
71	325	2020.CSR1.subpart2		3		5 - HEALTH CARE - C5.1. R1-16 Digital image diagnostics Clinical Hospital 'KB Dubrava'	T Diagnostic medical devices in Clinical Hospital (KB) Dubrava		Number	0	8	Q2	2023	MH	Purchase and installation of eight diagnostic medical devices and Digital radiological equipment for the Clinical Institute for Diagnostic and Intervention Radiology. All devices are planned to be gradually installed while all shall be operational at the latest by 30 June 2023.	6,264,102	
72	326	2020.CSR1.subpart2		3		5 - HEALTH CARE - C5.1. R1-17 Equipping new facilities for day hospital and one-day surgery and integrated emergency hospital admission and adaptation of Neurosurgery Clinic at Clinical Hospital Centre	T New facilities at the Clinical Hospital Centre (KBC) Sestre Milosrdnice (Sisters of Mercy)		Number	0	2	Q4	2023	MH	The Clinical Hospital Centre (KBC) Sestre Milosrdnice shall be equipped with integrated emergency hospital admission facilities, day hospital and one-day surgery facilities with medical, non-medical equipment and furniture.	16,277,093	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
						'KBC Sestre Milosrdnice' (Sisters of Mercy)											
73	327	2020.CSR1.subpart2		3		5 - HEALTH CARE - C5.1. R1-I8 Pre-operational treatment and treatment of patients with pharmacoresistant epilepsy in General Hospital 'KB Dubrava'	T	Medical devices for Operational treatment and treatment of patients with pharmacoresistant epilepsy in Clinical Hospital (KB) Dubrava		Number	0	10	Q2	2023	MH	For the purpose of further development of the Institute of Neurology at Clinical Hospital (KB) Dubrava ten medical equipment (devices) shall be installed and made operational by 30 June 2023 at the latest. The investment shall include the acquisition of equipment such as SEEG 256 canal recording devices, digital EMNG and EP 12 channel imaging device. Radio Frequency (RF) thermocoagulation device and adaptation of adequate spatial capacity.	795,970
74	337	2019.CSR1.subpart1 2019.CSR1.subpart2 2020.CSR1.subpart2		3		5 - HEALTH CARE - C5.1. R4 Ensuring the financial sustainability of the health system	T	Functional integration of hospitals		Number	12	20	Q4	2023	MH	Functional integration of at least 8 hospitals shall be completed, to rationalise the hospital system through reduction/redistribution of activities and reduction of acute stationary capacity, strengthening day-to-day hospitals as more cost-effective treatments.	
75	338	2019.CSR1.subpart1 2019.CSR1.subpart2 2020.CSR1.subpart2		3		5 - HEALTH CARE - C5.1. R4 Ensuring the financial sustainability of the health system	T	Joint procurement procedure for health institutions		%	0	85	Q4	2023	Health care institutions/MH	At least 85% of purchasing categories, representing at least 80% of total government managed hospitals' spending, shall be procured through a joint procurement procedure. To achieve the target, based on an amendment of the decision on the mandatory joint conduct of a specific procurement procedure for health institutions – the Ministry of Health (MIZ) shall: i) decide to exercise a joint procurement procedure; ii) conclude agreements with joint procurement stakeholders; iii) set up expert panels to draw up technical specifications for the categories concerned; and iv) implement the procurement categories referred to in the decision on the mandatory joint implementation of a specific	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
															procurement procedure for health institutions – after entry into force of technical specifications. Joint procurement procedures shall be conducted in accordance with the Act on Public Procurement and framework agreements/contracts conclusion.		
76	347	2020.CSR1.subpart2		3		5 - HEALTH CARE - C5.1. R5-II Digital integration of operating theatres and robotic surgery at KBC Split	T	Digitised, integrated operating halls (Firule and Križine) and robotic system at the Firule site installed and functional		Number	0	4	Q4	2023	MH / KBC Split	The project includes digitisation and integration of 4 operating theatres in Firule and Križine, as well as a robotic system at the Firule site. The digital transition, integration and robot surgery shall change the treatment pathway by improving the quality of surgical treatment, improving patient safety, achieving greater transparency in treatment, better controlling costs and health outcomes, reinforcing and consolidating key health information infrastructure resources and modernising paperless healthcare services.	9.875.074
77	350	2020.CSR1.subpart2		3		5 - HEALTH CARE - C5.1. R5-I4 Digitalisation and integration of operating rooms equipped with robotic surgery in Clinical Hospital Centre 'KBC Sestre Milosrdnice' (Sisters of Mercy)	T	Operating theatres Clinical Hospital Centre (KBC) Sestre milosrdnice (Sisters of Mercy) equipped with robotic surgery		Number	0	4	Q4	2023	KBC Sestre milosrdnice, MH	At least 4 newly equipped operating rooms with state-of-the-art robot technology, The following functionality shall be possible: obtaining all data about the patient in real time on the monitor's screen in the operating room itself during the operation. Furthermore, it shall be possible to have all patient imaging material available on the monitor's screen during the operation contributing to safer and more effective procedures. Integration shall also allow the use of other diagnostic and therapeutic devices in the same operating theatre, which shall also be integrated into the integrated operating room system.	23.895.383
78				3	16	5 - HEALTH CARE - Improving the efficiency, quality and accessibility of the health care system and	M	Health Care Service Network	Adopted new Health Care Service Network	Number	1	1	4Q	2023	MH	Adoption of a new Health Care Service Network in accordance with the health needs of the population, based on the following data: total number of inhabitants, total number of	

