



## REPUBLIC OF CROATIA

**National Recovery and  
Resilience Plan  
2021. - 2026.**

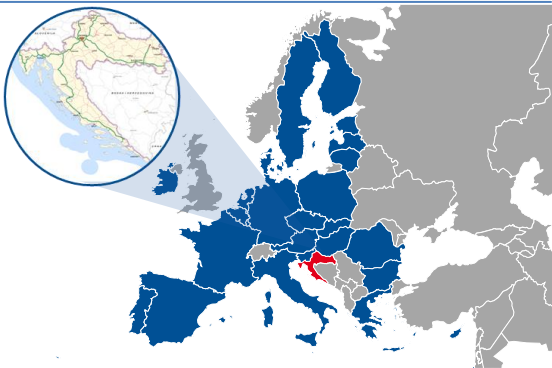


Doria Petričević, Head of Sector for Coordination of Monitoring  
the Implementation of the NRRP, MoF, Croatia  
Hana Zoričić, Deputy to the Chief State Treasurer, MoF,  
Croatia

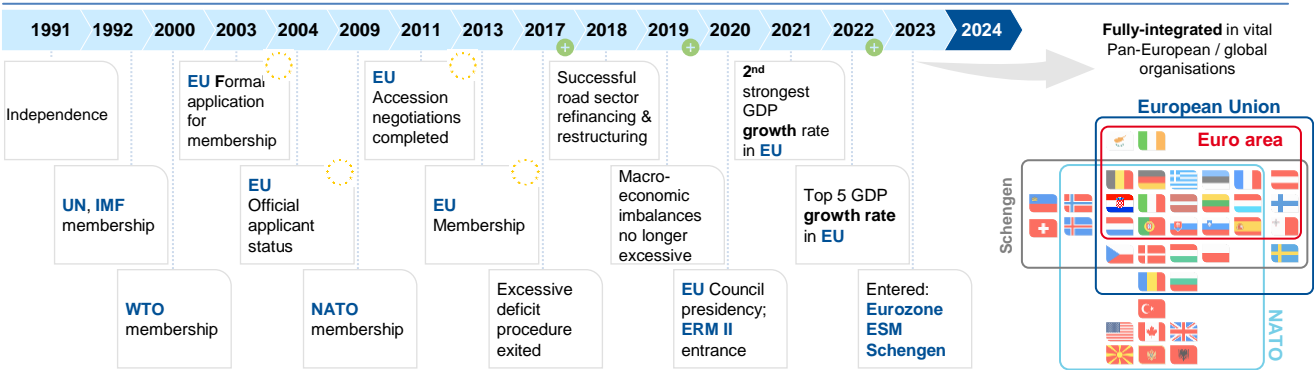


## Key facts

Territory	56,594 km <sup>2</sup> (land), 31,067 km <sup>2</sup> (sea)
Population	~3.9 mn
Currency	EUR (since January 1 <sup>st</sup> , 2023)
GDP	EUR 75.9bn (current prices, 2023) <sup>1</sup>
Real GDP growth rate	2.8% (2023) <sup>1</sup>
GDP per capita in PPS	Croatia 73%; (EU=100%, 2022)
GDP per capita	EUR 19,686 (current prices, 2023) <sup>2</sup>
Government	Parliamentary republic
Credit ratings	Moody's: Baa2 / S&P: BBB+ / Fitch: BBB+ (positive outlook across all 3 ratings)
Capital	Zagreb
EU border countries	Italy (Maritime Border), Slovenia, Hungary
Other borders	Bosnia & Herzegovina, Serbia, Montenegro



