



RRF 2nd Payment request – Croatia

Positive preliminary assessment by the Commission



EPC meeting– 17/11/2022

Croatia's second payment request: overview



21 milestones
4 targets



25 measures
16 reforms and
9 investments

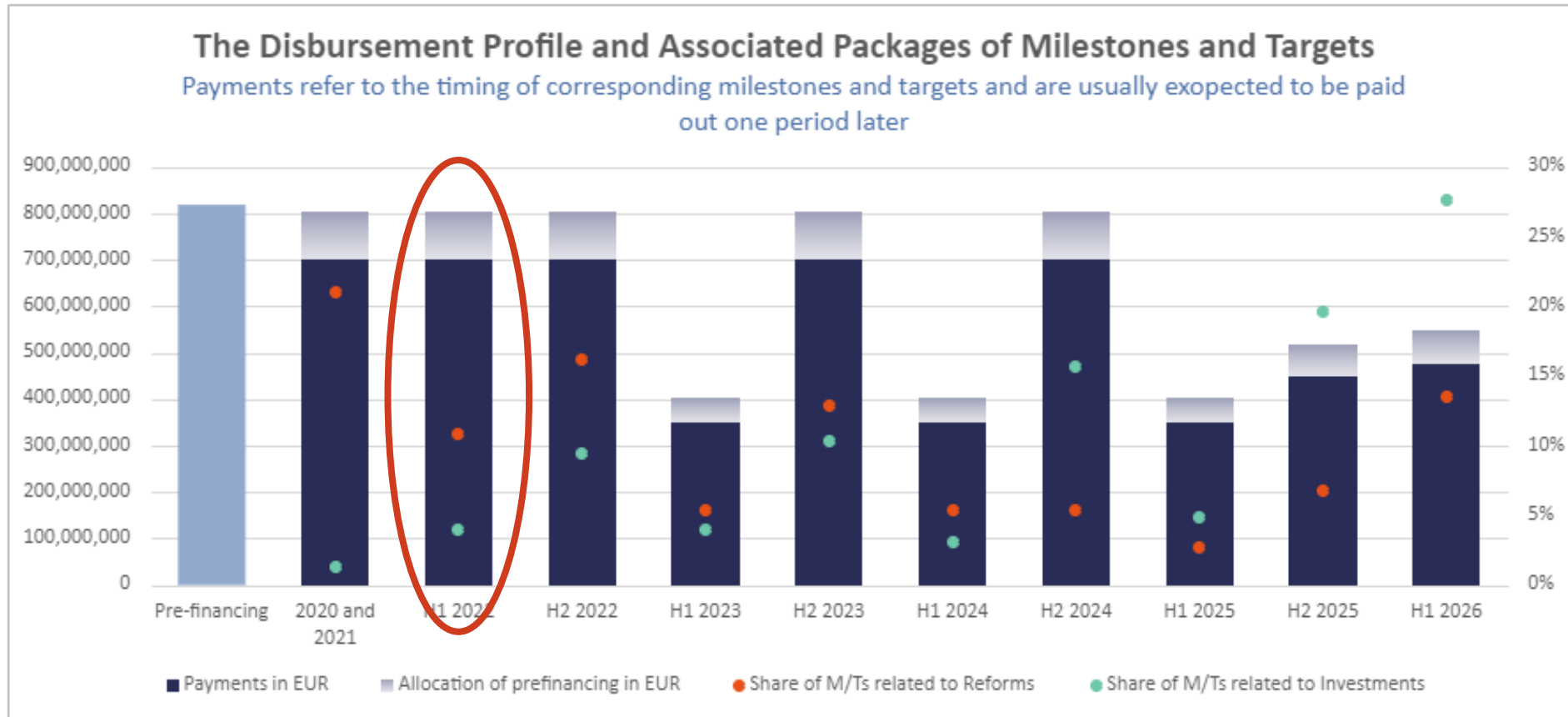


Measures
implemented until
Q2-2022

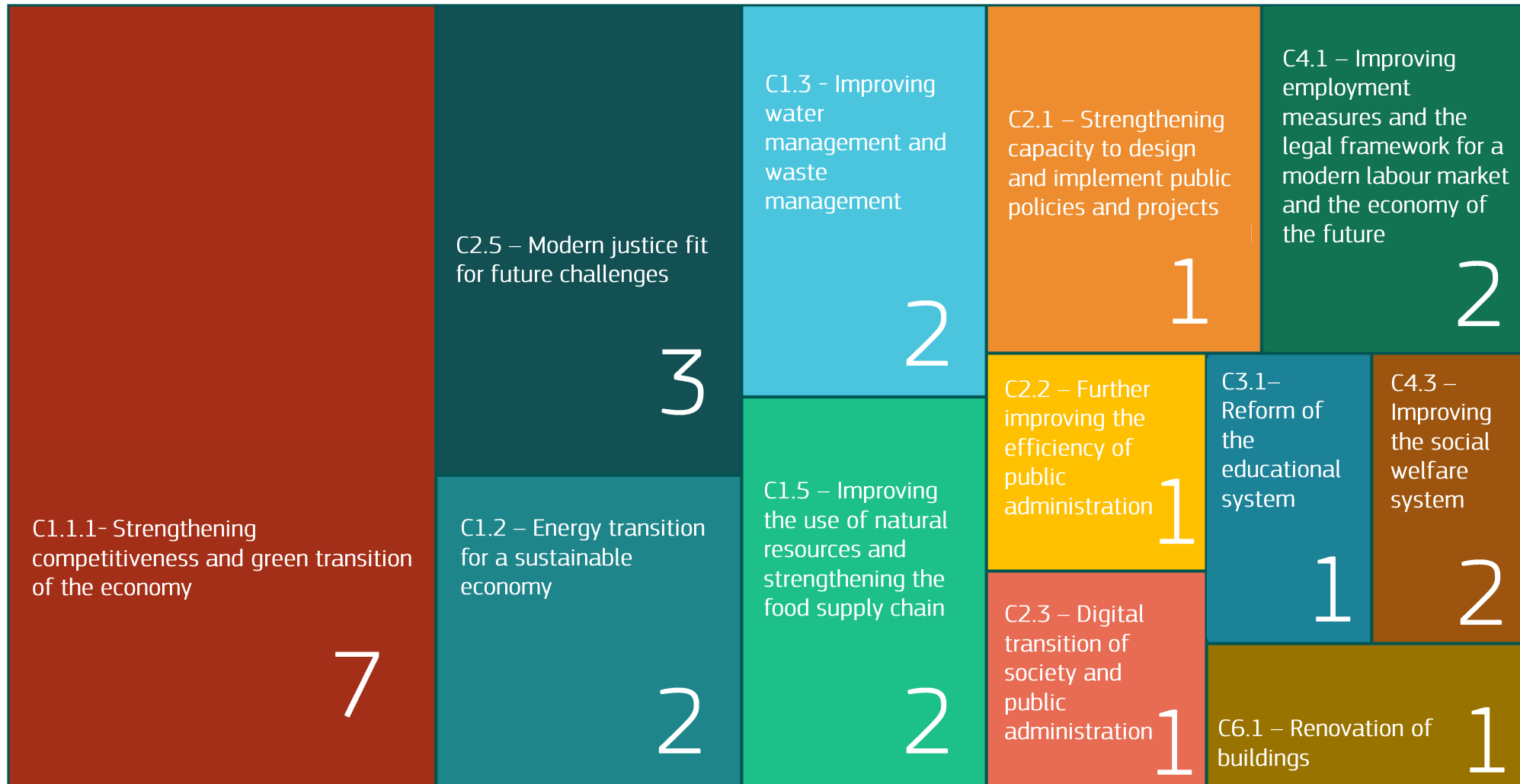


€ 700 million in
grants

A disbursement of EUR 700 million would bring the total amount disbursed to-date to EUR 2.2bn (40.3% of total grants)



Share of milestones and targets per Component



Croatia's second payment request: key measures

Social policies

- [M303]: Adoption of the new Social Welfare Act

Green transition

- [M 36]: Publication of an assessment document with recommendations to alleviate barriers and administrative procedures restraining to higher uptake of renewable energy sources
- [M 50]: Adoption of the Hydrogen Development Strategy

Resilience

- [T6]: Implementation of the Action Plan to reduce non-tax and parafiscal charges 2020

Digitalisation

- [M 202]: Optimisation of the permit granting process for connectivity investments

Key Reforms

Key investments

Green policies

- [T 68]: Public water supply network constructed or reconstructed
- [T63]: Public sewerage network constructed or reconstructed

Social policies

- [T309]: Training of social mentoring professionals

Justice

- [M214]: Electronic tools provided and adequate administrative capacities for the State Judicial Council and the State Attorney's Council

Resilience (6 milestones / 1 target)

Business environment

- [T6]: Implementation of the Action Plan to reduce non-tax and parafiscal charges 2020

Agriculture

- [M131]: New Act on Agricultural Land Consolidation

Public administration

- [M174]: Amendment of the legislative frameworks to encourage the voluntary functional or actual merger of the local government units (LGUs) and adoption of a Decision of the Croatian Government on the criteria for granting fiscal incentives for voluntary functional or actual mergers