No	Reference					Measure (<i>reform or investment</i>)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementati on period		Author ity	Description of milestone and target	Impleme ntation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
						investments into eHealth									insured persons before the Croatian Health Insurance Fund (HZZO/CHIF), demographic characteristics of the population, health status of the population, social structure of the population, gravitating number of inhabitants, characteristics of individual areas, availability health resources, the impact of the environment on the health of the population and economic opportunities. The last overall Public Health Service Network was adopted in its entirety in 2012.		
79				3	16	5 - HEALTH CARE - Promoting healthy living habits and prevention of illnesses	M	Preventive Medical Check-Ups Program	Adopted the Preventive Medical Check-Ups Program	Number	0	1	4Q	2023	MH	Adoption of the Preventive Medical Check-Ups Program. Preventive health check-ups will be available to all adult citizens through mandatory health insurance, and will be defined according to the person's age and gender. The purpose of preventive health check-ups is to enable every adult citizen, through mandatory health insurance, to actively take care of their health, preserve and increase the quality of life, and detect the onset of diseases on time, that is, at the earliest possible stage.	
80				3	16	5 - HEALTH CARE - Promoting healthy living habits and prevention of illnesses	M	Action Plan for Obesity Prevention 2023-2026	Adopted the Action Plan for Obesity Prevention 2023-2026	Number	0	1	4Q	2023	MH	Adoption of the Action Plan for Obesity Prevention 2023-2026, which will be elaborated according to life periods and priority areas of interventions to take measures aimed at promoting healthy lifestyles and preventing risk factors and strengthening activities aimed at identifying, monitoring and treating obesity.	
81				3	16	5 - HEALTH CARE - Promoting healthy living habits and prevention of illnesses	T	National Preventive Programs - new	To adopt at least one national preventive program	Number	4	5	4Q	2023	MH	Early detection of a malignant disease significantly increases the possibility of being cured. Therefore, the National Preventive Programs are being improved for the targeted, at-risk population. Currently, within the	

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
															Croatian health care system, the National Preventive Programs for the early detection of breast cancer, the National Preventive Programs for the early detection of cervical cancer, the National Preventive Programs for the early detection of colon cancer, and the National Programs for the prevention of lung cancer are active. By the end of 2023, at least one new National Preventive Program will be adopted to prevent the most serious diseases.		
6 - RENOVATION OF BUILDINGS																	
82	369	2019.CSR3.subpart3 2020.CSR3.subpart6 2020.CSR3.subpart8 2022.CSR3.subpart4 2022.CSR3.subpart1		7 9 11 13 17		6 - RENOVATION OF BUILDINGS - C6.1. R5 Introduction of a new model of green urban renewal strategies and implementation of a pilot project for the development of green infrastructure and the circular management of buildings and space	T	The adoption of green urban renewal strategies		Number	0	10	Q4	2023	MPGI	Adoption of at least 10 green urban renewal strategies to provide the basis for the development of sustainable space, with a focus on developing green urban infrastructure and integrating nature-based solutions, integrating models for circular management of space and buildings, strengthening resilience against risks and climate change, and supporting the overall sustainable development.	508.527
83	371	2019.CSR3.subpart3 2020.CSR3.subpart8		7 9 11 12 13		6 - RENOVATION OF BUILDINGS - C6.1. R6 Pilot project for the establishment and implementation of systematic management energy and the development of a new financing model	M	Successfully completed systematic energy management pilot project with the aim to test a new energy efficiency renovation financing model					Q4	2023	MPPCD A, APN	Following a public call, the Ministry of Physical Planning, Construction and State Assets in cooperation with Croatian Government Real Estate Agency shall implement a pilot project covering all energy and water consumption sectors in the pilot local government unit by setting up automatic data collection on energy and water consumption in multi-dwelling buildings in the selected pilot area. The objective of the pilot project is to achieve energy and water savings by setting up and implementing systematic energy management and allow for the testing the implementation possibilities of the new financing model for energy	1.139.095

No	Reference					Measure (reform or investment)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Implementation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
															renovation of multi-dwelling buildings, including a cost-benefit analysis for its application at the national level. On the basis of the pilot project guidelines on the application of the energy consumption management for multi-dwelling buildings model at national level shall be developed.		
84		2022.CSR3.4.		7		6 - RENOVATION OF BUILDINGS - Program for the Energy Renovation of Family Houses for the Period Until 2030	M	Public call for co-financing energy renovation of family houses	Announcement of public call on official website of MPPCDA and EPEEF				Q2	2023	MPPCDA, EPEEF	In 2022, the Government adopted a package of measures to help citizens, which included subsidies for citizens as a protection measure against rising energy prices. As part of the comprehensive Spring Package of Measures to help citizens and the economy mitigate the rise in energy prices and protection against inflation, in March 2023, the Government adopted Information on the Energy Renovation of Houses and Buildings in the Republic of Croatia, which strengthened the energy renovation of buildings in the Republic of Croatia using funds from the income obtained from the sale of emission units in the Republic of Croatia (EUR 225 million) with where the plan is to restore 300 multi-apartment buildings, 10,000 family houses and 1,000 family houses of citizens at risk of energy poverty. To reduce the consequences of the energy crisis, the plan is to adopt the Program for Energy Renovation of Family Houses for the period until 2030, based upon which the plan is to publish a public call in 2023 for the allocation of grants to the owners of family houses to encourage the implementation of measures to increase the energy efficiency of family houses and reduce annual energy needs for heating and cooling of residential premises.	