## Key milestones

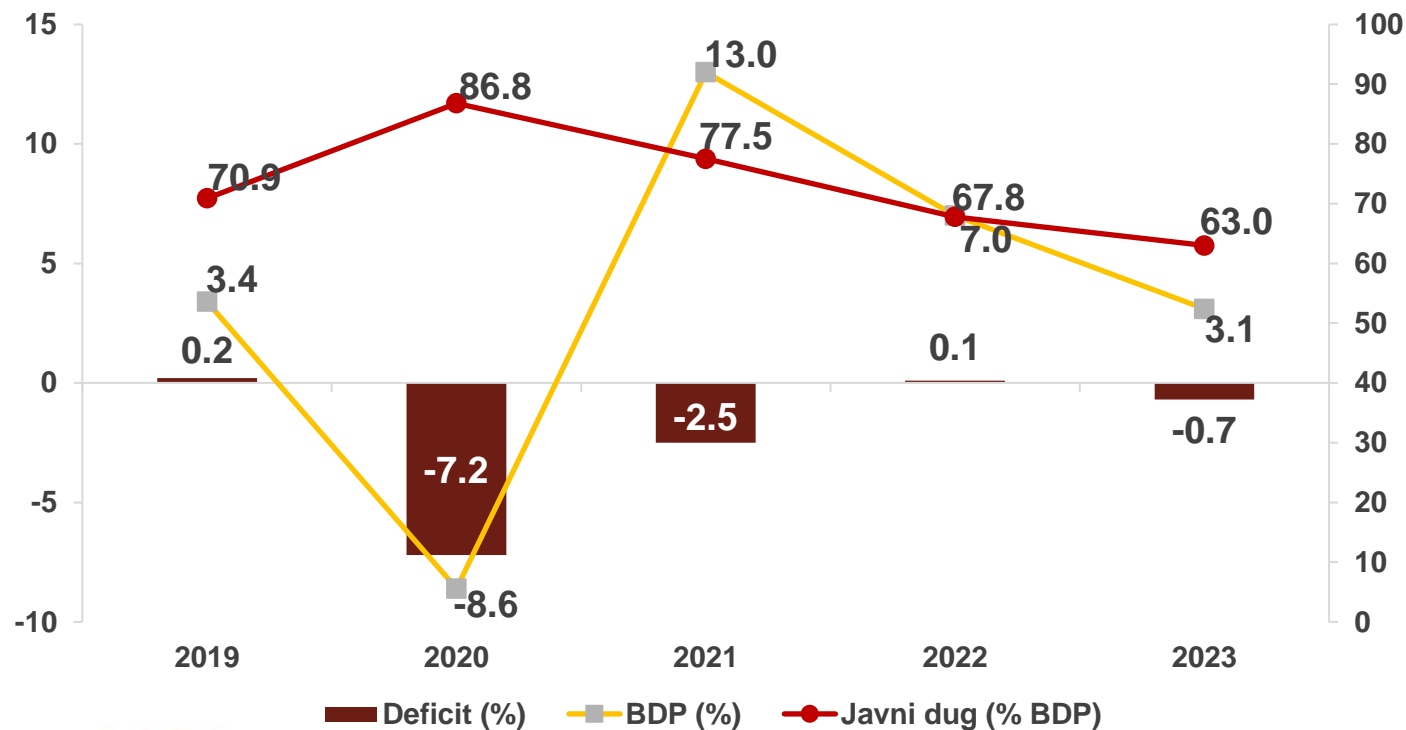


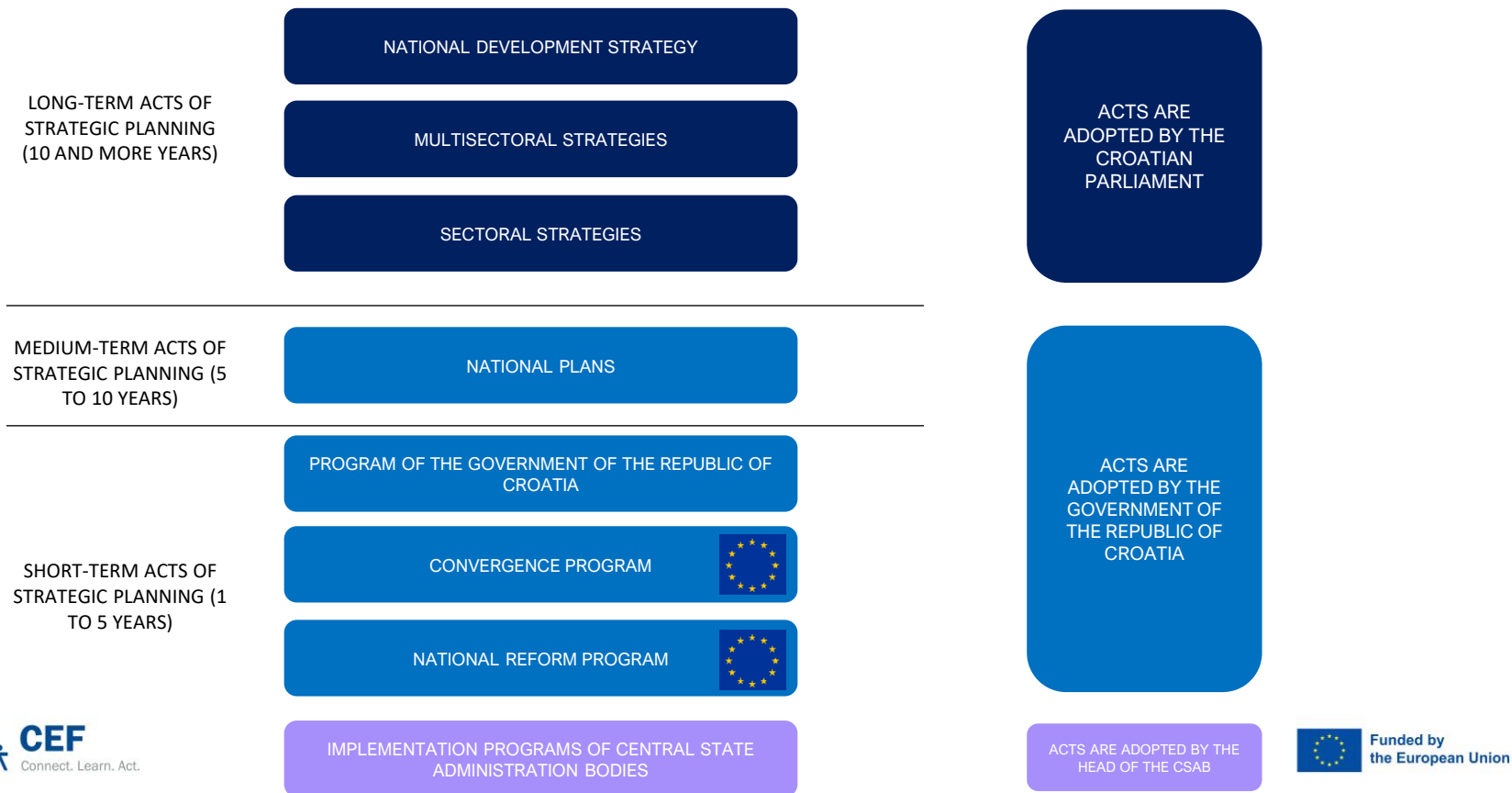
Sources: CNB, CBS, Eurostat, European Commission, S&P, Moody's, Fitch

(1) Preliminary data of Croatian Bureau of Statistics as of 27/02/2024

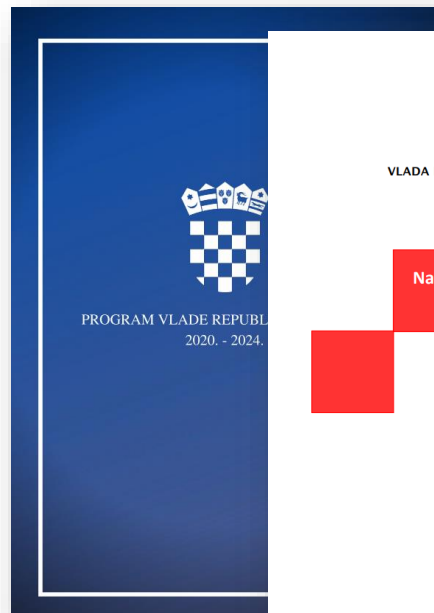
(2) Based on preliminary GDP (CBS as of 27/02/2023) and population (CBS for mid-2023)

