

12 June 2024

**Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the fifth payment request submitted by Croatia on 15 April 2024, transmitted to the Economic and Financial Committee by the European Commission**

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 15 April 2024, Croatia submitted a request for payment for the fifth instalment of the non-repayable support and the first instalment of the loan support. The payment request was accompanied by the required management declaration and summary of audits.

To support its payment request, Croatia provided due justification of the satisfactory fulfilment of the 33 milestones and targets of the fifth instalment of the non-repayable support and four milestones of the first instalment of the loan support, as set out in Section 2(5)(5) and Section 6(6)(1) of the Council Implementing Decision of 29 November 2023 on the approval of the assessment of the recovery and resilience plan for Croatia<sup>1</sup>.

For three targets (#94, #169, #338) covering a large number of recipients, in addition to the summary documents and official listings provided by Croatia, Commission services have assessed a statistically significant sample of individual files. The sample size has been uniformly set at 60 which corresponds to a confidence level of 95% or above in all cases.

In its payment request, Croatia has confirmed that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed. The Commission does not have evidence of the contrary. Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Croatia, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of 37 milestones and targets.

The milestones and targets positively assessed as part of this payment request demonstrate significant steps in the implementation of Croatia's Recovery and Resilience Plan. They notably highlight the continuation of the reform momentum in key policy areas. This includes, among others, establishing preconditions for the introduction of the full-day teaching model in primary schools, improving management of hospitals through integration of key functions, increasing the share of biofuels in transport, strengthening risk assessment in the supervision of the financial sector, and advancing smartworking models in the public administration. The milestones and targets also confirm progress towards the completion of investment projects related to construction of wastewater infrastructure, digitalisation of the employment services, building of first of three centers for processing of fruits and vegetables contributing to waste reduction, energy infrastructure contributing to security of supply, and mobility of persons with disabilities.

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<sup>1</sup> ST 15834/23

By the transmission of this positive preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones and targets.

## Contents

<b>Non-repayable support</b> .....	6
<b>Number and name of the Milestone:</b> 8 Digitalisation of the SME Impact Assessment Test through the development of a digital platform for coordinators' collaboration, online training and mutual communication.....	6
<b>Number and name of the Target:</b> 9 Implementation of the actions of the new Action Plan to reduce non-tax and parafiscal charges .....	11
<b>Number and name of the Milestone:</b> 38 Plinacro certification by Croatian national energy regulator (HERA) .....	17
<b>Number and name of the Target:</b> 64 Works contracts concluded for wastewater infrastructure projects .....	19
<b>Number and name of the Target:</b> 70 Works contracts concluded for water supply projects	23
<b>Number and name of the Target:</b> 71 Public water supply network constructed or reconstructed.....	27
<b>Number and name of the Target:</b> 94 Establishment of a functional system for the exercise of the rights of persons with disabilities in the field of mobility .....	31
<b>Number and name of the Target:</b> 127 A logistic distribution centre (LDC) built and operational.....	37
<b>Number and name of the Milestone:</b> 139 Support Scheme for the infrastructure equipping of food banks and intermediaries in the food donation chain .....	40
<b>Number and name of the Milestone:</b> 142 Drawing up the Methodological Framework of the Sustainable Tourism Satellite Account of the Republic of Croatia .....	44
<b>Number and name of the Milestone:</b> 143 Tourism Act establishing a framework for monitoring and development of the tourism sector .....	48
<b>Number and name of the Milestone:</b> 151 Amendments to the Act on Regulatory Impact Assessment .....	52
<b>Number and name of the Target:</b> 168 At least 20% of civil servants work in the SmartWorking model.....	57
<b>Number and name of the Target:</b> 169 At least 60% of civil servants trained in Smartworking working method.....	66
<b>Number and name of the Milestone:</b> 170 Establishment of an e-conservation service .....	70
<b>Number and name of the Milestone:</b> 181 Pilot project on cybersecurity .....	74

<b>Number and name of the Milestone:</b> 183 Establishment of a one-stop shop.....	78
<b>Number and name of the Milestone:</b> 191 Establishment of a new public procurement platform and mobile application .....	81
<b>Number and name of the Milestone:</b> 192 CES' digital identity and human resources management systems .....	85
<b>Number and name of the Milestone:</b> 203 Grant agreements signed for the implementation of the projects under the National Framework for development of broadband access infrastructure (ONP) .....	88
<b>Number and name of the Milestone:</b> 220 New Framework Benchmarks for the work of judges adopted and an active judicial case management tool introduced.....	94
<b>Number and name of the Milestone:</b> 234 Adoption of a code of ethics for parliamentarians and a code of ethics for officials in the executive .....	99
<b>Number and name of the Milestone:</b> 243 Evaluation of the effects of the Law on the right of access to information.....	103
<b>Number and name of the Milestone:</b> 254 Strengthening supervision of the financial sector based on a risk assessment in the area of AML/CFT .....	106
<b>Number and name of the Milestone:</b> 258 Integration of a tailored framework for continuous training of procurement officers under ProcurCompEU into the mandatory training and certification scheme for public procurement.....	114
<b>Number and name of the Milestone:</b> 268 Adoption of the amendments for a full-day teaching model .....	120
<b>Number and name of the Milestone:</b> 398 Entry into force of the amendments to the Social Welfare Act and adoption of the Decision on guaranteed minimum benefit.....	126
<b>Number and name of the Target:</b> 319 Optimising time for diagnostic treatment – waiting lists .....	129
<b>Number and name of the Target:</b> 337 Functional integration of hospitals .....	131
<b>Number and name of the Target:</b> 338 Joint procurement procedure for health institutions .....	136
<b>Number and name of the Milestone:</b> 399 Creation of a centralised financing system dedicated to specialist medical training .....	143
<b>Number and name of the Target:</b> 369 The adoption of green urban renewal strategies.....	146

<b>Number and name of the Milestone:</b> 371 Successfully completed systematic energy management pilot project with the aim to test a new energy efficiency renovation financing model .....	150
<b>Loan support</b> .....	156
<b>Number and name of the Milestone:</b> 55 Plan for the production and use of biofuels in transport adopted.....	156
<b>Number and name of the Milestone:</b> 405 Guidelines for the energy renovation of buildings with the status of a cultural good.....	159
<b>Number and name of the Milestone:</b> 421 Contract for equipment for the expansion of the LNG terminal on the island of Krk.....	161
<b>Number and name of the Milestone:</b> 423 Contract for works for the expansion of the Zlobin – Bosiljevo gas pipeline .....	163

## Non-repayable support

**Number and name of the Milestone:** 8 Digitalisation of the SME Impact Assessment Test through the development of a digital platform for coordinators' collaboration, online training and mutual communication

**Related Measure:** C1.1.1. R1-I2 Continuing administrative and fiscal burden relief

**Qualitative Indicator:** Digital Platform in operation

**Time:** Q4 2023

### 1. Context:

Milestone 8 is part of investment C1.1.1 R1-I2 Continuing administrative and fiscal burden relief, whose objective is to improve the business environment in Croatia. The measure includes action plans adopted by the government, which commit to reduce the cost of compliance with regulatory requirements.

Milestone 8 requires development and set up a digital platform whose purpose is to support the process of conducting the SME Impact Assessment Tests of draft regulations in public administration. The platform provides an interface and tools to conduct the calculation of impacts, monitor tasks and procedures, report, and facilitate collaboration.

Milestone 8 follows milestone 1 of the reform C1.1.1 R1 Continuing the reform of the business and regulatory environment, which entails adoption of a strategy and action plan to improve economic impact assessment, including the SME Test. Milestone 8 is the third milestone of the investment C1.1.1 R1-I2 Continuing administrative and fiscal burden relief, and it also follows the completion of target 6 and target 7, related to the implementation of action plans to reduce costs and administrative burden on businesses. It takes place in parallel with target 9, and is followed by targets 10 and 11, related to the implementation of further action plans on administrative burden and cost relief for the business sector. The investment has a final expected date for implementation on 31 December 2025.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, including a web link to access the platform and screenshots for illustration
2	A copy of the user manual for the SME Test Platform	

3	A copy of the Report of services completed under the project "Creation of a platform for the implementation of the SME Impact Assessment Test" ("Primopredajni zapisnik o izvršenim uslugama"), signed by the Ministry of Economy and Sustainable Development (MoESD) and the contracted IT company <i>HiveTech d.o.o.</i> on 12 January 2024	Takeover record related to the completion of the project, including two documents covering project design (Phase I) and operationalization (Phases II – VII), respectively.
4	A copy of the Contract on public procurement of the service "Creation of a platform for the implementation of the SME Impact Assessment Test", between the Ministry of Economy and Sustainable Development and the provider <i>HiveTech d.o.o.</i> , Class: 406-01 122-01/1 I 8: No: 517 - 02-3 -I -23 -21, signed on 15 February 2023 and 15 March 2023, respectively.	Service contract with the IT consultancy, containing the technical specifications of the platform, including technical and functional requirements (Annexes I and II).
5	A copy of the report Proposal with Recommendations on the Design of Croatia's Digital SME Test Platform of 20 October 2022	TSI project report by the OECD.
6	Report from the technical meeting held on 18 January 2024	Report from the technical meeting between the Croatian authorities and the European Commission showcasing the established platform

### 3. Analysis:

The justification and substantiating evidence provided by the Croatia authorities cover all constitutive elements of the milestone.

#### **The use of IT consultancy services shall develop and set up a digital platform for the implementation of the SME test (hereinafter referred to as "the SME Test Platform").**

A contract on public procurement of the service "Creation of a platform for the implementation of the SME Impact Assessment Test" (evidence no. 4, hereinafter also referred to as the "Contract") was signed between the Ministry of Economy and Sustainable Development and an IT consultancy on 15 March 2023 (evidence no. 4, p. 8). Article 1 of the Contract specifies that the subject of the contract is the development and setting up of a digital platform for the implementation of the SME test. Article 2 further specifies the obligation to deliver services set out in the technical specifications on the SME Test Platform, annexed to the contract.