No	Reference					Measure (<i>reform or investment</i>)	Milestone / Target	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Implementati on period		Author ity	Description of milestone and target	Impleme ntation cost (all sources in euros)	
	NRRP	CSR	EPR	SDG	ESSP				Unit measure	Initial value	Target value	Quarter	Year				
85		2022.CSR3.4.		7		6 - RENOVATION OF BUILDINGS - Amendments to the Program for Energy Renovation of Multi-Apartment Buildings for the period until 2030	M	Public call for co-financing energy renovation of multi-apartment buildings	Announcement of public call on official website of MPPCDA and EPEEF				Q2	2023	MPPCD A, EPEEF	To reduce the consequences of the energy crisis, amendments are planned for the Program for the Energy Renovation of Multi-Apartment Buildings for the period up to 2030, on the basis of which a public call for co-financing the energy renovation of multi-apartment buildings is planned to be published in 2023.	

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	Awarding scholarships to students of lower socioeconomic status	A total of 12,000 direct support to students of lower socioeconomic status will be awarded annually, with the aim of increasing the accessibility to higher education, improving the social dimension of higher education and increasing completion rates in higher education.
	Drafted the proposed criteria for awarding scholarships	Proposed scholarship criteria will be developed to increase the number of pupils in vocational curricula relevant for the economic and regional development of the country.
	Drafted the Action Plan for Researcher Mobility	Measures will be defined to improve the well-being of researchers and encourage their career development, as well as further development of support for researcher mobility and encouraging participation in framework programs.
10. Healthy, safe and well-adapted work environment and data protection	Adoption of the Critical Infrastructure Act	Improvements will be made to the provision of services in the internal market necessary for maintaining vital social functions and economic activities.
	Adoption of the new Civil Protection System Act	Improvements will be made to the implementation of all activities in civil protection at all levels of the system (local, regional and state) and a better basis for strengthening the system will be made, through further improving the organization, role and positioning of the civil protection system in the Republic of Croatia.
11. Childcare and support to children	Adoption of the National Action Plan for the Implementation of the European Child Guarantee in Croatia	There will be further investments in developing services for children and developing additional support mechanisms aimed at children at risk of poverty and social exclusion. Applying measures with an integrated approach to child care will reduce the number of children living at risk of poverty and social exclusion.
15. Old age income and pensions	Entry into force of the Act on Amendments to the National Elderly Allowance Act	The conditions for exercising rights and/or the amount of the National Elderly Allowance to increase its scope will be redefined.
16. Health care	Health Care Service Network	Adoption of the new Health Care Service Network to increase accessibility to health care services.
	Preventive Medical Check-Ups Program	Make medical check-ups available to all adult citizens through mandatory health insurance.
	Action Plan for Obesity Prevention 2023-2026	Measures will be defined for promoting healthy lifestyles and preventing risk factors and strengthening activities aimed at identifying, monitoring and treating obesity.
	National Preventive Programs - new	Improve the national preventive programs for the early detection of malignant diseases to increase the possibility of treatment.

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	Entry into force of the amendments to the Labour Market Act	The amount and duration of unemployment benefits will be increased, requirements for vulnerable workers relaxed, and the application process for unemployment benefits will be digitalised.
	<i>Contributions and achieving SDG 8</i>	
	Adoption of the Conclusions on Acceptance of the Report on cost-effectiveness analyses of compulsory pension funds' investments in state-owned enterprises.	Efforts will be made to determine whether a change in the legislative framework in the form of capitalised savings is necessary to increase pension adequacy under the 2nd pension pillar.
	Users of Guaranteed Minimum Benefit	Increasing the census from EUR 106.18 to EUR 132.72 and increasing the personal factors by 25% for households with children and mitigating the most difficult eligibility criteria for exercising the right to the GMB, will give better coverage and increase the number of beneficiaries.
	IT system for calculating prices for social services and service providers in the network	An IT system for calculating prices for all social services and all service providers in the network will be developed.
	Entry into force of the Act on Amendments to the National Elderly Allowance Act	The conditions for exercising rights and/or the amount of the National Elderly Allowance to achieve the goal of the Act itself and to increase its scope will be redefined.
	Adopted the National Action Plan for the Implementation of the European Child Guarantee in Croatia	The basis for additional investment in developing services for children and additional support mechanisms aimed at children at risk of poverty and social exclusion will be ensured. Applying measures with an integrated approach to child care will reduce the number of children living at risk of poverty and social exclusion.
	Adoption of the Operational Plan for the Deinstitutionalisation, Prevention of Institutionalization and Transformation of Social Service Providers in the Republic of Croatia from 2022 to 2027	Reducing the number of users in institutions and ensuring a life in the community including the development of community support services.
	Adoption of the Ordinance on a Single Methodology for Means Assessment	New social plans based on a single methodological approach will be devised, facilitating the development of a transparent social welfare system.
	<i>Contributes also to achieving SDG 10</i>	
2. End hunger, achieve food security and improved nutrition	Logistics and distribution centre built and operating.	Primary processing of fruit and vegetables is planned to make use of products of a non-standardised quality and thus avoid food waste (waste). The storage capacity of the LDC shall be at least 3 000 up to maximum 12 000 tonnes.
	<i>Contributes also to achieving SDG 8</i>	