+ Government budget surplus

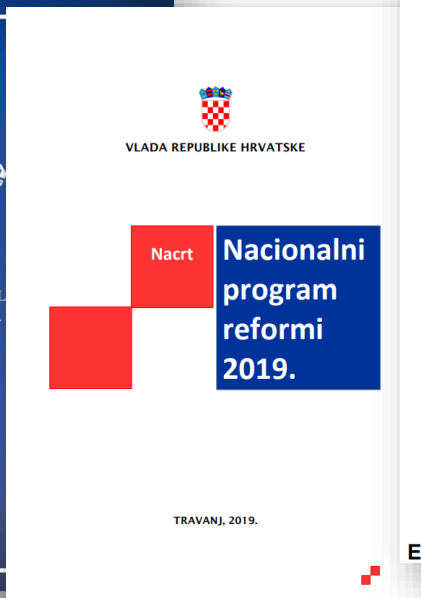




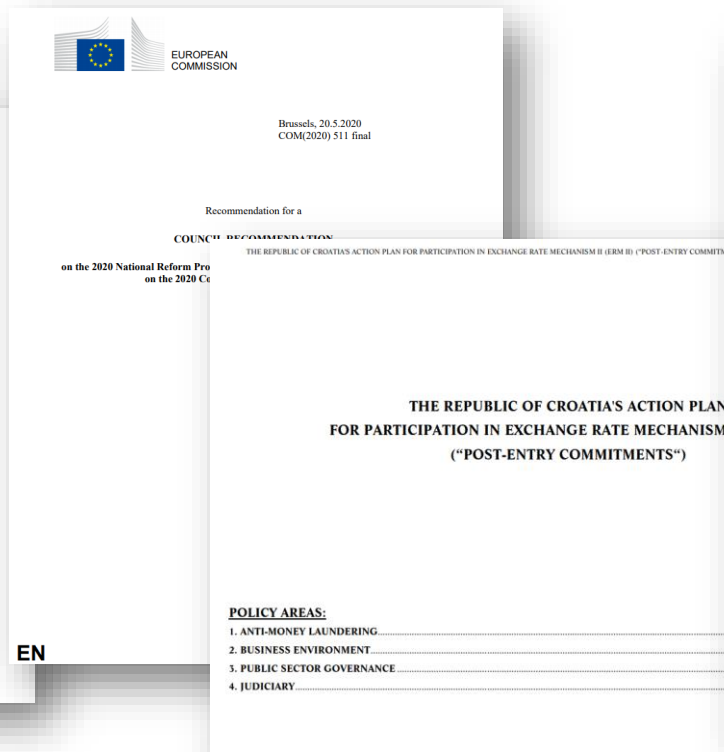
## Programme of the Gov't



## National Reform Programme

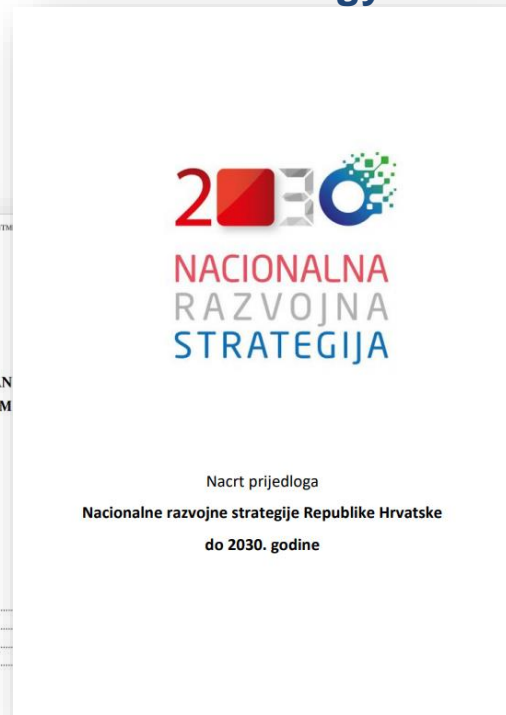


## Country Specific Recommendations



## ERM II measures

## National Development Strategy



# Recovery and Resilience Facility Regulation

EUROPEAN UNION	
THE EUROPEAN PARLIAMENT	THE COUNCIL
2020/0104(COD)	Brussels, 10 February 2021 (OR. en)  PE-CONS 75/20  ECOFIN 1200 REGIO 291 CADREFIN 482 CODEC 1410

- (8) In the context of the COVID-19 crisis, it is necessary to strengthen the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, a recovery and resilience facility (the 'Facility') should be established to provide effective and significant financial support to step up the implementation of sustainable reforms and related public investments in the Member States. The Facility should be a dedicated instrument designed to tackle the adverse effects and consequences of the COVID-19 crisis in the Union. It should be comprehensive and should benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes. Private investment could also be incentivised through public investment schemes, including financial instruments, subsidies and other instruments, provided State aid rules are complied with.



❑ NRRP is designed with the aim of ensuring a **sustainable and inclusive** recovery of the economy, **further promoting a green and digital transition.**

❑ Compliance with the goals of the **green and digital transition** (Green Deal, Digital Agenda for Europe)

❑ **At least 37% of NRRP** directed to green transformation and at **least 20%** to digital transformation.

❑ Only programs/projects that respect the principle of **Do no significant harm**

❑ Eligible measures are from **February 1, 2020**, and reforms and investments must be implemented by **mid-2026**.

❑ **Funds disbursement:**

- *Indicators with a defined time frame (Milestones and Targets) - upon their realization, the funds are paid into the Croatian budget*

1. phase: 76 reforms and 146 investments (372 indicators for monitoring the implementation of reforms and investments)

2. phase: 78 reforms and 157 investments (436 indicators for monitoring the implementation of reforms and investments)



## Preparation phase

OVERALL COORDINATION – Office of the PM, Ministry of Finance

- Inter-ministerial working group established at the level of the Government – ***Prime minister and Ministers***
- **Line ministries**

## Implementation phase

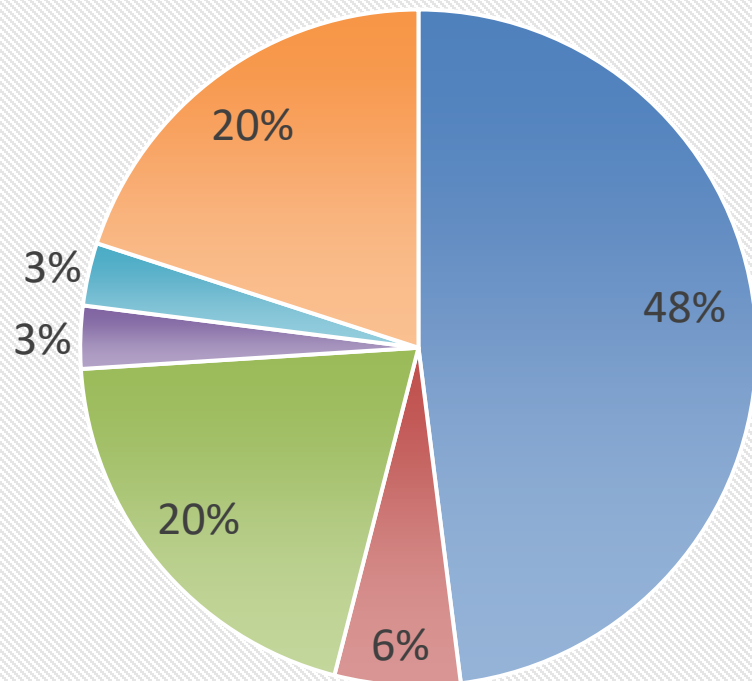
OVERALL COORDINATION – Office of the PM, Ministry of Finance