The Report of services provided (evidence no. 3, takeover record), signed by the Ministry of Economy and Sustainable Development (MoESD) and the contracted IT company confirms the launch of the SME Platform into operation, as a deliverable under the abovementioned contract on public procurement of the SME Test Platform. The operationalization ('going live') is the fifth of seven project phases, completed between 23 May 2023 and 27 December 2023 (evidence no. 3, p. 6). The other completed phases of the

project include project design, development of main software functions (modules), testing, data migration, user support, and delivery and maintenance of software licences (evidence no. 3, p. 1 – 7). The Report of services provided in conjunction with the public procurement contract confirm that the development and set up of the SME Test Platform were completed through the use of IT consultancy services, in line with the description of the milestone in the Council Implementing Decision.

To obtain a reasonable assurance that the SME Test Platform is in operation and contains the required functions, on 17 January 2024 the Commission performed an online on-the-spot check. The on-the-spot check was finalised successfully without any issue found, as further referenced in the next section.

The authorities also provided a direct web link to the SME Test platform in the Cover note (<https://msp.mingor.gov.hr/>), as well as through the website of the Ministry of Economy and Sustainable Development (<https://mingor.gov.hr/djelokrug/uprava-za-internacionalizaciju-6087/konkurentnost/unapredjenje-poslovne-klime/analiticka-i-metodoloska-podrska/7625>).

**The platform shall consist of an IT database of SME tests, a database of standardised values used to calculate the impact assessment and shall allow for systematic monitoring and monitoring of calculated impacts, analytical reports, and impact simulations.**

Part of the Contract are technical and functional requirements which stipulate the business processes to be supported by the IT platform. The platform is a web-based application with program modules supporting different elements of the workflow, including launch and conduct of the SME Test, calculation of the cost of administrative burdens for enterprises, monitoring, validation and reporting, as well as public consultations of draft regulations (evidence no. 4, Article 5, Annexes I and II).

The Platform's dashboard provides access to an IT database of all open and completed SME Tests initiated by the line ministries (state administration bodies), which is searchable for all users along multiple criteria, such as the competent authority, the status of the SME Test, the stage of the SME Test, and the metadata available in the system (evidence no. 4, Annex I, p. 8 – 9).

The Platform's functionality for the calculation of impacts of regulation is the user form 'SCM calculator' (Standard Cost Model). The SCM is used for measurement of administrative burden on SMEs by calculating the cost of an administrative obligation. The SCM calculator is part of the online forms for conducting the SME Test. Parameters included in the SCM formula are coded as standardized values and are available to users on the platform to apply in the calculation. The SCM calculator is also used to conduct impact simulations to assess burden relief of different policy options (evidence no. 4, Annex I, p. 19 - 20).

The dashboard is also a reporting and monitoring tool. All users can access summary data for their line ministry, such as the number of completed or ongoing SME tests and overall calculated impacts of regulations under their competence. Designated users from the central coordinating ministry have access to aggregated data on burden relief achieved in all administrative areas, as well as filtering options allowing for further analytical insights by areas (evidence no. 2, user manual, section 3.1). Designated users from the central coordinating ministry additionally hold approval functions in the process flow (evidence no. 4, p. 9 - 10).

The user manual for the SME Test platform (evidence no. 2) further illustrates that the features of the SME Test platform are in line with the requirements of milestone #8. Chapter 2 provides for an overview of the functionalities of the SME Test platform. This includes the dashboard providing access to the



database of SME Tests and the SCM calculator (section 2.1), the navigation through an SME Test file with the SCM calculator (section 2.2), the control and monitoring tools (section 2.3), and the information and resources (section 2.3). The detailed instructions on the use of the functionalities of the dashboard underpinning the process of implementation of the SME Tests by state administration bodies are described in Chapter 3.

Furthermore, on the occasion of the on-the-spot check (evidence no. 6) the authorities and the external expert demonstrated the functionalities of the SME Test platform, which are for illustration purposes also included as screenshots in the Cover note, in particular:

- access to a searchable database of all open and completed SME tests,
- a database of standardized values for impact assessment calculations embedded in the SME Test and SCM calculator online forms,
- interactive dashboard which allows monitoring and validation of the process, reporting on aggregate calculated impacts by area, and impact simulations,
- structured collaboration functionalities and
- a help centre for platform users.

The functions of the SME Test Platform described above support the workflow for launching and completing an SME Test of draft regulations. In line with the requirements of milestone #8, they provide for a centralized digital database of SME Tests conducted by state administration bodies, facilitate the calculation and simulation of impacts of draft regulations on SMEs through integration of a database of standardized values for the application of the Standard Cost Model, and allow for monitoring of the process and generation of analytical reports on calculated impacts.

**An integral part of the platform, in addition to the database, shall form a portal dedicated to mutual communication and exchange of experience between national experts who form the Better Regulation network.**

The platform includes a communication and collaboration module that serves as a unified source of information and learning resources. It enables real-time communication between all stakeholders in the process, both individually and as a network<sup>2</sup>. This module contains notifications of current updates, as well as user guides and links to resources (evidence no. 4, p. 9). Communication among stakeholders in the process is further facilitated by the possibility of generating e-mails from the SME Test module towards select recipients (evidence no. 4, p. 10).

**All activities shall be implemented through technical assistance projects (TSI).**

The authorities provided the TSI (Technical Support Instrument) report of the project “Advancing Regulatory Policy in Croatia Through Innovation and Digitalisation” (“Proposal with Recommendations on the Design of Croatia's Digital SME Test Platform”, evidence no. 5). As elaborated in Chapter I., section I.1, Component B of the Project developed Specifications for a digital platform supporting Croatia’s SME Test thus enabling its development and set up. In particular, Chapter IV. includes detailed draft technical specifications for the service provider on the functionalities and system requirements of the SME Test Platform, its maintenance and support, the data and workflow models underpinning the conduct of the

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<sup>2</sup> The adopted Strategy for the Evaluation of the Economic Effects of Regulation on the SME sector under milestone #1 clarifies that a network of Regulatory Impact Assessment Coordinators and SME Coordinators is established among ministries, tasked with supporting the (economic) impact analysis in the legislative process (p. 16)

SME Test on the Platform, as well as the user and administration functions. The technical support therefore informed the implementation of the digital platform by the Ministry of Economy and Sustainable Development.

**4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Target:** 9 Implementation of the actions of the new Action Plan to reduce non-tax and parafiscal charges

**Related Measure:** C1.1.1 R1-I2 Continuing administrative and fiscal burden relief

**Quantitative Indicator:** Number (EUR)

**Baseline:** 0

**Target:** 132 722 808

**Time:** Q4 2023

### 1. Context:

This investment is part of the reform of the business environment, which aims to further reduce the administrative and fiscal burden on businesses. It includes the implementation of several action plans aimed to substantially improve the business environment in Croatia. The measure consists of two subsets of actions. The first subset focuses on fully implementing already adopted action plans for administrative burden reduction. The second subset aims to implement new action plans for reducing administrative burden as well as parafiscal and non-tax charges and set up a system to monitor the implementation of the measures.

Target 9 refers to the implementation of a new action plan with measures to reduce non-tax and parafiscal charges, which lead to a direct cost relief on businesses of at least EUR 132 722 808. For the selection of the cost relief measures, all existing fees paid by businesses to central government bodies, local and regional authorities or other bodies with public powers are considered.

Target 9 is the fourth target of the investment, and it follows the completion of target 6 and target 7, related to the full implementation of the first action plan for reducing non-tax and parafiscal charges of 2020, and the implementation of three action plans for administrative burden relief adopted in 2018, 2019, and 2020, respectively. Target 9 is expected to be completed in parallel to milestone 8 related to the digitalisation of the impact assessment test for small and medium-sized enterprises. It will be followed by target 10 and target 11, related to the implementation of a fifth action plan on administrative burden relief for entrepreneurs. The investment has a final expected date for implementation on 31 December 2025.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.

2	Action plan for reducing non-tax and parafiscal charges in 2023 for 2024	Action plan for reducing non-tax and parafiscal charges in 2023 for 2024, adopted by the government on 28 December 2023. The plan includes 73 measures to reduce non-tax and parafiscal charges. For each measure, the plan indicates the name of the fee, the competent authority for the fee, the annual fee amount collected, the legislative amendments necessary to implement the measure, a description of the reduction, the projected burden relief, and the planned timeline of implementation.
3	Government Conclusion adopting the Action plan on 28 December 2023	Government Conclusion adopting the Action plan on 28 December 2023, CLASS 022-03/23-07/32, REF. NO: 50301-05/20-23-2
4	Proposed revised action plan for reducing non-tax and parafiscal charges in 2023 for 2024	Proposed revision of the Action plan for reducing non-tax and parafiscal charges in 2023 for 2024, not adopted by Government. The revised action plan contains 65 measures, as a result of removing 9 measures from the original action plan and adding one 'compensatory' measure.
5	Annex I – Evidence of the implementation of the Action Plan from the Action Plan 2023	Document providing evidence for the implementation of 53 cost relief measures from the revised action plan (52 measures from the original action plan and one compensatory measure).  For each measure, the document names the legislation or other official decisions establishing the fee, as well as the legislation or other official decisions reducing or abolishing the fee. For legislation included in the Official Gazette, the document includes links, while other official decisions have been submitted via Fenix. NB: For measure 3, the correct link showing measure implementation is <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2024_03_33_506.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2024_03_33_506.html</a>
6	Decisions on non-tax fees and on fee reduction measures	As mentioned in point 5, official decisions that were not published in the Official Gazette were submitted as evidence for the implementation of 22 fee reduction measures.
7	Annex II - Explanation of unimplementable measures from the Action Plan 2023 and compensation measures	Document providing explanations for the 9 measures removed from the original action plan and the compensatory measure inserted in the revised action plan.