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
and promote sustainable agriculture	Establishment of the Traceability Information System	The planned traceability information system shall enable better informing of consumers in the form of monitoring the traceability of agricultural and food products.
	Support Scheme for the infrastructure equipping of food banks and intermediaries in the food donation chain	Infrastructural equipping of food banks and intermediaries in the food donation chain.
	<i>Contributes also to achieving SDG 12</i>	
3. Ensure healthy lives and promote well-being for all at all ages	Optimising time for diagnostic treatment – waiting lists	Waiting time for patients on diagnostic treatment will be reduced to 270 days from the current waiting list time frame of 400 days.
	Diagnostic medical devices in Clinical Hospital (KB) Dubrava	Eight diagnostic medical devices and digital radiological equipment for the Clinical Institute for Diagnostic and Intervention Radiology will be procured.
	New facilities at the Clinical Hospital Centre (KBC) Sestre Milosrdnice (Sisters of Mercy)	The Clinical Hospital Centre (KBC) Sestre Milosrdnice will be equipped with integrated emergency hospital admission facilities, day hospital and one-day surgery facilities with medical, and non-medical equipment and furniture.
	Medical devices for Operational treatment and treatment of patients with pharmaco-resistant epilepsy in Clinical Hospital (KB) Dubrava	It includes the procurement of digital devices for SEEG 256 canal recording devices, digital EMNG and EP 12 channel imaging device. Radio Frequency (RF) thermocoagulation device and adaptation of adequate spatial capacity will be installed.
	Functional integration of hospitals	Functional integration of at least 8 hospitals will be completed to rationalise the hospital system through reduction/redistribution of activities and reduction of acute stationary capacity, strengthening day-to-day hospitals as more cost-effective treatments.
	Joint procurement procedure for health institutions	At least 85% of purchasing categories, representing at least 80% of total government-managed hospitals' spending, shall be procured through a joint procurement procedure.
	Digitised, integrated operating halls (Firule and Križine) and robotic system at the Firule site installed and functional	Digitisation and integration of 4 operating theatres in Firule and Križine, as well as a robotic system at the Firule site.
	Operating theatres Clinical Hospital Centre (KBC) Sestre milosrdnice (Sisters of Mercy) equipped with robotic surgery	At least 4 newly equipped operating rooms with state-of-the-art robot technology,
	Health Care Service Network	Improvements to the new Health Care Service Network in accordance with the health needs of the population.
	Preventive Medical Check-Ups Program	Preventive health examinations will be available to all citizens of legal age through mandatory health insurance.
	Action Plan for Obesity Prevention 2023-2026	Measures for promoting a healthy lifestyle and preventing risk factors will be defined, including strengthening activities directed to recognising, monitoring and treating obesity.
	National Preventive Programs - new	At least one new national preventive program with the aim of preventing more serious diseases will be adopted.

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Adoption of the amendments for a full-day teaching model	The conditions for the introduction of full-day teaching will be defined.
	Awarding scholarships to students of lower socioeconomic status	Increasing the accessibility to higher education, improve the social dimension of higher education and increase completion rates in higher education by providing state scholarships for students of lower socioeconomic status.
	Drafted the proposed criteria for awarding scholarships	The proposed criteria will be developed to increase the number of pupils in vocational curricula relevant for the economic and regional development of the country.
6. Ensure availability and sustainable management of water and sanitation for all	Integration of water service providers	Integration of the existing 200 public water supply providers into 40, in accordance with the principle of one supplier for each service area.
	Works contracts concluded for sewage / wastewater infrastructural projects	The signing of at least 60 works contracts for sewage/wastewater infrastructural projects related to contracts which will be awarded by the end of 2023.
	Works contracts concluded for water supply projects	100 works contracts signed for water-based projects relating to contracts to be awarded by the end of 2023.
	Built or reconstructed public water supply network	At least 673 km of public water supply network constructed or reconstructed.
	Flood protective structures built	At least 65 km of flood protective structures built to protect against the harmful effects of water.
7. Ensure access to affordable, reliable, sustainable and modern energy for all	Construction permit granted for the upgrade of the high-voltage network	Revitalisation, construction and digitisation of the energy system and associated infrastructure for the decarbonisation of the energy sector.
	Adopted the Plan for the Production and Use of Biofuels in Transport	The plan will determine the policy for promoting the production and use of biofuels in transport in the Republic of Croatia.
	The adoption of green urban renewal strategies	At least 10 green urban renewal strategies will be adopted to provide the basis for the development of sustainable space.
	<i>Contributes also to achieving SDG 9, 11, 13 and 17</i>	
	Successfully completed systematic energy management pilot project with the aim to test a new energy efficiency renovation financing model	The pilot project will be devised to cover all sectors of energy and water consumption in local self-government units by introducing automatic acquisition of data on energy and water consumption in multi-apartment buildings for the chosen pilot-area. Based on the pilot-project, guidelines for implementing the energy consumption management model will be devised at the national level.
	<i>Contributes also to achieving SDG 9, 11, 13</i>	
Public call for co-financing energy renovation of family houses	The plan is to adopt the Program for Energy Renovation of Family Houses for the period until 2030, based upon which the plan is to publish a public call in 2023 for the allocation of grants to the owners of family houses to encourage the implementation of measures to increase the energy efficiency of family houses and reduce annual energy needs for heating and cooling of residential premises.	
Public call for co-financing energy renovation of multi-apartment buildings	Amendments to the Program for the Energy Renovation of Multi-Apartment Buildings for the period up to 2030 will be adopted, based upon which a public call for co-financing the energy renovation of multi-apartment buildings is planned to be published in 2023.	