- **Steering board/Government** - chaired by the ***Prime minister***
- **Implementation Committee** – at the level of State secretaries
- **Central Coordinating Body** – operational coordination
- **Implementing bodies and agencies** responsible for the implementation of measures
- **Audit authority**



Components	Competent authority	Program me of the Gov't	NRP	CSR	ERM II	NDS
<b>1. Economy</b>						
1.1. Resilient, green and digital economy	Ministry of Economy and Sustainable Development	X	X	X	X	X
1.2. Energy transition for a sustainable economy		X	X	X		X
1.3. Improving water management and waste management		X	X	X		X
1.4. Development of a competitive, energy sustainable and efficient transport system	Ministry of the Sea, Transport and Infrastructure	X	X	X		X
1.5. Improving the use of natural resources and strengthening the food supply chain	Ministry of Agriculture	X				X
1.6. Developing sustainable, innovative and resilient tourism	Ministry of Tourism and Sport	X	X	X		X
<b>2. Public administration, justice and state assets</b>						
2.1. Strengthening capacity to design and implement public policies and projects	Ministry of Regional Development and EU Funds	X	X	X		
2.2. Further improving the efficiency of public administration	Ministry of Justice and Public Administration	X	X	X		X
2.3. Digital transition of society and public administration	Central State Office for Digital Society Development	X	X	X		X
2.4. Improving the management of state assets	Ministry of Physical Planning, Construction and State Assets	X	X	X	X	X
2.5. Modern justice fit for future challenges	Ministry of Justice and Public Administration	X	X	X		X
2.6. Preventing and combating corruption	Ministry of Justice and Public Administration	X	X	X		X
2.7. Strengthening of the fiscal framework	Ministry of Finance	X	X	X		
2.8. Strengthening the anti-money laundering framework	Ministry of Finance	X	X	X	X	

Components	Competent authority	Program me of the Gov't	NRP	CSR	ERM II	NDS
<b>3. Education, science and research</b>						
3.1. Reform of the education system	Ministry of Science and Education	X	X	X		X
3.2. Boosting research and innovation capacity		X	X	X		X
<b>4. Labour market and social protection</b>						
4.1. Improving employment measures and the legal framework for a modern labour market and the economy of the future	Ministry of Labor, Pension System, Family and Social Policy	X	X	X		X
4.2. Improving the pension system through increased pension adequacy		X		X		X
4.3. Improving the social welfare system		X	X	X		X
<b>5. Health</b>						
5.1. Strengthening the resilience of the health care system	Ministry of Health	X	X	X		X
<b>6. Initiative: Building reconstruction</b>						
6.1. Renovation of buildings	Ministry of Physical Planning, Construction and State Assets	X				X



- 1 - Economy
- 2 - Public administration, justice and state assets
- 3 - Education, science and research
- 4 - Labour market and social protection
- 5 - Health
- 6 - Building reconstruction

CSRs	2019						2020					
Member State	DE	EL	ES	FR	HR	IT	DE	EL	ES	FR	HR	IT
Category												
Substantially addressed	0	2	2	1	4	3	2	4	3	3	4	4
Substantially addressed apart from minor elements	0	0	0	2	0	0	0	0	1	1	0	0
Partially addressed, with one or more subparts not addressed	2	0	2	1	0	1	0	0	0	0	0	0
Not addressed	0	0	0	0	0	1	0	0	0	0	0	0
Total number CSRs	2	2	4	4	4	5	2	4	4	4	4	4

Source: ECA based on [Commission Staff Working Documents](#).

## Extract from the Annex of the Council Implementing Decision (CID):

### - Measure description

#### **M.1. Description of the reforms and investments for non-repayable financial support**

##### **Reform 1 (C2.7.R1) Improving fiscal planning and reporting**

The objective of this reform is to amend the Budget Act to improve budgetary processes and related budgetary documents, as well as financial reporting, thus ensuring the development of an efficient and sustainable public finance management system.

The reform shall include:

- Drafting and adopting the new Budget Act.
- Ensuring the full functionality of the Fiscal Policy Commission, through the appointment of a new chair based on a public call.

The reform shall be completed by 31 March 2022.

##### **Reform 2 (C2.7.R2) Development of a structural macroeconomic model of the Croatian economy**

The aim of the reform is to develop a structural macroeconomic model of the Croatian economy, which is suitable for producing medium-term macroeconomic forecasts, simulating the effects of economic policies and impact assessments of shocks, and ultimately to strengthen the capacity of the Ministry of Finance to prepare budgetary forecasts.

The reform shall be completed by 30 September 2022.