8	Summary extract from the register of non-tax and parafiscal charges 2020	Excel extract of register of non-tax and parafiscal charges with summary data of annual fee amounts collected in 2020 as well as a list of the 40 most burdensome measures for businesses
9	Signed statements of competent authorities	Statements signed by the ministers or heads of competent authorities on the implementation of fee reduction measures as well as the fee amounts collected in 2020-2023. These statements cover 50 of the 53 implemented measures.
10	Table on annual fee amounts 2020-2023	Excel table showing the annual amounts collected per non-tax fee/parafiscal charge for all 65 measures included in the revised action plan for the years 2020, 2021, 2022 and 2023.
11	Full extract of the register of non-tax and parafiscal charges	Excel extract of register of non-tax and parafiscal charges with data of annual fee amounts collected in 2020
12	Government Decision on the Establishment of a Commission for the reduction and abolition of non-tax charges adopted on 5 January 2017	Government Decision on the Establishment of a Commission for the reduction and abolition of non-tax charges adopted at the government session on 5 January 2017. The government session and documents are available on the following link: <a href="https://vlada.gov.hr/sjednice/15-sjednica-vlade-republike-hrvatske-19928/19928">https://vlada.gov.hr/sjednice/15-sjednica-vlade-republike-hrvatske-19928/19928</a>
13	Minutes of the 1 <sup>st</sup> meeting of the Commission for the reduction and abolition of non-tax charges	Minutes of the 1 <sup>st</sup> meeting of the Commission for the reduction and abolition of non-tax charges of 17 January 2017 CLASS 30-01/17-01/03, REF. NO: 526-05-17-2
14	Report on the activities carried out by the contractor	Signed report by the contractor to the Ministry of Economy and Sustainable Development on the activities and expert engagement until 30.4.2021 under the project "Measuring and reducing administrative burdens of business procedures, optimisation of registers non-tax charges and administrative charges".
15	Invoice from contractor	Invoice from 12 July 2021 (invoice number 341/001/211) from contractor to the Ministry of Economy and Sustainable Development for the project "Measuring and reducing administrative burdens of business procedures, optimisation of registers non-tax charges and administrative charges".

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the target.

**All fees resulting from public regulation provisions paid by undertakings to central government bodies, local and regional authorities or other bodies with public powers shall be analysed and considered.**

The full extract of the register of non-tax and parafiscal charges (evidence 11) shows that a comprehensive analysis has been carried out with the aim to consider all the fees resulting from public regulation provisions paid by undertakings to central government bodies, local and regional authorities or other bodies with public powers. The register of non-tax and parafiscal charges (hereinafter referred to as 'register') formed the basis of the analysis of the fees to be considered for inclusion in the Action plan for reducing non-tax and parafiscal charges in 2023 for 2024, adopted by Government Conclusion on 28 December 2023 (evidence 2 and 3, hereinafter referred to as 'adopted action plan'). The register is an official database with the mandate to collect information on all non-tax and parafiscal charges paid by undertakings to public authorities in Croatia, as established by the Government Decision on the Establishment of a Commission for the reduction and abolition of non-tax charges, adopted as part of the government session on 5 January 2017 (evidence 12, paragraphs IV and V). The full extract of the register of non-tax and parafiscal charges (evidence 11, sheet 'Ukupno') shows that a total of 469 non-tax and parafiscal charges were recorded and updated with 2020 data in the register, covering 23 competent authorities.

The register, with the mandate to cover all non-tax and parafiscal charges paid by undertakings in Croatia, allowed for an analysis and consideration of all fees. One key criterion was the size of the burden on businesses: 15 of the 'top 40' non-tax and parafiscal charges with the highest annual burden on businesses are part of the plan, including five of the ten most burdensome fees, as evidenced by comparing the summary extract from the register of non-tax and parafiscal charges 2020 submitted by Croatia (evidence 8, in particular the 'Top 40 – 2020' sheet) with the 73 measures listed in the adopted action plan. Another factor that was considered was a sufficiently broad distribution of fee reductions across public authorities. Fee reduction measures in the adopted action plan are under competence of 12 different authorities (adopted action plan, p. 2). For each charge, the register also includes information on, inter alia, the legal basis, purpose of the charge, and earmarking of the revenues (evidence 11), which allowed for the consideration of additional factors in the selection of fee reduction measures, e.g. regarding the use of revenues.

Nine measures planned for implementation in the adopted action plan were at the moment of implementation replaced by a compensatory measure, which preserves the ambition in terms of direct cost relief on businesses and does therefore not affect the satisfactory fulfilment of the milestone. The latter measure is included in the proposed revised action plan for reducing non-tax and parafiscal charges in 2023 for 2024 (evidence 4), consisting of 65 measures. The reasons for the replacement of measures include legal constraints for implementing the planned fee reductions and considerations linked to new EU legislation (evidence 7). The proposed revised action plan still includes 12 of the 40 most burdensome fees in the register, as well as 5 of the 10 fees with the highest burden. The proposed revised action plan continues to include a broad distribution of measures with contributions of 12 competent authorities.

In summary, a comprehensive analysis of the non-tax and parafiscal charges in the register, which aims to cover all such fees paid by businesses to public authorities, was carried out, as evidenced by comparing the register and both the adopted and proposed revised action plans.

**The implementation of measures to reduce the burden on businesses from parafiscal and non-tax charges in the new/second Action Plan to reduce parafiscal and parafiscal charges shall result in a direct cost relief of no less than EUR 132 722 808.**

Croatia provided evidence for the implementation of 53 measures to reduce the burden on business from non-tax fees and parafiscal charges in the form of legislative amendments published in the Official Gazette as well as decisions for cost-relief measures adopted by the relevant competent authority (evidence 5 and 6). The Council Implementing Decision required the implementation of the measures. While legislative amendments and decisions were adopted for all the 53 measures, the legislative amendments and decisions linked to measures 1, 2, 3, 32, 34, 35, 36, 37, 38, 39, 40, and 41 of the adopted action plan will enter into force on 1 July 2024 (evidence 5 and 6). Whilst this constitutes a minimal temporal deviation from the requirement of the Council Implementing Decision, the delay between the adoption of these legislative amendments and decisions and the actual application of the provisions is considered both limited and proportional, notably as they were adopted during February and March 2024 and their entry into force is on 1 July 2024. Moreover, as all the 12 legislative amendments and decisions highlighted above have been adopted and, where applicable, were published in the Official Gazette, there is certainty that the measures will take effect. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.

Croatia provided evidence that the implementation of the 53 measures included in the adopted action plan (and the proposed revised action plan for the compensatory measure) results in a direct cost relief for businesses of EUR 135 013 923.79 (evidence 2, complemented by evidence 5 and 8). For each measure, the adopted action plan includes the annual fee amounts collected in 2020, as well as a cost relief projection per measure reflecting the description of the measure included in the action plan. For example, in case of abolition of a fee, the projected cost relief corresponds to the full annual fee amount, while in case of a 50% reduction of the fee, the project cost relief corresponds to half the fee amount. For more complex cases, Croatia provided explanations for the calculations of the projected cost relief. For the compensatory measure, the cost relief can be determined based on the annual fee amount in the register (evidence 11, sheet 'MINGOR') and the legislative amendments (evidence 5). Adding up the individual cost relief per measure for the 53 measures considered implemented leads to the total cost relief of EUR 135 013 923.79, hence above the target of EUR 132 722 808.

The supplementary data submitted by Croatia as part of signed statements of competent authorities sent to the Ministry of Economy and Sustainable Development (evidence 9), as well as a table on annual fee amounts 2020-2023 (evidence 10) allowed for additional robustness checks to be performed based on the annual fee amounts collected in 2020-2023. The robustness checks show that the cost relief target of EUR 132 722 808 was also achieved when taking the average annual fee amounts collected in 2020-2023 as a basis.

Furthermore, in line with the description of the measure, the investment shall include **setting up an IT system to monitor the implementation of the measures and to update and digitalise the Register of Non-Tax Charges.**

Croatia has provided evidence of centralised monitoring of the implementation of the measures in the action plan. The Government Conclusion adopting the Action Plan of 28 December 2023 (evidence 3) in point 4 tasks the Ministry of Economy and Sustainable Development as responsible for coordinating the implementation of the measures. Furthermore, an internal IT system to monitor the implementation of

the measures and to update and digitalise the register of non-tax charges is in place and has been improved between February 2020 and April 2021 as part of project 'Measuring and reducing administrative burdens of business procedures, optimisation of registers non-tax charges and administrative charges' (evidence 14, 'Activity 2'). To obtain a reasonable assurance that the IT system updating and digitalising the register is in operation, on 14 May 2024, the Commission performed an online on-the-spot check, which was finalised successfully without any issue found. On the occasion of the on-the-spot check the authorities demonstrated the functionalities of the IT system:

- Register of non-tax and parafiscal charges – Overview page
- Filtering the results according to criteria (year, competent authority, type and kind of charges)
- Data entry and file upload
- Overview of detailed information for each non-tax and parafiscal charge
- Monitoring of the implementation of relief measures by charges with the possibility of filtering data by competent authority, year, and type of charges.

The functionalities show that the IT system digitalises the register of non-tax and parafiscal charges and allows for the monitoring of the implementation of the non-tax and parafiscal fee reduction measures, as well as the updating of the register.

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.



**Number and name of the Milestone:** 38 Plinacro certification by Croatian national energy regulator (HERA)

**Related Measure:** C1.2 R1 Decarbonisation of the energy sector

**Qualitative Indicator:** Decision on issuing a certificate adopted by the Croatian national energy regulator

**Time:** Q4 2023

### 1. Context:

The objective of the reform is to facilitate the decarbonisation of the energy and transport sectors and to support the national contribution to the EU renewable energy target.

