



**next  
GEN  
EU**

# Launching the recovery

*A Recovery plan for Europe:*

*The Recovery and Resilience Facility*

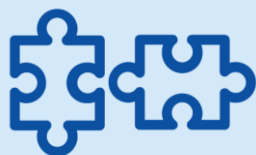
**CROATIA**

*Financial Counsellors Working  
Group, 26 July 2021*

# Overview of the **Croatian RRP**



**5 components  
and 1 initiative**



**222 measures**

76 reforms and  
146 investments














**371 Milestones  
& Targets**



**€6.3 billion in  
grants**

# Assessment summary

 <p>1. <b>Balanced response</b></p> <p>A</p>	 <p>2. <b>Addresses challenges identified in CSRs</b></p> <p>A</p>	 <p>3. <b>Growth, resilience and social impact</b></p> <p>A</p>	 <p>4. <b>Do no significant harm</b></p> <p>A</p>
 <p>5. <b>Green transition</b></p> <p>A</p>	 <p>6. <b>Digital transition</b></p> <p>A</p>	 <p>7. <b>Lasting impact</b></p> <p>A</p>	 <p>8. <b>Effective monitoring and implementation</b></p> <p>A</p>
 <p>9. <b>Reasonable and plausible cost estimates</b></p> <p>B</p>	 <p>10. <b>Robust control systems</b></p> <p>A</p>	 <p>11. <b>Coherence</b></p> <p>A</p>	

# Green transition

40.3% of plan allocated  
for **climate** objectives

40.3%



## Key investments

- Low-carbon energy transition (€ 658 million)
- Sustainable mobility (€ 728 million)
- Energy efficiency and post-earthquake reconstruction of buildings (€ 789 million)
- Support to businesses for the green transition (€ 542 million)

## Key reforms

- Enabling the uptake of renewable energy sources
- Deployment of alternative fuels in transport
- Merging of municipal water utility companies
- Introduction of employment grant schemes and education vouchers for green jobs and skills

**DNSH:** *No reform or investment in the plan does significant harm to environmental objectives*

## Innovative urban mobility

New autonomous electric vehicles adapted for people with disabilities



# Digital transition

20.4% of plan allocated  
for **digital** objectives

20.4%

## Key investments

- Gigabit connectivity in rural areas (€ 126 million)
- Public administration digitalisation (€ 287 million)
- Digitalisation of the transport sector (€ 283 million)
- Digital equipment for higher education (€ 84 million)
- Digital transition of businesses (€ 57 million)

## Key reforms

- Interoperability of the government's information systems
- Creation of one-stop-shop for the public administration online services
- Digitalisation of the justice system

## Sector-specific actions

- Public administration
- Justice
- Health
- Education
- Transport

## Other EU flagships

- Support for digital skills (€ 44 million)
- Upgrade of the State cloud (€ 34 million)

# Resilience

## Labour market, education, R&D

- Updated Active Labour Market Policies
- Vouchers for training and upskilling programmes
- Switchover to one-shift schooling and new childcare facilities
- Result-oriented research and innovation funding



## Improving business environment

- Reducing the administrative burden
- Reducing parafiscal charges
- Lowering regulatory requirements for professional services
- Digitalisation of public services provided to businesses



## Supporting private investment

- Increasing access to financing with the help of grants, concessional loans and equity instruments
- Tailored support to start-ups and innovative firms