## Extract from the Annex of the Council Implementing Decision (CID):

**M.2. Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support**

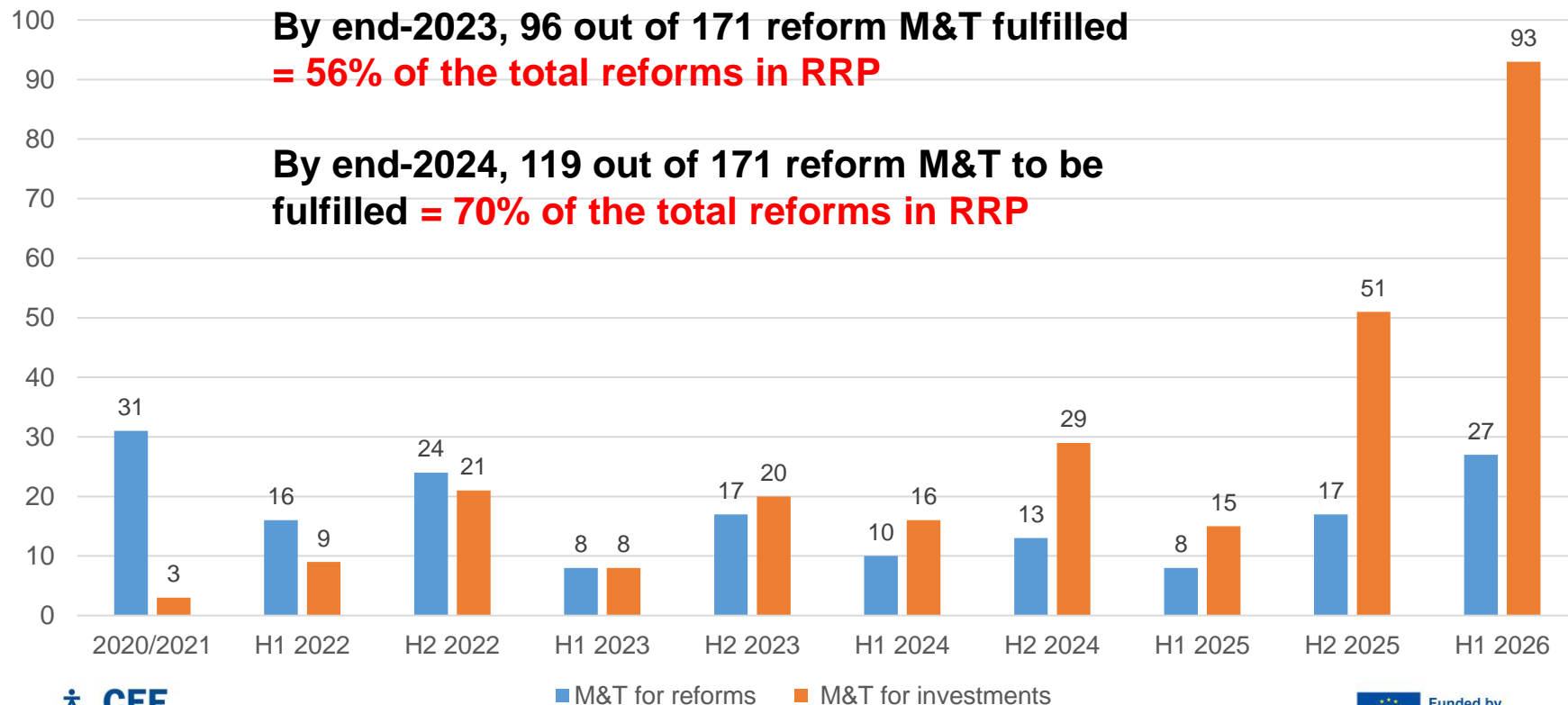
Number	Measure	Milestone / Target		Number	Measure	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Time		Description of each milestone and target
									Unit	Baseline	Goal	Q	Year	
247	C2.7. R1	M	Strengthening framework adoption to improve processes	249	C2.7. R2	M	Development of a structural macroeconomic model of the Croatian economy for producing medium-term macroeconomic forecasts, budgetary planning and economic policy analyses	Development and putting into use of a fully functional structural macroeconomic projection model of the Croatian economy to draw up projections underlying the annual budget.				Q3	2022	A structural macroeconomic model of the Croatian economy shall be developed for producing medium-term macroeconomic forecasts, simulate the effects of economic policies and the impact of shocks, and ultimately strengthen the capacity of the Ministry of Finance for preparing budgetary forecasts. The initial model shall be developed by the end of 2021 and shall be fully operational by mid-2022, enabling to draw up projections underlying the 2023 budget. The results of the model shall be used for the preparation of budgetary documents, improving the quality of medium-term budgetary forecasts and thus the sustainability of public finances.
248	C2.7. R1	M	Ensuring functional Policy Co...											
							Policy Commission,							Fiscal Accountability Act (OG 111/2018)

## Extract from the Operational arrangements:

Non-repayable support												
#	Related Measure (reform or investment)	M/T	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Date for completion		Responsibility for reporting and implementation	Further specification (if necessary)	Verification mechanism
					Unit	Baseline	Goal	Q	Year			
247	C2.7. R1 Improving fiscal planning and reporting	M	Strengthening the fiscal framework through the adoption of the Budget Act to improve the budgetary processes	Entry into force of the new Budget Act				Q4	2021	Ministry of Finance		Copy of the publication in the Official Gazette accompanied by a summary document duly justifying how the milestone was satisfactorily fulfilled. This summary document shall include a reference to the relevant provisions indicating the entry into force (unless not applicable) and to the provisions which fulfil the relevant elements of the milestone, as listed in the description of milestone and of the corresponding measure in the CID annex, with appropriate links to or copies of the document(s) mentioned in the summary document.
248	C2.7. R1 Improving fiscal planning and reporting	M	Ensuring the full functionality of the Fiscal Policy Commission.	Appointment by Parliament of the new Chair of the Fiscal Policy Commission,				Q4	2021	Ministry of Finance		Copy of the publication in the Official Gazette accompanied by a summary document duly justifying how the milestone was satisfactorily fulfilled. This summary document shall include a reference to the relevant provisions indicating the entry into force (unless not applicable) and to the provisions which fulfil the relevant elements of the milestone, as listed in the description of milestone and of the corresponding measure in the CID annex, with appropriate links to or copies of the document(s) mentioned in the summary document.
249	C2.7. R2 Development of a structural macroeconomic model of the Croatian economy	M	Development of a structural macroeconomic model of the Croatian economy for producing medium-term macroeconomic forecasts, budgetary planning and economic policy analyses	Development and putting into use of a fully functional structural macroeconomic projection model of the Croatian economy to draw up projections underlying the annual budget.				Q3	2022	Ministry of Finance		Copy of the report by competent authority duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence.