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Drawing up the Sustainable Tourism Satellite Account of the Republic of Croatia <i>Contributes also to achieving SDG 12</i>	The conditions for managing and monitoring the development of tourism through defined tourism sustainability indicators at both national and regional level will be created.
	Entry into force of the Tourism Act <i>Contributes also to achieving SDG 12</i>	It will create a framework for the monitoring and development of the tourism sector through the establishment of a data monitoring and analysis system, a system of incentives, monitoring and analysis of investments, the definition of the role of key stakeholders in the development of tourism and inter-service cooperation, and the definition of indicators and standards for ensuring the sustainability of tourism (in particular green and digital standards).
	New legal framework on state-owned enterprises, incorporating the recommendations of the OECD.	A unique regulatory framework in the field of corporate governance of state-owned enterprises in Croatia will be established. The new regulatory framework shall also provide for the establishment of a central coordination unit with a view to a more efficient implementation of proprietary policy in the medium term, i.e. horizontal coordination between competent authorities in charge of carrying out the functions of proprietary powers.
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Programmes and activities aimed at designing and managing innovative public procurement	Programmes to provide professional assistance to procurers in innovation-related procurement procedures. The Competition Centre for Innovative Public Procurement set up in HAMAG-BICRO (Croatian Agency for Small Businesses, Innovation and Investment) shall be strengthened and its staff trained to provide training on public procurement of innovation on its own. The administrative capacity of MINGOR (Ministry of Economy and Sustainable Development) shall also be strengthened in the same way.
	Verification prototypes of fully autonomous and electric vehicles as well as associated testing	Completed production of verification prototypes, including the development of the required autonomous electric vehicle platform and battery systems, testing of prototypes and testing of autonomous driving systems.
	Drafted the Action Plan for Researcher Mobility	Measures to improve the well-being of researchers and encourage their career development will be defined, as well as further development of support for researcher mobility and encouraging participation in framework programs for research and innovation.
	Signing of grant contracts for the implementation of projects under the Framework National Broadband for Development of Broadband Internet (FNP)	After the selection process, grant contracts will be signed for 20 projects under the FNP, which will fulfil the prerequisites for the development of broadband infrastructural access in areas where there is insufficient commercial interest for investments.
	Signing of the grant contract for the construction of passive electronic communications infrastructure	Signing the Contract will ensure financing for the construction of passive electronic communications infrastructure which allows linking up to gigabyte networks (VHCN including 5G networks) in rural and poorly inhabited areas in which there is no commercial interest for building 5G networks.
10. Reduce inequality within and among countries	Entry into force of the Critical Infrastructure Act	Will provide a better understanding of the risks faced by critical entities; it will include a wide range of activities related to strengthening resilience, capacity and improving cooperation and information exchange among participants in the protection of critical infrastructure.

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
	Entry into force of the Civil Protection System Act	Better implementation of all activities at all levels of the system (local, regional and state) and create a better basis for strengthening the system, by further improving the organization, role and positioning of the civil protection system in the Republic of Croatia.
11. Make cities and human settlements inclusive, safe, resilient and sustainable	Establishment of an e-conservation service	By establishing the digital public service (e-conservation base) linked to existing digital public services, the system for protecting and conserving protection cultural-historical units will be improved in line with the Act on the Protection and Conservation of Cultural Property.
	Introduction of a functional system for exercising the rights of persons with disabilities in the field of mobility	A single document shall be established to allow persons with disabilities to use the functional system and exercise the same rights throughout the territory of Croatia (invalidity e-card) and, at least 50% of the envisaged cards shall be issued to persons with disabilities who have rights in the field of mobility.
12. Ensure sustainable consumption and production patterns	Support Scheme for the infrastructure equipping of food banks and intermediaries in the food donation chain <i>Contributes also to achieving SDG 2</i>	Infrastructural equipping of food banks and intermediaries in the food donation chain.
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	Establishment of a new public procurement platform and mobile application	The new platform for conducting public procurement procedures, and the mobile application shall be operational, with public procurement procedure being launched on the new e-tendering platform.
	Establishment of an e-conservation service	The documentation management in public authorities will be improved and other document creators as essential supporting functions for all business processes. The digital public service (e-conservation base) linked to existing digital public services shall be established, removing administrative obstacles in the licensing process under the Act on the Protection and Conservation of Cultural Property.
	Amendments to the Act on Regulatory Impact Assessment	The ex-post regulatory impact assessment processes will be simplified, including methodology and procedures. The amendments shall also include changes to the job descriptions and catalogue of competences of civil servants related to the impact assessment with a view to the professionalisation of the coordination, drafting and monitoring of the effects of the regulation in public administration.
	Adoption of amendments to the legislative framework in the area of justice with the new Non-contentious Procedure Act.	Will enable shortening court proceedings, speed up the resolution of administrative disputes, reduce the flow of cases and reduce costs. It will facilitate citizen access to courts, ensures quality and transparent redress and removes legal uncertainty. The business of notaries through ICT solutions will be modernised. It will allow the electronic handling of cases and allowing for a more efficient redistribution of cases within the courts. It will allow for the specialisation of judges and the establishment of specialised family units in municipal courts, the revising of conditions for providing expertise and interpretation. The jurisdiction to decide on status issues shall be transferred from the courts to the Ministry of Justice and Public Administration and the system of oversight and accountability will be strengthened.
	The establishment of four mediation centres at commercial courts in Zagreb, Split, Osijek and Rijeka and adopted amendments to the Mediation Act	Voluntary mediation in litigious cases and administrative disputes will be improved, reducing case length and costs. Four mediation centres shall be set up for training mediators and implementation of mediation procedures.
	New Framework Benchmarks for the work of judges adopted and an active	Indicative benchmarks for the work of judges, which prescribe an increased number of cases to be resolved with a view to encouraging more cases to be dealt with, in particular old cases. The use of the tool for the