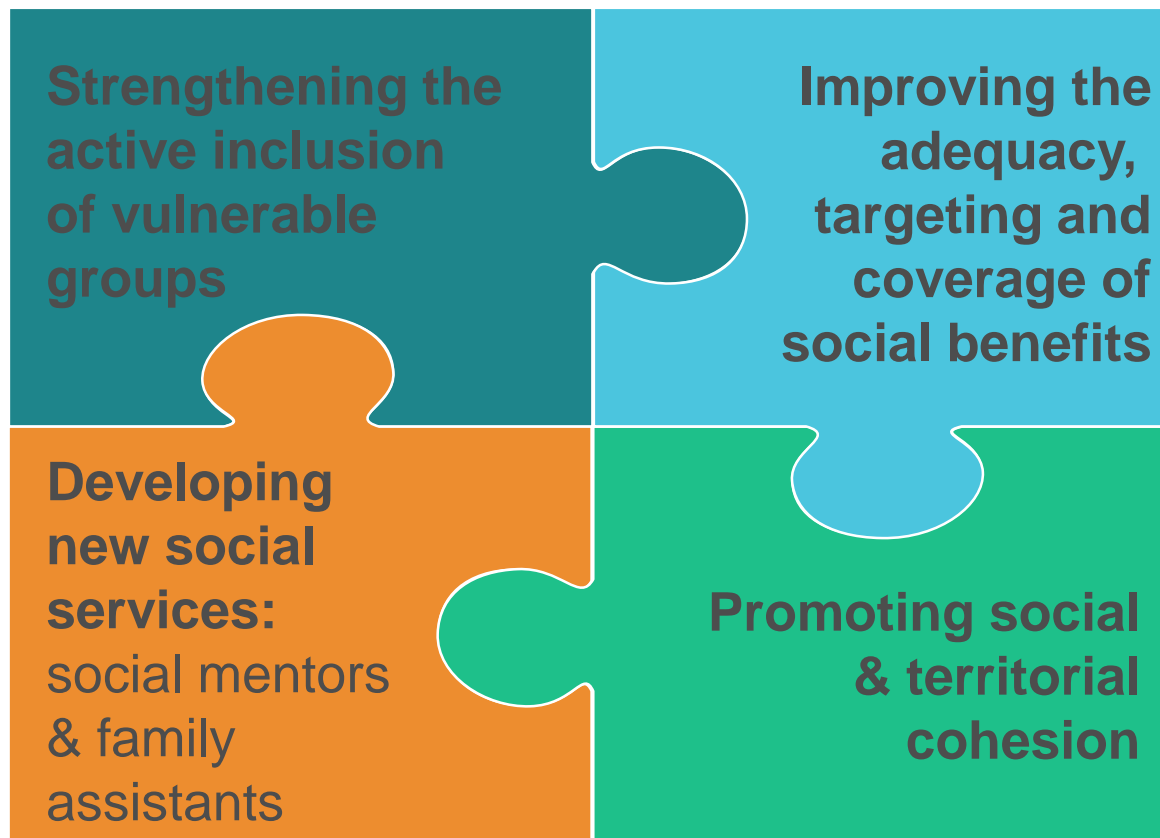


## Efficiency of the public sector

- New wage-setting and work models in the civil service
- Incentives for the merger of local government units
- Improving the governance of State assets
- Facilitating access to justice and reducing backlogs, improving anti-corruption systems

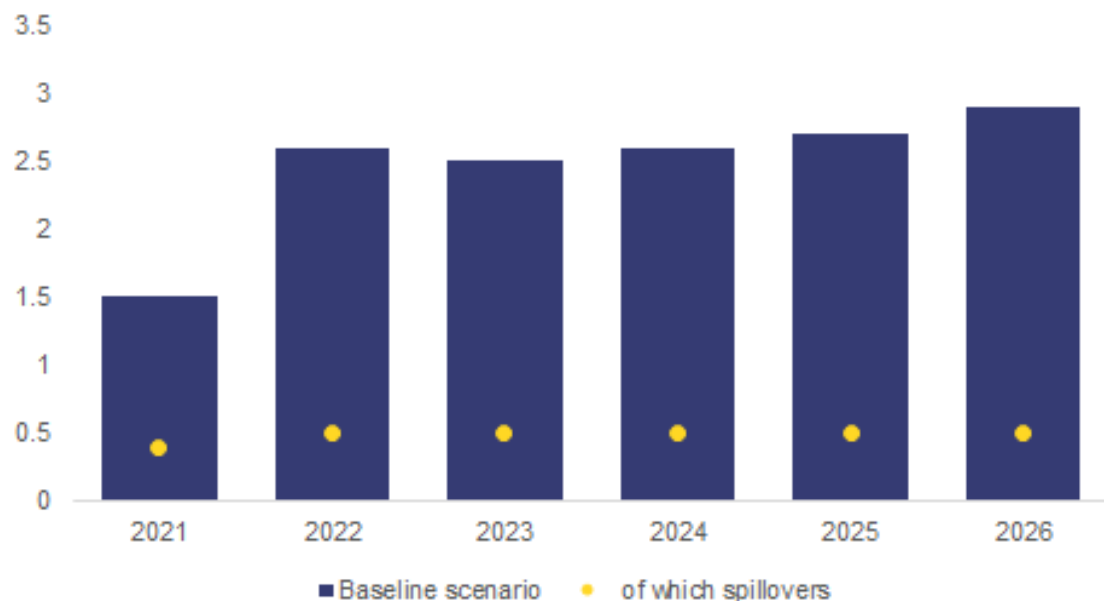


# Social impact and equality screening



# Impact of the RRP on Croatia's GDP (%)

Impact of the RRP on Croatia's GDP (% over the no-RRF baseline), QUEST model assesment