Milestone 38 requires full separation of the management of the gas transmission system operator (Plinacro) from the supply and production activities of the State and its certification by Croatian national energy regulator (HERA).

Milestone 38 is the third step and the last milestone of the reform, and it follows completion of milestone 36, related to the publication of an assessment document with recommendations to alleviate barriers and administrative procedures restraining to higher uptake of renewable energy sources, and milestone 37, related to the entry into force of legislation (Revised Electricity Market Act and High-Efficiency Cogeneration Act) and/or regulation to improve uptake of renewable energy sources, including introduction of a premium-based system for the support of renewable energy sources. The reform has a final expected date for implementation in Q4 2023.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	M38_Cover Note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	Rjesenje_2021-07-23_15 / Decision on issuing a certificate, reference 310-05/15-02/0164, 371-02-12-21-95 of 23 July 2021	Copy of the Decision by the Croatian national energy regulator (HERA) on issuing a certificate to the gas transmission system operator (Plinacro)
3	Certifikacija društva PLINACRO d.o.o. – očitovanje / Confirmation of the certificate, reference 310-05/15-	Confirmation by the Croatian national energy regulator (HERA) of the certificate issued to Plinacro

	02/0164, 371-06-24-114 of 8 March 2024	
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### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

#### **Full separation of the management of the gas transmission system operator (Plinacro) from the supply and production activities of the State and its certification by Croatian national energy regulator (HERA).**

Furthermore, in line with the description of the measure, **decision on issuing certificate to TSO Plinacro adopted by the Croatian national energy regulator (HERA) shall complete the unbundling of the transmission activities in the gas market and that shall separate the supervision of the state-owned gas transmission system operator (TSO) from state-owned supply and production activities.**

The Croatian authorities provided a copy of the Decision on issuing a certificate (hereinafter referred to as "Decision"; reference 310-05/15-02/0164, 371-02-12-21-95 of 23 July 2021) adopted by the Croatian national energy regulator (hereinafter referred to as "HERA"), which confirms the completed unbundling of the transmission activities in the gas market and the full separation of the management of the gas transmission system operator (hereinafter referred to as "Plinacro") from the supply and production activities of the State, as indicated in Articles 1 and 2, and Point 1.1 of the Explanatory Annex of the Decision. Point 5.1.2 of the Explanatory Annex of the Decision confirms the separation of the supervision of the state-owned gas transmission system operator (TSO) from state-owned supply and production activities. As stated on the page 33, the Decision is enforceable as of 23 July 2021.

The Croatian authorities also provided the Confirmation by HERA (reference 310-05/15-02/0164, 371-06-24-114 of 8 March 2024) that the Decision on the certificate issued by HERA to Plinacro on 23 July 2021, remains in force.

### 4. Commission Preliminary Assessment:

Satisfactorily fulfilled.

**Number and name of the Target:** 64 Works contracts concluded for wastewater infrastructure projects

**Related Measure:** C1.3 R1-I1 Public sewage development programme

**Quantitative Indicator:** Number

**Baseline:** 0

**Target:** 60

**Time:** Q4 2023

**1. Context:**

The investment aims to achieve renovation and rehabilitation of 775 km of public sewerage networks and the construction and putting into operation of 12 wastewater treatment plants, to ensure access to appropriate wastewater treatment for an additional 200.000 citizens. The investment also helps to improve the public sewerage infrastructure, including purchase of equipment, establishment of control management and geographical information systems and works supervision. This investment is scaled-up with investment C 1.3 R3-I1 Further investments into the public sewage development programme and shall include the renovation and rehabilitation of additional 76 km of public sewerage network and ensure access to improved wastewater services for further 20.000 inhabitants.

This target consists of signing at least 60 works contracts related to wastewater infrastructure projects.

Target #64 is the second target of the investment, following the completed of target #63 (Public sewerage network constructed or reconstructed). It will be followed by target #65 (Wastewater treatment plants constructed and operational), related to construction and upgrades of wastewater treatment plants, target #66 (Public sewage network constructed or reconstructed) related to at least 775 km of public sewerage (drainage) network being built or reconstructed and #67 (Population benefitting from improved access to an improved wastewater treatment system), related to at least 200.000 inhabitants benefitting from improved access to an improved wastewater treatment system. The investment has a final expected date for implementation in June 2026.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled
2	97 copies of works contracts	

3	95 copies of works contract award notices	
4	Detailed overview table	Detailed overview table which points to concrete documentary evidence submitted by the authorities per project and works contract within the package of supporting evidence that proves compliance with the Council Implementing Decision requirements
5	Call for proposals "Financing the implementation of the already initiated investment projects concerning smaller parts of public water supply systems and public sewerage systems"	Call for proposal and Instructions for applicants: "Financing the implementation of the already initiated investment projects concerning smaller parts of public water supply systems and public sewerage systems"
6	Call for proposals "Financing the implementation of the investment projects concerning to the improvement of water and wastewater infrastructure of agglomerations"	Call for proposal and Instructions for applicants: "Financing the implementation of the investment projects concerning to the improvement of water and wastewater infrastructure of agglomerations"
7	49 Environmental impact assessment screening decisions	
8	12 Opinions of the competent nature authority confirming the project's compliance with the conservation objectives of the ecological network site	
9	46 Quality assessment forms	
10	46 Grant agreements with supporting annexes	
11	Multiannual Programme for Construction of Water and Wastewater Infrastructure for period until 2030, adopted by the Croatian Government, published in the Official Gazette, No. 147/2021 on	Link to decision: <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2021_12_147_253_9.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2021_12_147_253_9.html</a> , Link to Programme: <a href="https://www.voda.hr/sites/default/files/dokumenti/visegodisnji_program_gradnje_komunalnih_vodnih_gradevina_za_razdoblje_do_2030_godine.pdf">https://www.voda.hr/sites/default/files/dokumenti/visegodisnji_program_gradnje_komunalnih_vodnih_gradevina_za_razdoblje_do_2030_godine.pdf</a>

	30 December 2021 and entered into force on the same day, in line with Article 3 of the Government's decision	
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### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all the constitutive elements of the target.

**At least 60 works contracts shall be signed for wastewater infrastructure projects related to contracts to be awarded by the end of 2023.**

Croatia submitted copies of 97 signed works contracts and related 95 contract award notices for wastewater infrastructure projects (Evidence no. 2 and no. 3), concluded by end-2023, also summarised in the detailed overview table (Evidence no. 4). Based on evidence provided, the Commission verified that the target of at least 60 signed works contracts for wastewater infrastructure projects has been achieved. In particular, the scope of work is confirmed by Section II of each works contract award notice, which includes the common procurement vocabulary codes (hereinafter referred to as "CPV code") which are standardized references that specify and prove the type of works, services or goods procured within procurement contracts, subject of works contracts and descriptions of procured works which were concluded within signed contracts. This, in addition to the provisions of works contracts stipulating the subject of works, confirms that at least 60 works contracts are concluded for a variety of complementary wastewater infrastructure projects, including sewerage works, wastewater treatment plant construction works and/or sludge-treatment works, whereas some works contracts include works on both the public sewage and public water supply pipelines, which is considered efficient, resourceful and logical for those types of works. Works contracts and Section V of each works contract award notice confirms the dates of contract signature, verifying all were 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 integrity of the Natura 2000 sites concerned.**

For each project, the authorities have provided an environmental impact assessment (hereinafter referred to as "EIA") screening decision as evidence showing that EIA procedures were conducted in compliance with authorisation procedures in accordance with Directive 2011/92/EU and with screening and/or appropriate assessment pursuant to Article 6(3) of the Habitats Directive, which is in particular proven by each EIA screening decisions' explanation of the decision. The EIA, amongst other elements of the procedure, also consists of the assessment of potentially significant effects on Natura 2000 sites by the relevant authority for nature protection, including, where appropriate, the assessment of the potential effects of the project on the conservation objectives of the ecological network site. Final confirmation of the performed appropriate EIA procedure is the EIA screening decision. Copies of EIA screening decisions (Evidence no. 7) were provided and are also indicated in column K of the overview table for each project (Evidence no. 4). For projects with building permits issued after 4 December 2020, additional opinions of the competent nature authority confirming the project's compliance with the conservation objectives of

the ecological network site (Evidence no. 8) were also provided (copies of Opinions are indicated in column L of the overview table for each project). The abovementioned documents also provide evidence that projects do not have a significant effect on the integrity of the concerned Natura 2000 sites for those projects. This was additionally checked and confirmed by the Project Approval Committee within section 2.3 of quality assessment forms for each project, as the Project Approval Committee validated project's full compliance with EIA procedure by performing adequate DNSH assessment. Submitted copies of provided Quality assessment forms (Evidence no. 9) are earmarked in column J of the detailed overview table for every project.

Furthermore, in line with the description of the measure, **the investment shall be implemented through grants to municipalities, prioritising mature projects and the investment programme for water and wastewater infrastructure development (reform C1.3 R1) shall determine the prioritization of the projects and the use of any other funding, including from Union programmes.**

Two calls for proposals were published (Evidence no. 5 and no. 6 are the copies of published calls and instructions for applicants). Projects have been selected within those calls, with grants awarded to municipal water companies which are by law fully owned by municipalities (Evidence no. 10). As required within the two calls for proposal's instructions for applicants, which are an integral and binding part of the call for proposal documentation, project proposals had to be in a high level of maturity to be eligible. This was ensured by requiring that projects need to have all supporting documentation (such as building permits and EIA decisions) ready and at least 90% of proprietary and legal matters solved.