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
	judicial case management tool introduced	active management of court cases in selected courts, including the Municipal Civil Court in Zagreb, shall result in greater efficiency.
	Evaluation of the effects of the Law on the right of access to information	Recommendations will be taken into account in the context of future amendments to the Act on the Right of Access to Information.
	Application of OECD corporate governance recommendations on majority ownership of local and regional units	Published Handbook on: -The application of OECD recommendations on corporate governance in majority ownership by local and regional government units. -The introduction and implementation of a compliance function in all legal entities obliged to establish it. Importance of implementing anti-corruption policies, introducing a code of ethics and a better established compliance function.
	Introducing the quality management system in SABs	Introducing quality management will be achieved through greater competitiveness of the economy, satisfaction of users of public administration services, as well as greater efficiency and agility of public administration.
	Ensuring conditions for effective service of court documents	The service procedure in all court proceedings will be regulated.
	Improving the court mediation system	An analysis of the mediation system in the Republic of Croatia in relation to the mediation systems of some other EU members will be prepared, a manual on judicial mediation will be prepared, the training of persons will continue by conducting training for mediators, and a campaign for raising awareness will be conducted.
	Improving the land registry procedure	Will further improve the Individual Corrective Procedure as a particular land register procedure with the aim of shortening the time and quicker resolution of land register cases.
	Further improvement to the whistleblower protection system	An analysis will be done of the current implementation of the Whistleblower Protection Act in state-owned enterprises.
	Legislative regulation of the lobbying system	Will regulate lobbying activities to the highest ethical standards. Under this framework, the plan is to also regulate the issue of the structure, content and manner of maintaining the register of lobbyists, restrictions on work undertaken by lobbyists, sanctions for violating the law and other lobbying issues.
	Set-up of the central interoperability system	Will allow online provision of the 21 procedures listed in Annex II of the Single Digital Gateway Regulation
	Establishment of a one-stop shop	Ensure the provision of information and customer support to citizens and businesses in a single centralised location.
	CEZIH IT system	Ensure the consolidation of the central health information system.
CES' digital identity and human resources management system	The digitisation and informatisation of the HZZ/CES (eHZZ) will be improved.	

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	
Special Recommendations for Croatia 2019																							
CSR1	1.1. Reinforce the budgetary framework and monitoring of contingent liabilities at central and local levels.																						
	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, renewables and environmental infrastructure, taking into account regional disparities.																						

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
	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.	●																					

Special Recommendations for Croatia 2020

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.																					●	
	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.																					●	

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
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.		●	●	●	●																	●
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												●			●							
Special Recommendations for Croatia 2022																							
CSR1	1.1. In 2023, ensure that growth in nationally funded primary current																						

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
	expenditure is in line with the overall neutral political stance, taking into account continued temporary and targeted support for households and businesses most vulnerable to energy price increases and people fleeing Ukraine. Adjust current consumption to the new situation.																						
	1.2. Expand public investment for green and digital transitions and for energy security taking into account the REPowerEU initiative, including the use of the Recovery and Resilience Facility and other EU funds.		●																				
	1.3. Follow a fiscal policy aimed at achieving a prudent medium-term fiscal position.																						
CSR2	2.1. Continue to implement its recovery and resilience plan, in line with milestones and targets from the Council Implementing Decision of 20 July 2021.	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	3.1. Diversify fossil fuel imports and reduce general dependence on fossil fuels. Renewable energy sources, energy infrastructure and networks.		●			●																	●
	3.2. Quicken the uptake of renewable energy sources by simplifying procedures for administrative authorisations and permits.		●			●																	
	3.3. Further upgrades of electricity transmission and distribution networks and investment in electricity storage.		●																				
CSR3	3.4. Step up actions to reduce energy demand by improving energy					●																	●

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
	efficiency, mainly in residential buildings, and reduce dependence on fossil fuels in heating.																						
	3.5. Strengthen measures to reduce energy demand by improving energy efficiency and reducing dependence on fossil fuels in the transport sector.			●																			

Addendum 2. Alignment of NRP with the principles of the European Pillar of Social Rights

Components Code	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
	1	2	3	4	5	6	1	2	3	4	5	6	7	8	9	1	2	1	2	3	1	1

Principles of the European Pillar of Social Rights (EPSR):

1. Education, training and life-long learning																	●					
2. Gender equality ⁸³																						
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																						
19. Housing and assistance for the homeless																						
20. Access to essential services																						

⁸³ 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 Code	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):

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 ⁸⁴																						
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			●														●					
10. Reduce inequality within and among countries										●												

⁸⁴ Elaborated in the NRRP chapters relating to gender equality and equal opportunity for all.

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

UN Sustainable Development Goals (SDGs):

11. Make cities and human settlements inclusive, safe, resilient and sustainable				●																			
12. Ensure sustainable consumption and production patterns					●																		
13. Take urgent action to combat climate change and its impacts																							
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development																							
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																							
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							●	●	●		●	●											
17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development																							

Addendum 4. Progress based on achieved SDGs⁸⁵

Indicator	Unit	Initial		Most Recent	
		Year	Value	Year	Value
Goal 1 - No poverty					
People at risk of poverty or social exclusion	% population	2016	23,5	2021	20,9
People at risk of poverty or social exclusion in rural areas	% population	2016	30,3	2021	26,8
People at risk of income poverty after social transfers	% population	2016	19,5	2021	19,2
Severely materially deprived people	% population	2016	7,3	2021	3,5
People living in households with very low work intensity	% population aged 0 to 64 years	2016	11,1	2021	7,5
In work at-risk-of-poverty rate	% population aged 18 and older	2016	5,6	2021	4,9
Housing overburden rate	% population	2016	6,4	2021	4,5
Self-reported unmet need for medical examination and care	% population aged 16 and older	2016	1,7	2021	1,7
Overcrowding rate	% population	2015	7,3	2020	5,1
Goal 2 - Zero hunger					
Obesity rate by body mass index (BMI)	% population aged 18 and older	2014	18,7	2019	23,0
Agricultural factor income per annual work unit (AWU)	EUR, chained values (2010)	2016	5 946	2021	7 184
Government support to agricultural research and development	EUR per inhabitant	2016	2,00	2021	1,40
Area under organic farming	% used agricultural area	2015	4,94	2020	7,21
Harmonised risk indicator for pesticides (HRI1)	index, average 2015 – 2017 = 100	2015	106	2020	77
Ammonia emissions from agriculture	kg per ha of used agricultural area	2015	16,1	2020	17,3
Estimated soil erosion by water	km ²	2010	3 780,9	2016	2 562,1
Goal 3 - Good health and well-being					
Healthy life years at birth	in years	2015	56,1	2020	58,5
Share of people with good or very good perceived health	% population aged 16 and more years	2016	59,2	2021	62,8
Smoking prevalence	% population aged 15 and more years	2014	33	2020	36
Standardised death rate due to tuberculosis, HIV and hepatitis	standardized mortality rate	2015	2,74	2020	1,55
Standardised preventable and treatable mortality	standardized mortality rate	2015	393,71	2020	395,15
Self-reported unmet need for medical examination and care	% population aged 16 and more years	2016	1,7	2021	1,7
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	2015	2,16	2020	2,89
Population living in households considering that they suffer from noise	% population	2015	8,3	2020	8,1
Road traffic deaths	number of deaths	2015	348	2020	237
Exposure to air pollution by particulate matter	particles < 2.5 µm	2015	1 126	2020	996