Digital

- [M202]: Optimisation of the permit granting process for connectivity investments (also mentioned under Digital transformation)

Justice

- [M215]: Amendments adopted to the Bankruptcy Act and the Consumer Insolvency Act
- [M216]: Adopted amendments to the Code of Criminal Procedure

Creative Industries

- [M 25]: Amendments to the Electronic Media Act and Law on Copyright and Related Rights

Key reform: Voluntary functional or actual merger of the local government units (LGUs)

Improving the quality and efficiency of local and regional government

Reform supports the integration of local government units:

- Leading to improved provision of public services for populations of these units;
- Direct link to 2019 and 2020 Country specific recommendations to increase efficiency of public administration;
- Goal to encourage, by 2026, at least:
 - 20% of local government units to undergo **actual mergers**
 - 40% of local government units to undergo **functional mergers**



Tailored financial incentives

Different levels of financial incentives:

- Higher incentives for **actual mergers**;
- Depending on **type of functions merged**;
- Higher (per population) ceilings for incentives for smaller local government units.

Dedicated budget allocation

- Dedicated amounts for incentives in 2022 state budget as well as provisions for 2023 and 2024 budgets
- Amounts based on analysis of needs and expected interest.

Green transition (9 milestones / 2 targets)

Water and wastewater

- [T 68]: Public water supply network constructed or reconstructed
- [T 63]: Public sewerage network constructed or reconstructed

RES and energy efficiency

- [M 36]: Publication of an assessment document with recommendations to alleviate barriers and administrative procedures restraining to higher uptake of renewable energy sources
- [M 50]: Adoption of the Hydrogen Development Strategy
- [M 352]: Adoption of the Programme for the energy renovation of public sector buildings for the period 2021-2030



Labour market

- [M 286]: Supplementing active labour market policies
- [M 291]: Developing skills according to market needs (both M286 and M291 also mentioned under Digital transformation and Social policies)

Financial instruments

- [M14]: Publication of calls for funding or investments targeting environmentally friendly activities with established eligibility criteria for applicants and projects (including DNSH compliance criteria)
- [M 16]: Establishment of financial instrument to support investment by micro, small and medium-sized enterprises
- [M 19]: Establishment of financial instrument to support investment by mid-caps and large companies
- [M 21]: Establishment of financial instrument for more favourable financing of public entities

Digital transformation (8 milestones)

Digital solutions

- [M 2]: Operational digital platform to pay fees
- [M 138]: The online platform for food waste prevention and upgraded food donation IT system

Creative Industries

- [M 25]: Amendments to the the Electronic Media Act and Law on Copyright and Related Rights (*M25 also mentioned under Resilience*)

Justice

- [M 214]: Electronic tools provided and adequate administrative capacities for the State Judicial Council (Državno sudbeno vijeće, DSV) and the State Attorney's Council (Državnoodvjetničko vijeće, DOV)



Financial instruments

- [M 16]: Establishment of financial instrument to support investment by micro, small and medium-sized enterprises
- [M 202]: Optimisation of the permit granting process for connectivity investments
(M202 also mentioned under Resilience)

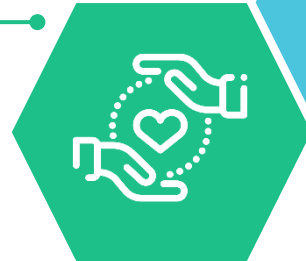
Labour market

- [M 286]: Supplementing active labour market policies
- [M 291]: Developing skills according to market needs
(both M286 and M281 mentioned under Green transition and Social policies)

Social policies and next generation (5 milestones)

Social policy

- [M303]: Adoption of the new Social Welfare Act
- [T309]: Training of social mentoring professionals



Education

- [M 266]: Comprehensive analysis of secondary education needs

Labour market

- [M 286]: Supplementing active labour market policies
- [M 291]: Developing skills according to market needs

(both M286 and M291 also mentioned under Green transition and Digital transformation)

Key reform: ALMPs and voucher system

Component 4.1: 'Improving employment measures and the legal framework for a modern labour market and the economy of the future',

The aim is to reach a better labour market regulation and developing targeted active labour market policies:

1. #286 Supplementing active labour market policies (ALMPs):
 - Boosting employment in the green and digital transitions through three new ALMPs.
2. #291 Developing skills according to labour market needs:
 - Set up a new voucher system to increase employability of workers through a better match of supply and demand in the labour market.



Social dimension

- All three new ALMPs (#286) and the voucher system (#291) have a particular focus on the activation of the long-term unemployed and other less employable people from disadvantaged groups.