The Multiannual Water and Wastewater Construction Programme for period until 2030 was adopted on 30 December 2021 and entered into force on the same day, as stipulated in Article 3 of the Government's Decision (Official Gazette, No. 147/2021, hereinafter referred to as "Programme"). As assessed under reform C1.3 R1 milestone #59, the Programme provides a long-term investment framework for the development of water and wastewater systems in Croatia, includes the prioritization of investments and the use of other funding (Chapter 6 of the Programme). All projects and related works granted on the basis of these two calls for proposals are part of the priorities identified in the Programme, as earmarked in detailed overview table, column D (Evidence no. 4, in line with Evidence no. 10).

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Target:** 70 Works contracts concluded for water supply projects

**Related Measure:** C1.3 R1-I2 Public water supply development programme

**Quantitative Indicator:** Number

**Baseline:** 0

**Target:** 100

**Time:** Q4 2023

**1. Context:**

The investment aims to achieve renovation and rehabilitation of 956 km of public water supply networks, especially in rural, mountainous, and demographically disadvantaged areas, and purchase and installation of metering devices on water abstractions, to ensure drinking water and improved public water supply systems for around 45.000 people. The investment helps reduce water losses in the public water supply systems. This investment is scaled-up with investment C 1.3 R3-I2 Further investments into the public water supply development programme and shall include the renovation and rehabilitation of additional 131 km of the drinking water supply network and ensure improved access to public water supply services for further 26.000 inhabitants.

This target consists of signing at least 100 works contracts related to water-based infrastructure projects.

Target #70 is the third target of the investment, and it follows the completion of targets #68 and #69, and it is accompanied by target #71 (Public water supply network constructed or reconstructed) in this payment request. It will be followed by targets #72 (Public water supply network constructed or reconstructed) and #73 (Population with improved access to water supply), related to the construction or reconstruction of 956 kilometres of public water supply network and improving access to water supply for at least 45.000 inhabitants, and target #62 (Reduction of losses in public water supply systems) that aims to reduce water losses in public water supply systems by 7% at national level by June 2026. The investment has a final expected date for implementation in June 2026.

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled
2	138 copies of works contracts	
3	126 copies of works contract award notices	

4	Detailed overview table	Detailed overview table which points to concrete documentary evidence submitted by the authorities per project and works contract within the package of supporting evidence that proves compliance with the Council Implementing Decision requirements
5	Call for proposals “Financing the implementation of the already initiated investment projects concerning smaller parts of public water supply systems and public sewerage systems”	Call for proposal and Instructions for applicants: “Financing the implementation of the already initiated investment projects concerning smaller parts of public water supply systems and public sewerage systems”
6	Call for proposals “Financing the implementation of the investment projects concerning to the improvement of water and wastewater infrastructure of agglomerations”	Call for proposal and Instructions for applicants: “Financing the implementation of the investment projects concerning to the improvement of water and wastewater infrastructure of agglomerations”
7	56 Environmental impact assessment screening decisions	
8	10 Opinions of the competent nature authority confirming the project’s compliance with the conservation objectives of the ecological network site	
9	52 Quality assessment forms	
10	52 Grant Agreements with supporting annexes	
11	11 purchase orders	
12	Multiannual Programme for Construction of Water and Wastewater Infrastructure for period until 2030, adopted by the Croatian Government, published in the Official Gazette, No. 147/2021 on 30 December 2021 and	Link to decision: <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2021_12_147_253_9.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2021_12_147_253_9.html</a> , Link to Programme: <a href="https://www.voda.hr/sites/default/files/dokumenti/visegodisnji_program_gradnje_komunalnih_vodnih_gradevina_za_razdoblje_do_2030_godine.pdf">https://www.voda.hr/sites/default/files/dokumenti/visegodisnji_program_gradnje_komunalnih_vodnih_gradevina_za_razdoblje_do_2030_godine.pdf</a>



	entered into force on the same day, in line with Article 3 of the Government's decision	
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**3. Analysis:**

The justification and substantiating evidence provided by the Croatian authorities cover all the constitutive elements of the target.

**The number of works contracts signed for water-based projects relates to contracts to be awarded by the end of 2023.**

Croatia submitted copies a total of 149 signed works contracts and related contract award notices for water-based infrastructure projects (Evidence no. 2 and no. 3), concluded by end-2023, also summarized in the detailed overview table (Evidence no. 4). Based on evidence provided, the Commission verified that the target of at least 100 signed works contracts for water supply infrastructure projects has been achieved. In particular, the scope of work is confirmed by Section II of each works contract award notice, which includes the common procurement vocabulary codes (hereinafter referred to as "CPV code") which are standardized references that specify and prove the type of works, services or goods procured within procurement contracts, subject of works contracts and descriptions of procured works which were concluded within signed contracts. This, in addition to the provisions of works contracts stipulating the subject of works, confirms that at least 100 works contracts are concluded for a variety of complementary water-based infrastructure projects, including pumping station construction work, works related to water-distribution pipelines and/or water plumbing work, whereas some works contracts include works on both the public sewage and public water supply pipelines, which is considered efficient, resourceful and logical for those types of works. Works contracts and Section V of each works contract award notice confirms the dates of contract signature, verifying all were awarded by the end of 2023. Out of the 149, Croatia submitted eleven works contracts that were subject to a simplified public procurement procedure in line with the Croatian public procurement legislation and have been thus signed and concluded in the form of a purchase order (Evidence no. 11).

**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 integrity of the Natura 2000 sites concerned.**

For each project, the authorities have provided an environmental impact assessment (hereinafter referred to as "EIA") screening decision as evidence showing that EIA procedures were conducted in compliance with authorisation procedures in accordance with Directive 2011/92/EU and with screening and/or appropriate assessment pursuant to Article 6(3) of the Habitats Directive, which is in particular proven by each EIA screening decisions' explanation of the decision. The EIA, amongst other elements of the procedure, also consists of the assessment of potentially significant effects on Natura 2000 sites by the relevant authority for nature protection, including, where appropriate, the assessment of the potential effects of the project on the conservation objectives of the ecological network site. Final confirmation of the performed appropriate EIA procedure is the EIA screening decision. Copies of EIA screening decisions (Evidence no. 7) were provided and are also indicated in column K of the overview table for each project (Evidence no. 4). For projects with building permits issued after 4 December 2020, additional opinions of

the competent nature authority confirming the project's compliance with the conservation objectives of the ecological network site (Evidence no. 8) were also provided (copies of Opinions are indicated in column L of the overview table for each project). The abovementioned documents also provide evidence that projects do not have a significant effect on the integrity of the concerned Natura 2000 sites for those projects. This was additionally checked and confirmed by the Project Approval Committee within section 2.3 of quality assessment forms for each project, as the Project Approval Committee validated project's full compliance with EIA procedure by performing adequate DNSH assessment. Submitted copies of provided Quality assessment forms (Evidence no. 9) are earmarked in column J of the detailed overview table for every project.

Furthermore, in line with the description of the measure, **the investment shall be implemented through grants to municipalities and the investment programme for water and wastewater infrastructure development (reform C1.3 R1) shall determine the prioritization of the projects and the use of any other funding, including from Union programmes.**

Two calls for proposals were published (Evidence no. 5 and no. 6 are the copies of published calls and instructions for applicants which are an integral and binding part of the call for proposal documentation). Projects have been selected within those calls, with grants awarded to municipal water companies, which are by law fully owned by municipalities (Evidence no. 10).

The Multiannual Water and Wastewater Construction Programme for period until 2030 was adopted on 30 December 2021 and entered into force on the same day, as stipulated in Article 3 of the Government's Decision (Official Gazette, No. 147/2021, hereinafter referred to as "Programme"). As assessed under reform C1.3 R1 milestone #59, the Programme provides a long-term investment framework for the development of water and wastewater systems in Croatia, includes the prioritisation of investments and the use of other funding (Chapter 6 of the Programme). All projects and related works granted on the basis of these two calls for proposals are part of priorities identified in the Programme, as earmarked in detailed overview table, column D (Evidence no. 4, in line with Evidence no. 10).

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Target:** 71 Public water supply network constructed or reconstructed

**Related Measure:** C1.3 R1-I2 Public water supply development programme

**Quantitative Indicator:** Number (kilometres)

**Baseline:** 0

**Target:** 517

**Time:** Q4 2023

**1. Context:**

The investment aims to achieve renovation and rehabilitation of 956 km of public water supply networks, especially in rural, mountainous, and demographically disadvantaged areas, and purchase and installation of metering devices on water abstractions to ensure drinking water and improved public water supply systems for around 45.000 people. The investment helps reduce water losses in the public water supply systems.

This investment is scaled-up with investment C1.3 R3-I2 Further investments into the public water supply development programme and shall include the renovation and rehabilitation of additional 131 km of the drinking water supply network and ensure improved access to public water supply services for further 26.000 inhabitants.

This target relates to 517 km of constructed or reconstructed public water supply network.