⁸⁵ The table shows the indicators that measure Croatia's progress towards achieving the UN Sustainable Development Goals (SDGs). 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. To be able to evaluate the trend in the five-year period, the latest available values and the values at the beginning of the five-year period are shown. **The data were retrieved on 22 March 2023 from the Eurostat database.**

Indicator	Unit	Initial		Most Recent	
		Year	Value	Year	Value
Goal 4 - Quality education					
Early leavers from education and training	% population aged 18 to 24 years	2016	2.8	2021	2.4
Early leavers from education and training, by citizenship	% population aged 18 to 24 years	2016	2.8	2021	2.3
Tertiary educational attainment	% population aged 25 to 34 years	2016	32.8	2021	35.7
Participation in early childhood education	% age group from 3rd year of life to start of compulsory schooling	2015	69.5	2020	78.8
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	2016	3.0	2021	5.1
Share of individuals having at least basic digital skills	% population aged 16 to 74	2016	54.61	2021	63.37
Goal 5 - Gender equality					
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	2016	11.6	2021	11.1
Gender employment gap	percentage points, persons aged 20 to 64	2017	10.6	2022	9.5
Inactive population due to caring responsibilities by sex	percentage points, persons aged 20 to 64	2016	23.9	2021	15.5
Seats held by women in national parliaments and governments	% seats	2017	18.0	2022	32.5
Positions held by women in senior management positions	% board members	2017	21.6	2022	27.6
Early leavers from education and training by sex	percentage points, persons aged 18 to 24	2016	1.5	2021	1.2
Tertiary educational attainment by sex	percentage points, persons aged 25 to 34	2016	16.2	2021	16.6
Goal 6 - Clean water and sanitation					
Population having neither a bath, nor a shower, nor indoor flushing toilet in their household	% population	2015	1.5	2020	0.7
Population connected to at least secondary wastewater treatment	% population	2015	36.9	2020	36.9
Biochemical oxygen demand in rivers	mg O2 per litre	2015	1.92	2020	1.59
Phosphate in rivers	mg PO4 per litre	2015	0.022	2020	0.026
Water exploitation index, plus (WEI+)	%, average annual value	2014	0.17	2019	0.17
Bathing sites with excellent water quality	% bathing sites with excellent water quality	2016	14.8	2021	19.5
Goal 7 - Affordable and clean energy					
Primary energy consumption	millions of tonnes of oil equivalent (Mtoe)	2016	8.1	2021	8.3
Final energy consumption	millions of tonnes of oil equivalent (Mtoe)	2016	6.6	2021	7.0
Final energy consumption in households per capita	kgoe	2016	577	2021	617
Energy productivity	EUR per kgoe	2016	5.48	2021	6.13
Share of renewable energy in gross final energy consumption	%	2016	28.27	2021	31.33
Energy import dependency	% imports of gross available energy	2016	48.43	2021	54.54
Population unable to keep home adequately warm	% population	2016	9.3	2021	5.7

Indicator	Unit	Initial		Most Recent	
		Year	Value	Year	Value
Goal 8 - Decent work and economic growth					
Real GDP per capita	EUR per capita, chained values (2010)	2016	11 270	2021	14 540
Investment share of GDP	% GDP	2016	19.75	2021	20.73
Young people neither in employment nor in education and training	% population aged 15 to 29	2017	17.9	2022	13.3
Employment rate	% population aged 20 to 64	2017	63.6	2022	69.7
Long-term unemployment	% active population aged 15 to 74	2017	4.6	2022	2.4
People killed in accidents at work	number per every 100 000 employed	2015	2.16	2020	2.89
In work at-risk-of-poverty rate	% population aged 18 and more years	2016	5.6	2021	4.9
Inactive population due to caring responsibilities	% inactive population aged 20 to 64	2016	36.0	2021	15.2
Inactive men due to caring responsibilities	% inactive men aged 20 to 64	2016	21.4	2021	6.3
Inactive women due to caring responsibilities	% inactive women aged 20 to 64	2016	45.3	2021	21.8
Goal 9 - Industry, innovation and infrastructure					
Gross domestic expenditure on R&D	% GDP	2016	0.85	2021	1.24
R&D personnel	% active population	2016	0.64	2021	0.93
Patent applications to the European Patent Office	number	2016	16	2021	27
Share of buses and trains in total passenger transport	% total land transport – passenger-kilometres (PKM)	2015	14.1	2020	11.1
Share of rail and inland waterways in total freight transport	% total land transport – tonne-kilometres (TKM)	2016	26.6	2021	30.1
Air emission intensity from industry	grams per euro, chained values (2010)	2015	0.23	2020	0.19
Tertiary educational attainment	% of population aged 25 to 34	2016	32.8	2021	35.7
Average CO2 emissions per km from new passenger cars	g CO ₂ per km	2016	1.52	2021	1.47
High-speed internet coverage by household	% households	2016	15.6	2021	51.7
Goal 10 - Reduced inequalities					
Purchasing power adjusted GDP per capita	purchasing power parity	2016	17 600	2021	22 600
Adjusted gross disposable income of households per capita	% distance to poverty threshold	2016	12 644	2021	16 433
Relative median at-risk-of-poverty gap	quintile income ratio	2016	28.2	2021	26.6
Income distribution	% income	2016	5.00	2021	4.78
Income share of the bottom 40 % of the population	positive first-instance decisions per million inhabitants	2016	20.9	2021	21.3
Asylum applications	% population	2016	24	2021	18
People at risk of poverty or social exclusion by degree of urbanisation	% population	2016	30.3	2021	26.8
People at risk of income poverty after social transfers	% population aged 18 to 24	2016	19.3	2021	19.6
Early leavers from education and training, by citizenship	% population aged 15 to 29	2016	2.8	2021	2.3
Young people neither in employment nor in education and training (NEET), by citizenship	% population aged 20 to 64	2016	19.5	2021	14.9
Employment rate, by citizenship	purchasing power parity	2016	61.5	2021	68.2
Goal 11 - Sustainable cities and communities					
Overcrowding rate	% population	2015	7.3	2020	5.1