Green and digital dimensions

- Both milestones are also targeted to improve employability of workers and lifelong learning in the green and digital transitions. Of the total grant allocation for ALMPs, 70% shall fund jobs related to the green transition and 30% to jobs in the digital transition.
- The voucher system (#291) includes a **skills catalogue and an IT platform** for managing and awarding vouchers based on a comprehensive assessment of the potential beneficiaries' skills.

Next steps

HR payment request – planned calendar

Submission of the payment request	Monday, 19 September
Adoption of the preliminary assessment	Thursday, 10 November
EFC (and EPC) discussions (3 weeks)	Thursday, 17 November – Tuesday, 29 November
ISC (on the COM implementing decision)	Wednesday, 23 November – Friday, 25 November
Comitology (around 2 weeks)	Wednesday, 7 December
COM written procedure (start of the validation process)	Wednesday, 7 December
COM written adoption	Friday, 9 December
Financial circuits	Tuesday, 13 December
Payment	Friday, 16 December

Thank you

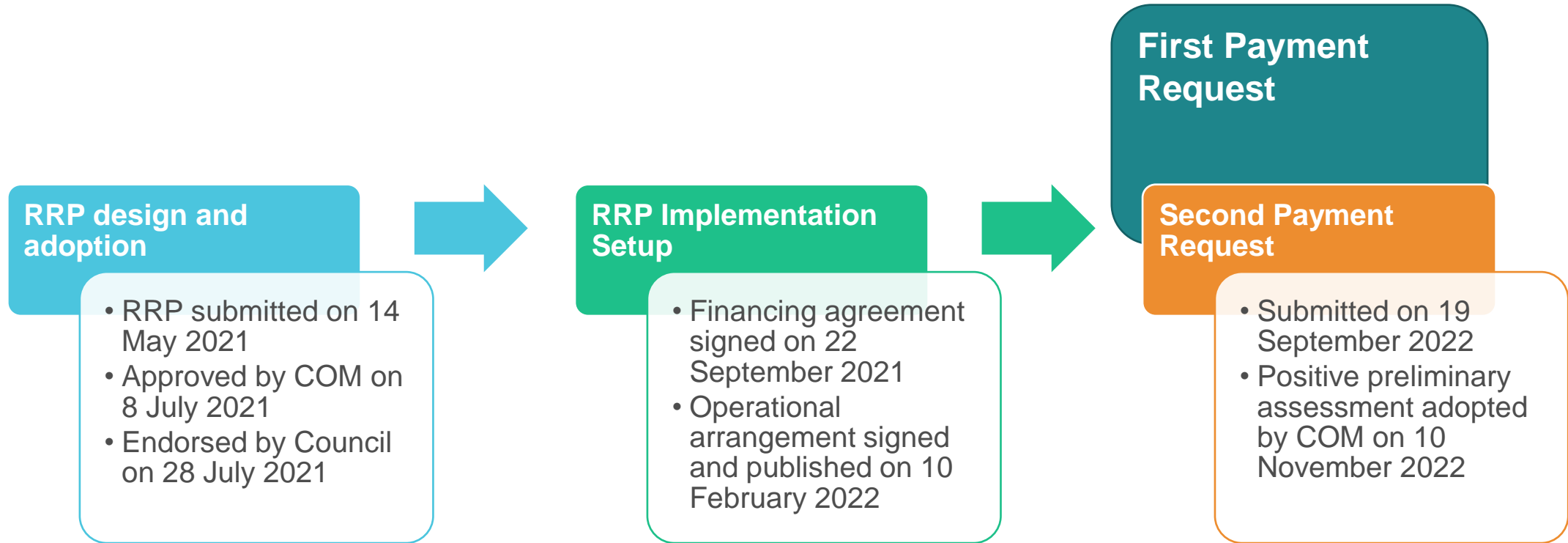
More information: [Commission webpage on the RRF](#)

© European Union 2021

Unless otherwise noted the reuse of this presentation is authorised under the CC BY 4.0 license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.



Timeline of Croatia's RRP implementation



Structure of the document to be adopted

- The Communication invites the Commission to:
 - ✓ Endorse the overall positive preliminary assessment
 - ✓ Authorise ECFIN Director General to transmit the assessment to the EFC
 - ✓ Take note that the assessment will be made available to the EP
- The Annex to the Communication presents the summary of the positive preliminary assessment of each relevant milestone and target, including:
 - ✓ Context (short description of measure and of milestone/target)
 - ✓ Description of the evidence provided by the Member State
 - ✓ Analysis on how the evidence provided duly justifies that the milestone/target is satisfactorily fulfilled
 - ✓ Final Commission preliminary assessment for each milestone/target