Target 71 is the fourth target of the investment, and it follows the completion of targets 68 and 69, related to the construction and reconstruction of public water supply networks and the installation of water metering devices, and it is accompanied by target 70 (Works contracts concluded for water supply projects) in this payment request, where the prioritization of the projects in line with the investment programme for water and wastewater infrastructure development has been assessed. It will be followed by targets 72 (Public water supply network constructed or reconstructed) and 73 (Population with improved access to water supply), related to the construction or reconstruction of 956 kilometres of public water supply network and improving access to water supply for at least 45.000 inhabitants, and target 62 (Reduction of losses in public water supply systems) that aims to reduce water losses in public water supply systems by 7% at national level by June 2026. The investment has a final expected date for implementation in June 2026.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
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1	Cover Note	Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled. Document lists all the evidence and indicates how each of them contributes to the fulfilment of the target and the investment
2	Package of documentation for projects which includes Grant Agreements with their supporting annexes, use permits (where applicable), technical specifications and extracts from the Main Design	Package of documentation for projects which includes grant agreements with their supporting annexes, technical specifications and extracts from the Main Design
3	Detailed overview table	Detailed overview table which points to concrete documentary evidence submitted by the authorities per project within the package of supporting evidence that proves compliance with the Council Implementing Decision requirements
4	Reports on performed water impermeability test (pressure test) of the water supply network	Reports on performed water impermeability test of the water supply network
5	Supervising engineer's reports/final reports	Certificates by the supervising engineers on the achievement of the investment
6	Methodology for calculating the reduction of water losses in projects financed by the RRP guideline, with annexes	Guidelines on the methodology (based on IWA methodology) for calculating the reduction of water losses in projects financed by the RRP, with annexes
7	Reports on water losses based on IWA methodology with annexes, for 10 project areas	Package of documentation on water losses measurements based on IWA methodology for 10 projects areas
8	Call for proposals "Financing the implementation of the already initiated investment projects concerning smaller parts of public water supply systems and public sewerage systems"	Launched on 24 November 2021. Link: <a href="https://fondovieu.gov.hr/pozivi/10">https://fondovieu.gov.hr/pozivi/10</a>

9	Call for proposals “Financing the implementation of the investment projects concerning smaller parts of public water supply systems and public sewerage systems”	Launched on 14 April 2022. Link <a href="https://fondovieu.gov.hr/pozivi/6">https://fondovieu.gov.hr/pozivi/6</a>
10	Call for proposals “Financing the implementation of the investment projects concerning to the improvement of water and wastewater infrastructure of agglomerations”	Launched on 19 December 2022. Link: <a href="https://fondovieu.gov.hr/pozivi/52">https://fondovieu.gov.hr/pozivi/52</a>

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all the constitutive elements of the target.

#### **At least 517 km of public water supply network constructed or reconstructed.**

The authorities provided evidence that the target of 517 km has been met. Based on the evidence provided, the target was exceeded, as in total 552,9 km of public water supply network were built or reconstructed in the period from 1 February 2020. The number of built or reconstructed kilometres per project is verified by a certificate of supervising engineer (Evidence no. 5) and, as such, marked in column S of the detailed overview table (Evidence no. 3) provided by Croatia. In particular, in column R of the overview table, for each project, a reference to the provided copy of the supervising engineer’s certificate (Evidence no. 5, in line with Evidence no. 3.) confirming completion or entry into service is further detailed by the document name and reference to the page where the kilometre amount is indicated and confirmed by the supervising engineer.

#### **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%.**

The target description is subject to requirements of the overall investment HR-C[C13]-I[R1-I2], i.e. 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% (hereinafter referred to as “*efficiency criteria*”).

The authorities provided documentation to show that the efficiency criteria referred to in the Council Implementing Decision are a contractual obligation and have been incorporated in the technical design of the pipelines. It is noted that only for parts of the constructed or reconstructed water supply network that have been fully completed it is possible to measure the infrastructure leakage index (ILI) and efficiency criteria. For others, construction is ongoing and additional kilometres will be built or renovated as part of future target #72, due in Q4 2025. Nevertheless the documentation shows: i) the conformity achieved by those pipelines constructed as part of this target under the required technical standards for which pressure tests have been conducted as the network was already completed (Evidence no. 4, applies to 421,29 kilometres), ii) the clear legal obligation in the project documentation to comply with the Council Implementing Decision requirements and to conduct pressure tests when the conditions are in place (Evidence no. 2), and iii) estimates made by the authorities about the efficiency and quality of the pre-existing pipelines (performing very poorly) which are replaced/renovated with new pipelines built according to the project documentation which confirms that the values for each project area will achieve the efficiency value goals for the water supply systems under construction (Evidence no. 3, in line with Evidence no. 2). This methodological approach has been explained in detail and verified during the assessment of an earlier payment request for target #68 and is being consistently applied for the assessment of this target.

For fully completed projects, the authorities provided sufficient evidence on the achieved reduction of water losses, in line with efficiency requirements (Evidence no. 7, reports on water losses based on IWA methodology with annexes and data referenced in columns L to Q of the overview table).

Based on the information provided, the authorities have provided satisfactory evidence that the efficiency target values for the built or renovated pipelines under the target are adequate to meet the improvement in efficiency criteria on the level of the investment, as prescribed in the Council Implementing Decision.

Furthermore, in line with the description of the measure, the investment **includes the rehabilitation of water supply networks in rural, mountainous and demographically disadvantaged areas, and that financing shall be provided by the Recovery and Resilience Facility jointly with the beneficiary and the Croatian Waters, through grants to municipalities.**

The provided evidence confirms that continued and new projects contributing to this investment have been implemented through grants to municipal water companies, which are by law fully owned by municipalities, several of which are in rural areas. Concretely, grant agreements (Articles 3 and 9) and annexed application forms, which are legally binding for the beneficiaries (Evidence no. 2, Heading "Planned financing sources") state that financing was provided jointly with the beneficiary and Croatian Waters. Part of the funding was earmarked specifically for the development of rural, mountainous and demographically disadvantaged areas, where the quality of water service provision is lagging behind the national average. Such project areas have been earmarked in column F of the annexed overview table.

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Target:** 94 Establishment of a functional system for the exercise of the rights of persons with disabilities in the field of mobility

**Related Measure:** C1.4 R1-I2 Improving the system of exercising the rights of persons with disabilities in the field of mobility

**Quantitative Indicator:** % (Percentage)

**Baseline:** 0

**Target:** 50

**Time:** Q4 2023

### 1. Context:

The objective of the investment is to make it faster and easier for persons with disabilities to exercise their rights in the field of mobility. The investment is expected to reduce the labour costs of employees in state and local services by 15% to 35%. The investment also aims to enhance the protection of users' personal data and to standardise decision-making practices that affect the rights of people with disabilities in the field of transportation mobility. The investment is expected to allow state institutions to monitor acquired rights more easily and comprehensively. Additionally, it aims to ensure efficient public access to all relevant data.

Target 94 requires setting up of a functional system for people with disabilities to apply for all mobility rights in one place and ensures faster processing of applications. Target 94 also requires setting up of a single document to allow persons with disabilities to use the functional system and exercise the same rights throughout the territory of Croatia (invalidity e-card) and, that at least 50% of the envisaged cards are issued to persons with disabilities who have rights in the field of mobility.

Target 94 is the only target of this investment. The measure is expected to be completed by 31 December 2023.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	T94_Cover Note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, including link to the system up to the level of granted rights in accordance with the security rules of the system
2	Prilog 1 - Potvrda o izvršenju radova_v3 / a copy of the certificate of	Copy of the certificate of works completion signed by the contractor and the competent authority, confirming that the system for the

	works completion, 11 March 2024	exercise of the rights of persons with disabilities in the field of mobility has been completed and is operational, verified by experts from an independent external Institution (Faculty of Faculty of Electrical Engineering and Computing, Zagreb, Croatia)
3	Prilog 2 - Javne isprave / a copy of the envisaged single document	A copy of the envisaged single document for persons with disabilities
4	Prilog 3 - Izvješće kojim se dokazuje usklađenost_v1 / report by the contractor and the competent authority, 11 March 2024	Report by the contractor and the competent authority proving alignment with the description of the target and of the description of the investment in the CID Annex
5	Prilog 4 - Tablični prikaz / a spreadsheet with information on the e-cards	A spreadsheet including: 1) anonymised list of envisaged beneficiaries of invalidity e-cards, with unique identifier for each beneficiary, extracted from the system; 2) a list of issued invalidity e-cards, with unique identifier for each e-card.
6	Prilog 5 - Zakon o povlasticama u prometu NN133-2023 / Traffic Benefits Act, reference Official Gazette 133/2023 of 11 November 2023, entry into force on 15 November 2023 as stipulated in Article 28	Traffic Benefits Act setting up the legal framework introducing the documents for persons with disabilities, and the new information system
7	Prilog 6 - Pravilnici (NN 157-23, 157-23, 05-24) / Copies of: Ordinance on the European and National disability cards (reference: Official Gazette 157/2023 of 28 December 2023, entry into force on 29 December 2023, as stipulated in Article 19) and Ordinance on the modalities of exercise of the rights to traffic benefits for the persons with disabilities (reference: Official Gazette 05/2024 of 12 January 2024, entry into	Copies of bylaws setting up the legal framework introducing the documents for persons with disabilities, and the new information system



	force on 13 January 2024, as stipulated in Article 12)	
8	Prilog 7 - Stanje prije i nakon projekta_v1 / State-of-play before and after the project	Annex on the state-of-play before and after the project
9	Prilog 8 - Kalkulacija utroška sati rada / Labour costs in State and local services calculation	Spreadsheet on the labour costs in state and local services
10	60 anonymised print screens extracted from the system confirming the issuance of invalidity e-cards	Sample required to confirm that 50% of eligible invalidity e-cards have been issued to persons with disabilities who have rights in the field of mobility
11	Report from the technical meeting held on 22 April 2024	Report from the technical meeting between the Croatian authorities and the European Commission showcasing the established information system
12	C1_4-R1-I2-T94 - sample proof.pdf /sample evidence of issued e-cards	Anonymised extracts from the new information system confirming the issuance of an invalidity e-card for 60 sampled e-cards

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**As part of the investment, a functional system that makes it easier for people with disabilities to apply for all mobility rights in one place and ensures a faster processing of applications, shall be put in place.**

Copy of the certificate of works completion, signed on 11 March 2024 by the contractor and the competent authority, verified by experts from an independent external Institution (Faculty of Electrical Engineering and Computing, Zagreb, Croatia), which demonstrates that the Central Register of Rights of Persons with Disabilities in the area of mobility (hereinafter referred to as “new information system”) for the exercise of the rights of persons with disabilities in the field of mobility has been completed and is operational. The legal basis for putting in place the new information system is laid down in Article 15 of the Traffic Benefits Act (Official Gazette 133/2023 of 11 November 2023). Before the introduction of the new information system, the exercise of rights by persons with disabilities depended on a large number of different systems, which were not interconnected. By putting in place a new functional information system, linked with the main Register of Persons with Disabilities of the Croatian Public Health Institute (hereinafter referred to as “HZJZ”) and the Ministry of the Interior (hereinafter referred to as “MUP”), and especially by issuing documents (invalidity e-card) automatically and without an application, the overall process has been significantly simplified for the final user, and allows for people with disabilities to exercise all mobility rights in one place and ensures faster processing.