Indicator	Unit	Initial		Most Recent	
		Year	Value	Year	Value
Population living in households considering that they suffer from noise	% population	2015	8.3	2020	8.1
Settlement area per capita	m ² per capita	2015	670.7	2018	722.5
Road traffic deaths	number of deaths	2015	348	2020	237
Exposure to air pollution by particulate matter	particles < 2.5 µm	2015	1 126	2020	996
Recycling rate of municipal waste	% total generated waste	2016	21.0	2021	31.4
Population connected to at least secondary waste water treatment	% population	2015	36.9	2020	36.9
Share of buses and trains in total passenger transport	% total land transport – passenger-kilometres (PKM)	2015	14.1	2020	11.1
Population reporting occurrence of crime, violence or vandalism in their area	% population	2015	2.8	2020	2.4

Goal 12 - Responsible consumption and production

Raw Material Consumption (RMC)	tons per inhabitant	2015	12.499	2020	13.085
Average CO2 emissions per km from new passenger cars	g CO ₂ per km	2016	111.5	2021	129.0
Circular material use rate	%	2016	4.6	2021	5.7
Generation of waste excluding major mineral wastes by hazardousness	kg per capita	2016	850	2020	1 025
Gross value added in environmental goods and services sector	% gross domestic product	2016	1.52	2021	1.47
Energy productivity	EUR per kgoe	2016	5.48	2021	6.13

Goal 13 - Climate action

Greenhouse gas emissions	index 1990 = 100	2015	74.3	2020	71.8
Greenhouse gas emissions in using lands and forests	tons per inhabitant	2015	1.3	2020	-1.3
Climate-related economic losses	in millions EUR	2015	161	2020	51
Contribution to the international 100bn USD commitment on climate related expending	in millions EUR, at current prices	2017	0.02	2021	0.17
Population covered by the Covenant of Mayors for Climate & Energy signatories	% total population	2016	43.0	2021	56.3
Share of renewable energy in gross final energy consumption	%	2016	28.27	2021	31.33
Average CO2 emissions per km from new passenger cars	g CO ₂ per km	2016	111.5	2021	129.0

Goal 14 - Life below water

Surface of marine sites designated under Natura 2000	km ²	2016	5 025	2021	5 277
Coastal bathing sites with excellent water quality	% bathing sites with excellent water quality	2016	14.8	2021	19.5
Marine waters affected by eutrophication	km ²	2017	139	2022	11

Goal 15 - Life on land

Share of forest area	% total area	2015	50.6	2018	58.0
Surface of terrestrial sites designated under Natura 2000	km ²	2020	21 332	2021	21 332
Soil sealing index	index 2006 = 100	2012	102.9	2018	107.3
Estimated soil erosion by water - area affected by severe erosion rate	km ²	2010	3 780.9	2016	2 562.1
Biochemical oxygen demand in rivers	mg O ₂ per litre	2015	1.92	2020	1.59
Phosphate in rivers	mg PO ₄ per litre	2015	0.022	2020	0.026

Goal 16 - Peace, justice and strong institutions

Indicator	Unit	Initial		Most Recent	
		Year	Value	Year	Value
Standardised death rate due to homicide	standardised mortality rate	2015	0.9	2020	0.97
Population reporting occurrence of crime, violence or vandalism in their area	% population	2015	2.8	2020	2.4
General government total expenditure on law courts	in millions EUR	2016	215	2021	264
Perceived independence of the justice system	% population whose level of perception is "very good or quite good"	2017	32	2022	21
Corruption Perceptions Index	On a scale of 0 (high corruption) to 100 (no corruption)	2017	49	2022	50
Population with confidence in EU institutions by institution	% population	2017	50	2022	54
Goal 17 - Partnerships for the goals					
Official development assistance as share of gross national income	% GNI	2016	0.07	2021	0.13
EU imports from developing countries	in millions EUR, at current prices	2016	3 102	2021	5 599
General government gross debt	% GDP	2016	79.7	2021	78.4
Share of environmental taxes in total tax revenues	% total tax revenue and social contributions	2016	9.3	2021	8.75
High-speed internet coverage	% households	2016	15.6	2021	51.7

Source: Eurostat