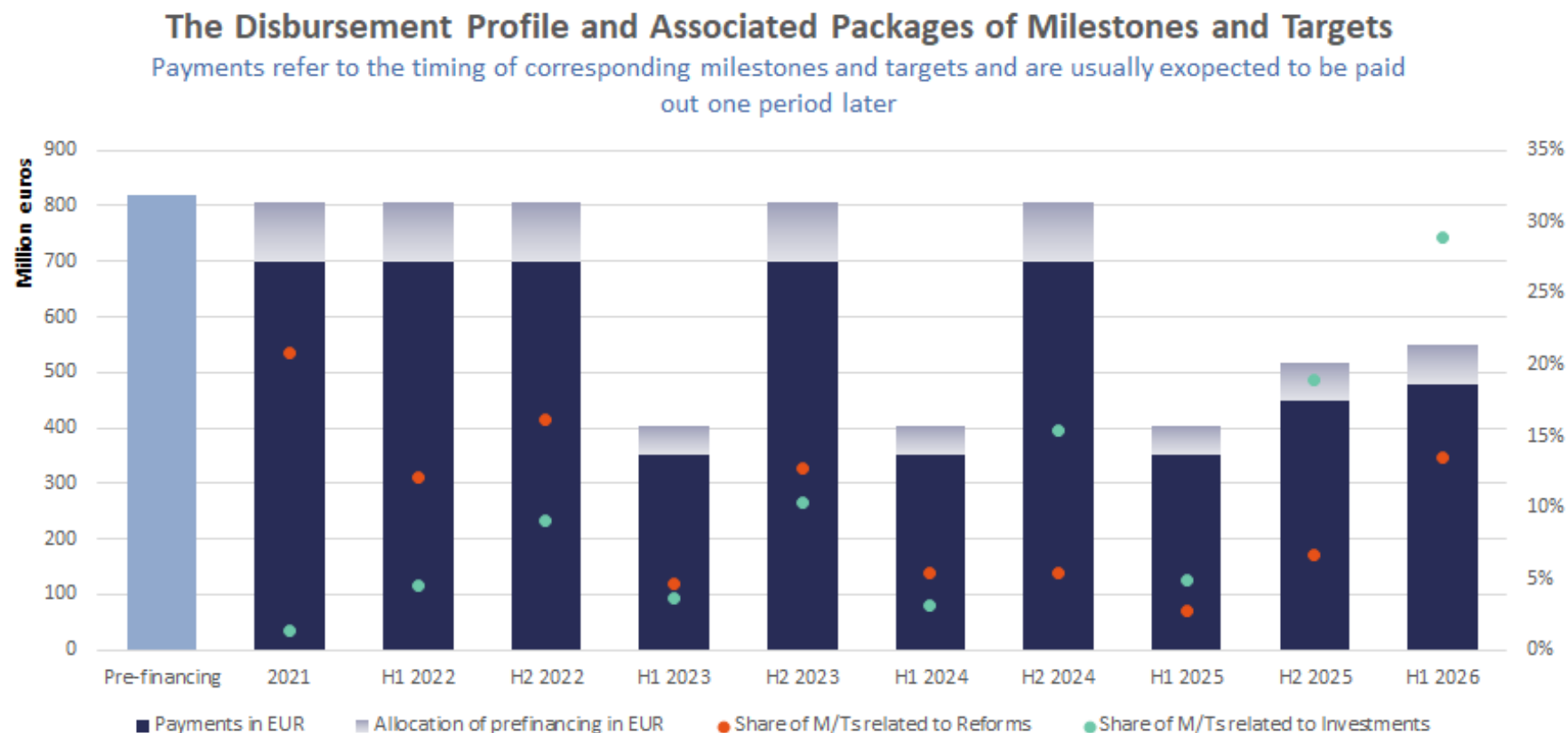
- ✓ Croatia's plan has the potential to increase its **real GDP with 2.9%** by 2026
- ✓ Expected to create up to **21,000 additional jobs** by 2026
- ✓ In the long term (next 20 years) the RRP is expected to have a positive contribution to the **GDP level by 1.1%**
- ✓ These simulations do not incorporate the impact of structural reforms, which are likely to provide an additional impetus to growth in the longer term

\*According to simulations conducted by Commission's QUEST model





# Disbursement profile over time



*Most reforms are implemented in the first three years in correspondence with the higher level of first disbursements*

# Audit and control – Protection of the EU's financial interests



## Framework to protect against serious irregularities:

- Fraud
- Corruption
- Conflict of interest
- Double funding

## Audit and control systems:

- Assessed as adequate
- Who does what is clear
- Serious irregularities are well-tackled
- Strong approach to the avoidance of double funding with cross-checks

## Milestones:

- **Government decision** empowering the bodies for the system of implementation of the Plan
- **Repository system** for monitoring the implementation of the RRF and for the collection and storage of necessary data
- **Workload analysis** to identify any additional administrative capacity needs for the management and control system