The authorities also provided the link to the new information system, which can only be accessed under safe and controlled conditions at the location of the company AKD d.o.o. Savska cesta 31, 10000 Zagreb, Croatia, in accordance with the access and data protection rules. To demonstrate the functionality of the new information system, the authorities showcased the system during a meeting with the Commission, held on 22 April 2024 (Report from the meeting). The demonstration by the company AKD confirmed that the new information system for the exercise of the rights of persons with disabilities in the field of mobility has been completed and is operational.

**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).**

The Croatian authorities provided an anonymised copy of the established single document for persons with disabilities (invalidity e-card), which includes copies of a brochure with the explanation of the invalidity e-card. Legal basis for the establishment of the invalidity e-card is laid down in the Ordinance on the European and National disability cards (Official Gazette 157/2023 of 28 December 2023), copy of which was provided by the authorities. As stipulated in Article 9 of the Ordinance, the established invalidity e-card merges the European Disability Card and the National Card for Persons with Disabilities, into a single document, that is, e-card. In line with Article 9, the front side of the invalidity e-card contains the European Disability Card, while the back side contains the National Card for Persons with Disabilities. Article 9 further stipulates the use the functional system and granted rights that can be exercised in Croatia, based on the National Card for Persons with Disabilities. Articles 3 and 4 of the Ordinance stipulate conditions for issuing, while Article 7 stipulates procedure for issuing the invalidity e-card.

The Croatian authorities also provided the Report by the contractor and the competent authority from 11 March 2024, which demonstrates the alignment of the newly established invalidity e-card with the description of the target and of the description of the investment in the CID Annex.

**At least 50% of the envisaged cards shall be issued to persons with disabilities who have rights in the field of mobility.**

In line with the Report from 11 March 2024 (evidence no. 4), signed by the contractor and the competent authority, the cut-off date for establishing the total number of envisaged invalidity e-cards, i.e., eligible persons in the new information system due to be issued an e-card, and the number of e-card issued, was set at 29 February 2024, since activities after that date are not funded by the Recovery and Resilience Facility. The Report further demonstrates that based on the processed personal data by 29 February 2024, 143 933 persons were found to be eligible to receive the new invalidity e-card. The Report also demonstrates that by 29 February 2024, 140 257 invalidity e-cards have been issued to persons with disabilities who have rights in the field of mobility, which exceeds the required 50% of cards to be issued under this target.

The Croatian authorities provided a spreadsheet with the following information: 1) anonymised list of envisaged beneficiaries of invalidity e-cards, with unique identifier for each beneficiary extracted from the system; 2) a list of issued invalidity e-cards, with unique identifier for each e-card. The authorities showcased the new information system including the examples of e-card issued, during a meeting with the Commission, held on 22 April 2024 (Report from the meeting). In addition, as supplementary evidence, for a sample of 60 randomly selected unique identifiers, the Croatian authorities provided for each of 60 invalidity e-card selected, anonymised extracts from the new information system confirming the issuance of an invalidity e-card. The meeting with the Commission held on 22 April 2024 and the sampled evidence

demonstrates that for all 60 random selected unique identifiers, the invalidity e-card was issued by 29 February 2024.

In line with the description of the measure, **the investment also aims to enhance protection of users' personal data and to harmonise the decision-making practices affecting rights of people with disabilities in the field of mobility.**

The implementation of the new information system enhanced the protection of users' personal data, since granting of rights in the field of mobility is conducted exclusively through the new information system for which, in line with Article 18 of the Traffic Benefits Act (Official Gazette 133/2023 of 11 November 2023), collection and further processing of data contained in the system are regulated by personal data protection, data secrecy and information security regulations. The implementation of the new information system also harmonised the decision-making practices affecting rights of people with disabilities in the field of mobility as granting rights and issuing documents (invalidity e-card) is done automatically and without an application, in line with Article 11 of the Traffic Benefits Act (Official Gazette 133/2023 of 11 November 2023).

Furthermore, in line with the description of the measure, **the investment is expected to enable state institutions to more easily and comprehensively monitor the acquired rights and ensure efficient public access to all data.**

Since the rights in the field of mobility were granted by various institutions before the implementation of the new information system established under this investment, there was no central point for the issuance of documents, and there were no registers of documents issued and rights exercised. This presented a challenge in monitoring of the acquired rights. The implementation of this investment will enable state institutions to more easily and comprehensively monitor the acquired rights and ensure efficient public access to all data, since the new information system acts as a central point for rights of persons with disabilities in the area of mobility, and as a register of issued documents (invalidity e-cards) for the exercise of granted rights (in line with Article 15 of the Traffic Benefits Act (Official Gazette 133/2023 of 11 November 2023)).

In addition, as a mandatory element, the new information system includes real time information on the exercise of granted rights in the field of mobility (Article 8 and 10 of the Ordinance on the modalities of exercise of the rights to traffic benefits for the persons with disabilities (Official Gazette 05/2024 of 12 January 2024)).

**Finally, in line with the description of the measure, the investment is expected to reduce the labour costs of employees in state and local services by 15% to 35%.**

Before the implementation of this investment, granting of rights in the field of mobility involved a number of institutions (20 competent county offices including the City of Zagreb competent office; Ministry of Sea, Transport and Infrastructure (hereinafter referred to as "MMPI"); Croatian Motorways and Agency for the Coastal Maritime Traffic Lines), with the total cost of labour related to the issuance of public documents to persons with disabilities in these institutions estimated at EUR 325.312,36 (Table 1 of the spreadsheet on the labour costs in state and local services provided by the authorities). Granting rights in the field of mobility after the implementation of the investments includes only company AKD and MMPI, with the total labour costs related to the issuance of invalidity e-cards to persons with disabilities estimated at EUR 196.249,55 (Table 2 of the spreadsheet on the labour costs in state and local services provided by the

authorities). Thereby, the reduction of labour costs of employees in state and local services is expected to be 40%.

**4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Target:** 127 A logistic distribution centre (LDC) built and operational

**Related Measure:** C1.5 R1-I1 Construction and equipping of logistic and distribution centres for fruit and vegetables

**Quantitative Indicator:** Number

**Baseline:** 0

**Target:** 1

**Time:** Q4 2023

**1. Context:**

The objective of this investment is to improve the competitiveness in the sector of fruits and vegetables by constructing logistics and distribution infrastructure with storage capacity between 3 000 and 12 000 tonnes which contributes to reduction of food loss and food waste.

Target 127 concerns the construction and putting in operation of the first logistics distribution centre for fruits and vegetables.

Target 127 is the first step of the implementation of the investment, and it will be followed by target 128 related to the construction of at least three logistics distribution centres for fruits and vegetables with the capacity between 3 000 and 12 000 tonnes. The investment has a final expected date for implementation in June 2026.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	T127_Cover Note.docx	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
2	Call for projects	A copy of the call for projects for the construction of logistics distribution centres (hereinafter referred to as "LDCs")
3	Signed contract	A copy of the signed contract for financing the construction of the regional distribution centre for fruits and vegetables
4	Takeover records	Report on the takeover of the works
5	Report by the Chief Superintendent Engineer	Report by the Chief Superintendent Engineer on Works Carried Out by the main supervising

	on Works Carried Out by the main supervising engineer	engineer confirming all contracted works have been done and the building was handed over to the Osječko-baranjska County as the contracting authority
6	Supervising engineer statement	Statement by the main supervising engineer on the achievement of the investment
7	The confirmation of the legitimacy of the Use permit	Confirmation putting in force the Use permit.
8	Use permit	Use permit for the Regional Distribution Centre for Fruit and Vegetables
9	Statement on the electrical energy	Statement of the project designer on electricity consumption and production
10	Energy certificate LDC	Energy performance certificate of a building

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the target.

**The built Logistic Distribution Centre (LDC) shall include a refurbishment part intended for the reception of the 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.**

Regional distribution centre for fruits and vegetables was built and operational in Nemetin, Osijek. Authorities have provided the "Report by the Chief Superintendent Engineer on Works Carried Out by the main supervising engineer" (*hereinafter referred to as "takeover records"*) indicating on page 5 that all the contracted works have been executed and the building was handed over to the investor, Osječko-baranjska County. The "Use permit" along with the "Confirmation of the legitimacy of the Use permit" were provided confirming that the "Regional distribution centre for fruits and vegetables – Nemetin" is operational.

The provided "Statement by the Supervising Engineer on the Achievement of the Investment Indicator" (*hereinafter referred to as "the Statement by the Supervising Engineer"*) contains the detailed description of the constitutive parts of the building to confirm the building contains all the required amenities as indicated in the target description. The first part of the building, Block A, comprises the customised areas suited for reception and storage of fruits and vegetables. As indicated on the page 1 of the Statement by the Supervising Engineer, Block A consists of 16 refrigerated chambers with adjustable hallways, for storage of fruits and vegetables, while the entire centre has a total of 29 refrigerated chambers with the capacity of 3 228 tonnes. Furthermore, the second part of the building includes the areas for treatment of products, including cleaning, sorting, packaging and processing the products not suitable for placement on the market. Block B of the building contains a conventional sorting centre which comprises the areas for screening, sorting and packaging with the facility for the production of fruit juice with accompanying rooms. Block C comprises of a boiler room, electric room, sprinkler space, workshop, staircases, corridors, presentation room, quality control – laboratory, cleaners, sanitary facilities, technologists, as well as spaces devoted to administration and staff needs.