## Distribution of 436 M&amp;T (171 for reforms and 265 for investments)



**GREEN MEASURES:**

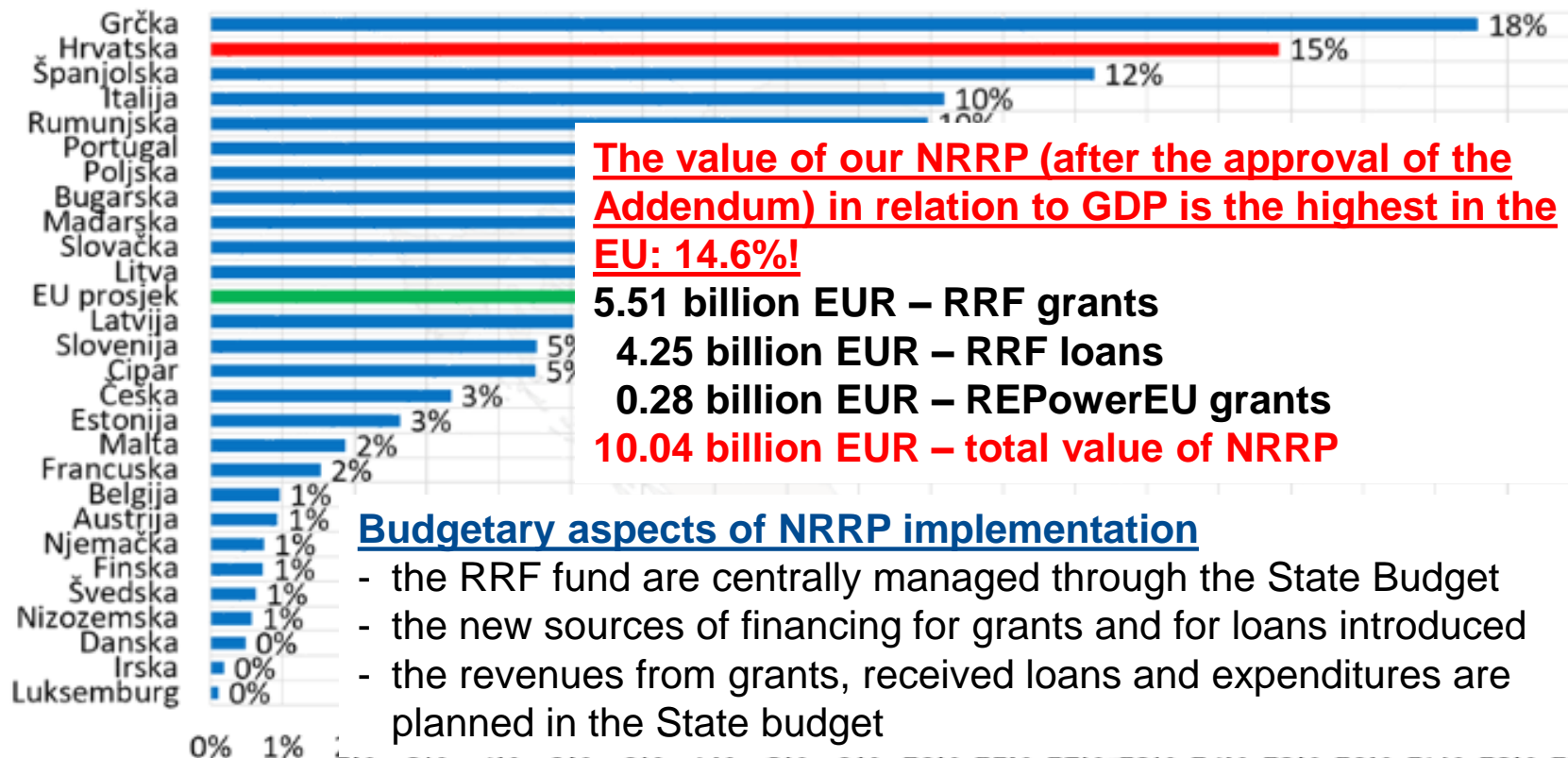
- energy efficiency and **post-earthquake reconstruction** of buildings - **€1,978 million**
- modernizing energy infrastructure, supporting investments for the production of advanced biofuels and renewable hydrogen and fostering energy efficiency, heat and renewable energy to decarbonise the energy sector – **€775 million**
- **supporting businesses for green transition and energy efficiency**, supporting their projects aimed at boosting the green economy, sustainable tourism and investing in green technologies - **€542 million**

**100% GREEN & 100% DIGITAL MEASURE:**

- ✓ Research, development and production of new mobility vehicles and supporting infrastructure - **autonomous electric taxis with supporting infrastructure adapted for people with disabilities** - **€179,499 million**