# Thank you

# Background slides

# Coverage of six RRF pillars (2)

- significant contribution to the pillar
- partial contribution to the pillar

	Green transition	Digital transition	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
1.1 Resilient, green and digital economy	●	○	●	○		
1.2. Energy transition for a sustainable economy	●	○	○	○	○	
1.3 Improving water management and waste management	●			●	○	
1.4. Development of a competitive, energy sustainable and efficient transport system	●	●	○	○		
1.5. Improving the use of natural resources and strengthening the food supply chain	○	●	○		○	
1.6. Developing sustainable, innovative and resilient tourism	○	○	●	○		
2.1 Strengthening the capacity to design and implement public policies and projects	●	○	●	○	●	
2.2. Further improving the efficiency of the public administration		●	○	○	●	
2.3. Digital transformation of society and public administration		●	○			
2.4. Improving the management of state property		○		○	●	
2.5. Modern justice fit for future challenges	○	○			●	
2.6. Preventing and combating corruption		○		○	●	

# Coverage of six RRF pillars (2)

- significant contribution to the pillar
- partial contribution to the pillar

	Green transition	Digital transition	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
2.7. Strengthening the fiscal framework					●	
2.8 Strengthening the anti-money laundering framework					●	
2.9. Strengthening the public procurement framework			●		○	
3.1 Reform of the education system			○	○		●
3.2. Boosting research and innovation capacity	○	○	●	○		●
4.1 Improving employment measures and the legal framework for the modern labour market and the economy of the future	○	○		●	○	○
4.2 Improving the pension system through increased pension adequacy				●	○	
4.3. Improving welfare systems		○		●	●	
5.1 Strengthening the resilience of the health system		●		○	●	
6.1 Renovation of buildings Initiative: Renovation of buildings	●	○	○		○	
<b>Total number of components that significantly contribute to pillar</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>9</b>	<b>2</b>

# Coverage of CSRs

- significant contribution to the CSR
- partial contribution to the CSR

Country challenges (as identified in Section 2)	Associated CSR (2019-2020)	Components of the plan																							
		C1						C2										C3		C4			C5	C6	
		1.1	1.2	1.3	1.4	1.5	1.6	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9	3.1	3.2	4.1	4.2	4.3	5.1	6.1		
Public Finances																									
Fiscal policy and fiscal governance	2019 1.1								●					●											
Financial Sector																									
Access to finance	2020 3.1	●	○	○	○	○	○																		
Labour market, education and social policies																									
Active labour market policies	2019 2.3, 2020 2.1																		●						
Wages & wage setting	2019 2.4								●																
Poverty reduction & social inclusion	2019 2.2, 2020 2.2																		●	●	●				
Education, skills & life-long learning	2019.2.1, 2020 2.4	○					○			○							●		●		○	○			
Health care																									
Health care	2020 1.2																				●	●			
Green and digital transition and other structural policies																									
Research & innovation	2019 3.1	○			○													●							
Energy, resources & climate change	2019 3.3, 2020 3.8		●	○																				●	
Transport	2019 3.2, 2020 3.7		○		●																				
Green and digital transition	2020 3.6, 2020 3.9, 2020 2.3	●	●	●	●	●	○			●												●	●		
Public administration, judiciary & business environment																									
Business Environment	2019 4.4, 4.5 and 2020 3.2, 3.3, 3.4, 3.5	●	●	●	●		○																		
Public administration	2019 1.2, 2019 3.4, 2020 4.1							●	●	●						●									
State-owned enterprises	2019 4.1										●														
Civil justice	2019 4.3, 2020 4.2											●													
Corruption	2019 4.2											●				●									

Components	Costs (EUR million)
<b>Component 1: Economy</b>	3411.5
C.1.1 Resilient, green and digital economy	738.7
C1.2 Energy transition for a sustainable economy	658.3
C1.3 Improving water and waste management	862.7
C1.4 Development of a competitive, energy sustainable and efficient transport system	728.7
C1.5 Improving the use of natural resources and strengthening the food supply chain	131.1
C1.6 Developing sustainable, innovative and resilient tourism	292.0
<b>Component 2: Public administration, judiciary and state assets</b>	581.4
C2.1 Strengthening capacity to design and implement public policies and projects	22.8
C2.2 Further improving the efficiency of public administration	68.2
C2.3 Digital transition of society and public administration	381.0
C2.4 Improving the management of state assets	1.9
C2.5 Modern justice fit for future challenges	100.6
C2.6 Preventing and combating corruption	6.0
C2.9 Strengthening the fiscal framework	0.8
<b>Component 3: Education, science and research</b>	995.4
C3.1 Reform of the education system	676.9
C3.2 Boosting research and innovation capacity	318.5
<b>Component 4: Labour market and social protection</b>	276.6
C4.1 Improving employment measures and the legal framework for the modern labour market	190.5
C4.2 Improving the pension system through increased pension adequacy	3.0
C4.3 Improving welfare systems	83.01
<b>Component 5: Health</b>	340.3
C5.1 Strengthening the resilience of the health system	340.3
<b>Initiative: Renovation of buildings</b>	789.0
<b>TOTAL</b>	6394.1