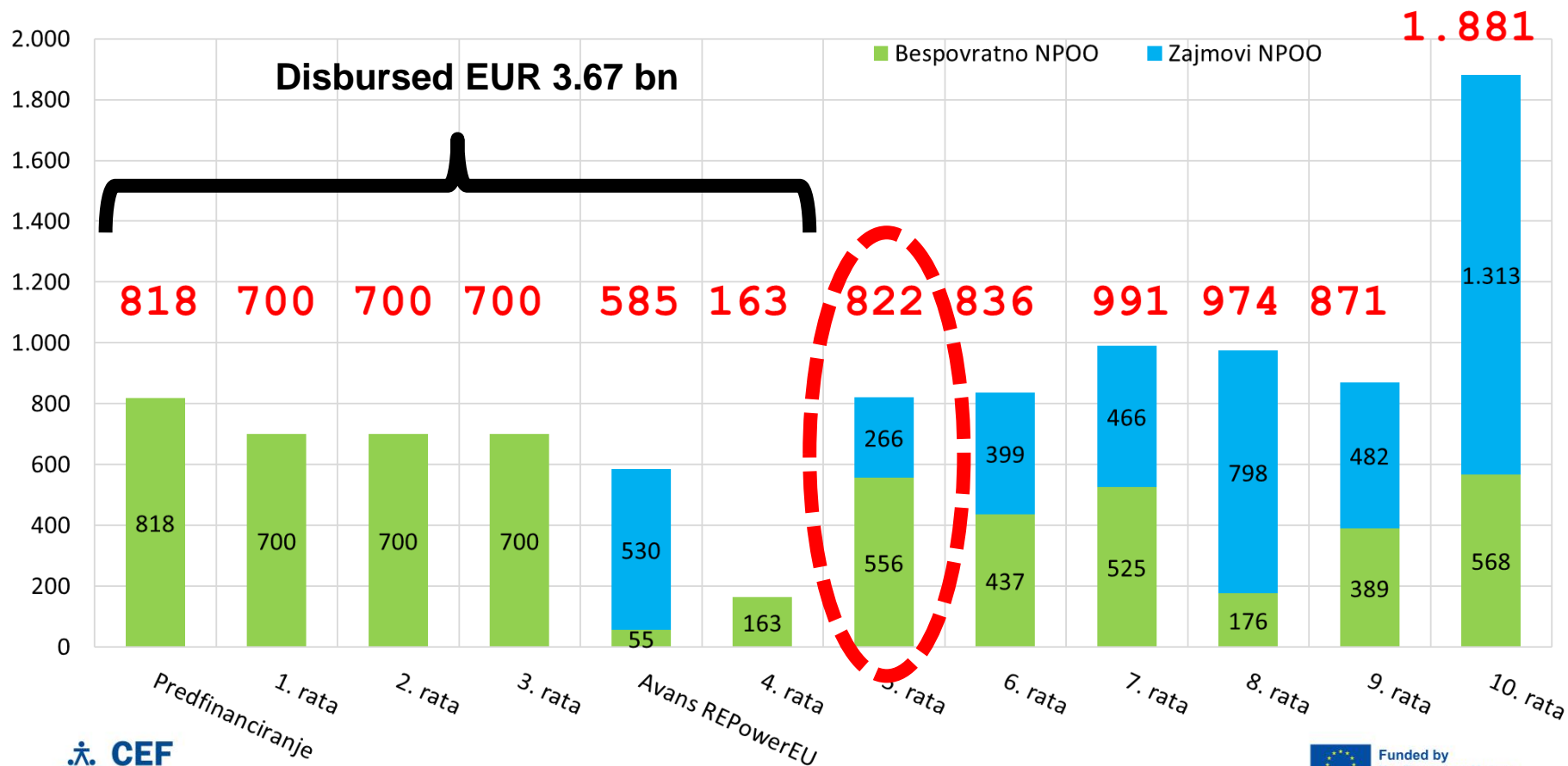
**DIGITAL MEASURES:**

- **investment in digital transition of the public administration** through digitalisation of the justice system, deployment of the Digital Identity Card and creation of a one-stop-shop for all public administration' online services - **€283 million**
- increasing national broadband coverage with gigabit connectivity in rural areas and construction of electronic communications infrastructure for 5G network thereby increasing the **digital connectivity of rural areas** - **€130 million**
- **digitalisation of higher education** through investing in e-learning and digital teaching tools - **€84 million support for the**

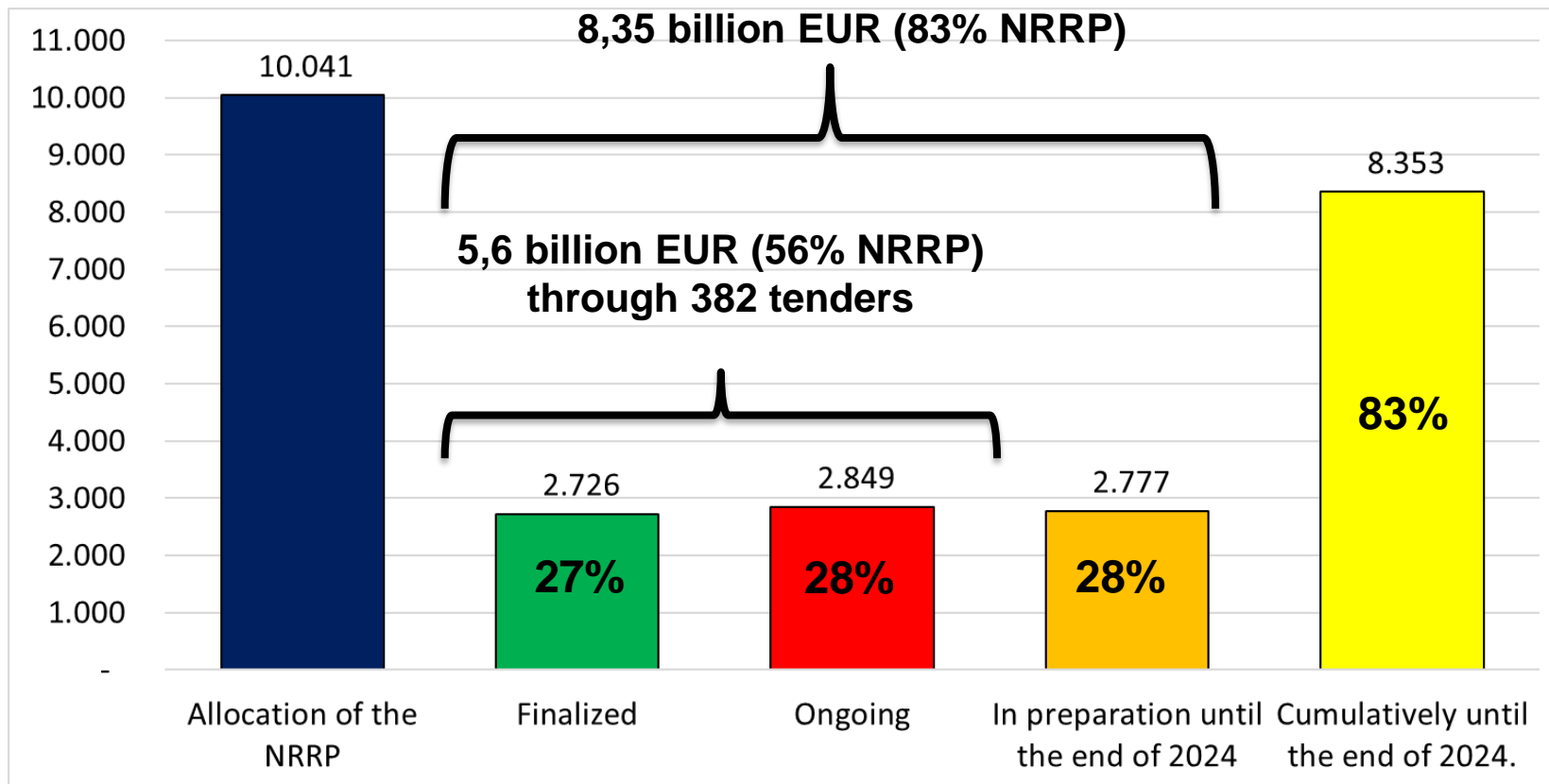


	IT	HR	PT	ES	SK	EL	RO	FR	SI	CZ	LT	BG	DK	LV	MT	CY	EE	LU	AT	DE	FI	BE	PL	HU	IE	SE	NL
5th payment request	1	2																									
4th payment disbursed	1	3	2																								
4th payment request	1	4	2	3	5	6																					
3rd payment disbursed	2	3		1																							
3rd payment request	2	4		1		3																					
2nd payment disbursed		3																									
2nd payment request		3																									
1st payment disburdes		6																									
1st payment request		6																									
Operational arrangement		7																									
Prefinancing		15																									
EC approved Recovery plan		16																									
Recovery plan sent to the EC		16																									

Croatia is, after Italy, **the most successful EU country in the implementation of the Recovery and Resilience Plan**, as it is **the second in the EU** that sent the 5th payment request. The overall fulfillment of reforms and investments in five installments of the NRRP is 157 out of 157 = 100%.

NRRP Payment profile, in million euros (grants and loans  
in tranches,

Realization (*tenders, invitations, direct allocations, financial instruments*) within the framework of NRRP, cumulatively from the start of implementation until 30.04., million EUR.



**OVERALL COORDINATION – Office of the PM, Ministry of Finance**

PRIME MINISTER

GOVERNMENT / STEERING BOARD

IMPLEMENTATION COMMITTEE

COORDINATING BODY (MoF)

BODY RESPONSIBLE FOR SENDING  
THE PAYMENT CLAIM (MoF)AUDIT AUTHORITY  
(ARPA)

## BODY RESPONSIBLE FOR COMPONENT

1. ECONOMY

MESD

2. PUBLIC  
ADMINISTRATION,  
JUDICIARY AND  
STATE ASSETS

MJPA

3. EDUCATION  
SCIENCE AND  
RESEARCH

MSE

4. LABOUR  
MARKET AND  
SOCIAL  
PROTECTION

MLPSFSP

5. HEALTH

MH

6. RENOVATION OF  
BUILDINGS

MPPCSA

BODY RESPONSIBLE FOR  
SUBCOMPONENTMESD  
MSTI  
MA  
MTS  
MCMMJPA  
MRDFEU  
CSODDS  
MPPCSA  
MOF MCMHAMAG-BICRO, HBOR, MCM  
CW, EPEEF, CFCA

CFCA

CFCA, CFS, HAMAG-BICRO

CES

CFCA, CES

EPEEF, FR, MSE, MH, MCM



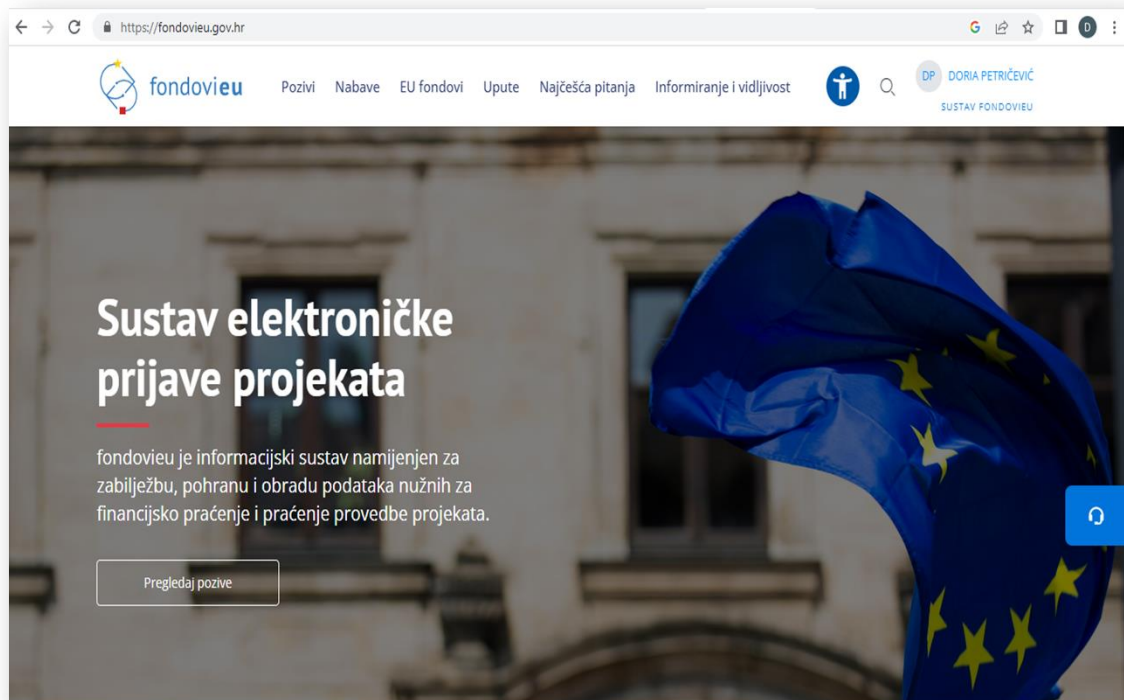
➤ Ministry of Finance, Directorate for Macroeconomic Analysis, EU and International Financial Affairs, Sector for RRP - *established in September 2021*

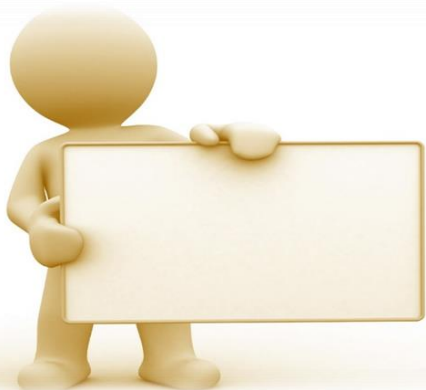
**Main tasks:**

- Coordination of implementation and monitoring of the RRP
- Collection and verification of data on achievement of milestones and targets
- Preparation of report on fulfilment of milestone and target for the submission of the payment claim to the EC
- Reporting on implementation of the RRP to the Prime Minister, Government and the EC
- Preparation of RRP amendments
- Support to bodies responsible for component/subcomponent in timely implementation
- Proposal of measures to Steering Board and Implementing Committee related to speeding up the implementation
- Support to the HR representative in the EFC in order to obtain the approval of payment claims
- Central contact point for communication with EC and for RRF matters
- Managing the IT system NPOO fondovieu and providing instructions for its use.

## Functionalities:

- collection, storage and monitoring of data in line with the RRF regulation
- + (*going beyond*)
- includes whole process of implementation (calls, selection, contracts, requests for reimbursement..)





✓Ministry of Finance prepared the **Common National Rules** for the implementation of the RRP – main steps in implementation and system of controls

✓The CNR are the basis for manuals of procedures which each institution has to prepare and to adopt

## 7 chapters of CNR:

1. **General chapter**
2. **Grant award procedure**
3. **Implementation of grant contracts**
4. **Financial instrument**
5. **Monitoring of the implementation**
6. **Payment Request to the EC**
7. **Irregularities**

- Strong political support and commitment
- Political stability, especially concerning the reform agenda
- Robust management and control system including dedicated monitoring phase covering the whole lifecycle of the measures.
  - ✓ Tight cooperation with line ministries and Office of the PM on a daily bases
- Timely development of IT support
- Knowledgeable, professional and dedicated staff



# FISR2

STRUCTURAL REFORMS BETTER INTEGRATED  
WITHIN FISCAL FRAMEWORKS

## Thank You for your attention

**Hana Zoričić, Deputy to the Chief State Treasurer, MoF, Croatia**  
**Doria Petričević, Head of Sector for Coordination of Monitoring the  
Implementation of the NRRP, MoF, Croatia**