**The storage capacity of the LDC shall be at least 3 000 up to maximum 12 000 tonnes.**

The Statement by the Supervising Engineer indicates on page 1 that the total storage capacity of the logistics distribution centre is 3 228 tonnes. This includes 690 tonnes of capacity reserved specifically for organic production.

**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).**

Authorities have provided Energy Performance Certificate of the Building (hereinafter referred to as “the Energy Certificate”) which states that the specific primary energy consumption of the building, hereinafter referred to as *Eprim*, amounts to 3.10 kWh/(m<sup>2</sup>a). The Energy Certificate indicates on page 1, and further defines on page 4, that the building is below maximum PED threshold and can be classified as Nearly Zero Energy Building in line with the requirements set in the “Technical regulation on rational use of energy and thermal protection in buildings” (Official Gazette, No. 102/2020). This regulation sets requirements for Primary Energy Demand for various types of buildings with lowest threshold being set for office buildings amounting to 25 kWh/(m<sup>2</sup>a). Thus, with *Eprim* of 3.10 kWh/(m<sup>2</sup>a) this building is more than 20% below any established nZEB threshold. LDC was classified as “Other non-residential buildings heated to + 18 or more”, as showing on page 1 of the Energy Certificate, for which there are no defined thresholds. However, considering that non-residential have higher *Eprim* thresholds, such as 55 kWh/(m<sup>2</sup>a) for educational buildings and 70 for hotels and restaurants to 150 for markets or 250 kWh/(m<sup>2</sup>a) for hospitals, this requirement is considered fulfilled.

Furthermore, in line with the description of the measure, **the built logistic distribution centres shall use renewable energy sources and shall contribute to reducing food loss and waste.**

Page 2 of the Energy Certificate provides the reference to the type and the means of use of the systems with renewable energy sources for the concerned building, which in case of Regional Distribution Centre for Fruits and Vegetables includes heat pumps and photovoltaics. Authorities have also provided the “Statement on the electrical energy” issued by the project designer concerning the consumption and production of electrical energy. This document estimates the level of self-sufficiency of the building, as indicated on the page 2, which would amount to 80.50%, considering the higher consumption due to the additional line for the juice production. Juice production line with basic capacity of producing and pasteurising 500 – 600 l/h, as indicated on page 2 of the Statement by the Supervising Engineer, contributes to the reduction of food waste as it enables fruit processing which do not meet all the requirements to be packed and sent to the market.

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 139 Support Scheme for the infrastructure equipping of food banks and intermediaries in the food donation chain

**Related Measure:** C1.5 R4-I1 Infrastructural equipping of food bank and intermediaries in the food donation chain

**Qualitative Indicator:** Support Scheme for the infrastructure equipping of food banks and intermediaries in the food donation chain implemented and funds disbursed

**Time:** Q4 2023

**1. Context:**

The objective of the investment is strengthening the infrastructure capacity of intermediaries in the food donation chain and the food bank in order to increase the quantities of donated food, thereby contributing to reducing food waste and increasing food security for poorer population groups.

Milestone #139 requires implementation of the Support Scheme following a public call and contracts concluded, through disbursement of the funds, which are 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.

Milestone #139 is the only milestone of this investment. The investment has a final expected date for implementation on 31 December 2023.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover Note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. Document lists all the evidence and indicates how each of them contributes to the fulfilment of the milestone and the investment
2	Support Scheme	The program of support for the intermediaries in the food donation system and/or food banks
3	Instructions for applicants, Call no. NPOO.C1.5.R4-I1.02, published on 30 June 2022	Instructions for applicants for the Call for proposals for grants for Investment C.1.5.R4.I1 – Infrastructure fitting intermediaries in the food donation chain and food banks. Sets out the



		criteria for supporting equipping the intermediaries in food donation chain and food banks in line with the Support Scheme
4	Government decision on the adoption of the support scheme, Official Gazette, No. 48/2022, adopted on 21 April and entered into force on the day of the adoption	Decision on the adoption of the Scheme to support intermediaries in the food donation chain and/or the food bank
5	50 copies of contracts for projects funded by the Recovery and Resilience Facility (RRF)	Contracts between Ministry of Agriculture and the beneficiaries for 50 projects with six addendums to original contracts
6	49 copies of confirmations of payments	Payment confirmations in form of transaction invoices for 49 grant recipients
7	Annex 1. Table 1. – List of projects	List of all chosen projects with a project description and period for implementation and references to corresponding contracts for projects funded by the Recovery and Resilience Facility and payment confirmation
8	Annex 2. Table 2. – Justification for project alignment with CID requirement	Summarises the alignment of project activities with the description of the CID
9	Donated food in 2022	Extraction from internal database on amount of food donated in 2022
10	Donated food in 2023	Extraction from internal database on amount of food donated in 2023
11	Donated food in 2022 and 2023– beneficiaries of the support scheme	Data from the internal database on food donates by the beneficiaries of the support scheme in 2022 and 2023
12	10 Decisions on payment	Decisions on payments for the projects that had some corrections of the amount in comparison to granted amount due to lower final cost than estimated or due to some ineligible costs.
13	Statement on the termination of contract for project NPOO.C1.5.R4-I1.01.0041	Statement by the beneficiary confirming the termination of the contract for project funded by the RRF
14	Extracts of approved final report by the beneficiary	Screenshots from the official database presenting the final report by the beneficiary on the activities implemented. Screenshots indicate the approval status of the final report.

### 3. Analysis:

The justification and substantiating evidence provided by the Croatia authorities cover all constitutive elements of the milestone.

**The Support Scheme shall be put in operation following a public call and contracts concluded.**

Authorities have provided the “Decision on the adoption of the Scheme to support intermediaries in the food donation chain and/or the food bank” (Official Gazette, No. 48/2022, adopted on 21 April and entered into force on the day of the adoption) establishing the “Support scheme for intermediaries in food donation chain and/or food banks” (“*Program potpore posrednicima u lancu doniranja hrane i/ili banci hrane*”).

Furthermore, in line with the description of the measure, **the investment shall include the implementation of Support Schemes for the infrastructure equipping of food banks and intermediaries in the food donation chain, developed by the Ministry of Agriculture and adopted by the Croatian Government.**

The “Decision on the adoption of the Scheme to support intermediaries in the food donation chain and/or the food bank”, which was adopted by the Government of the Republic of Croatia on 21 April 2022, confirms also in Article I. that the Support scheme was developed by the Ministry of Agriculture and submitted to the Croatian Government on 1 April 2022.

Following the enactment of the scheme, “Call for proposals for grants for Investment C.1.5.R4.I1 – Infrastructure fitting intermediaries in the food donation chain and food banks” (*Poziv na dostavu projektnih prijedloga za dodjelu bespovratnih sredstava za Ulaganje C.1.5.R4.I1 – Infrastrukturno opremanje posrednika u lancu doniranja hrane i banke hrane*) has been launched (Call code: NPOO.C1.5.R4-I1.02, published on 30 June 2022). Authorities have provided the “Instructions for applicants” which are binding for all applicants, indicating in section 3.2., page 30, that the Call was opened from 16 August 2022 until 28 September 2022. Moreover, authorities have provided a total of 50 “Contracts for projects funded by the Recovery and Resilience Facility” (hereinafter referred to as “contracts”) concluded with the beneficiaries of which 41 contract was signed for infrastructural fitting of the intermediaries in the food donation chain and 9 for equipping the food banks. All 50 supported projects were summarised in Annex 1. Table 1. – List of projects, including the information on the name of the project, beneficiary, reference of the contract and the reference to the confirmation of disbursement, as well as the short description of the project and granted amount.

**The Support Scheme shall be put in operation through 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.**

As confirmed by the submitted 49 Confirmations of disbursement in form of invoices, 49 projects received the funding following the signature of the grant agreement, while one grant agreement, reference number NPOO.C1.5.R4-I1.01.0041, has been terminated on request by the beneficiary, as confirmed by the “Statement on the termination of contract for project NPOO.C1.5.R4-I1.01.0041”. The termination of the contract has no impact on the fulfilment of the milestone, as neither the milestone nor the measure contains requirements concerning the number of contracts through which funding is disbursed. Moreover, both the Support Scheme, section 5.4 Eligible costs (page 7), and the Instructions for applicants, section 2.9.1. (page 24), include the list of eligible costs as follows: refurbishment of the storage area, purchase of storage equipment and furniture, purchase of refrigerating appliances, purchase

of food storage equipment, procurement of forklift trucks, purchase of vehicles; purchase of refrigerated vehicles, and purchase of IT equipment. Each of the provided grant agreements contains as an appendix the project application including the description of the activities and the budget of the project confirming that the equipment for which the financing is requested is in line with the CID description.

**4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 142 Drawing up the Methodological Framework of the Sustainable Tourism Satellite Account of the Republic of Croatia

**Related Measure:** C1.6 R1 Enhancing the resilience and sustainability of the tourism sector.

**Qualitative Indicator:** Provision on the entry into force of the Methodological Framework of the Sustainable Tourism Satellite Account.

**Time:** Q3 2023

**1. Context:**

The reform aims to improve the organisational and legal framework for managing the development of sustainable tourism and boost the green and digital transition of the tourism sector.

Milestone 142 requires the development of a Methodological Framework for the sustainable indicators that will be part of the Sustainable Tourism Satellite Account.

Milestone 142 is the penultimate milestone of the reform C1.6 R1: Enhancing the resilience and sustainability of the tourism sector while this payment request also includes the final complementary milestone 143 related to the establishment of a framework for monitoring and development of the tourism sector through the new Tourism Act. It follows the completion of milestones 140 related to development of the scenario analysis that identifies the guidelines and priorities for milestone 141 related to adoption of the Strategy for the Development of Sustainable Tourism by 2030. The reform had a final expected date for implementation in December 2023.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Milestone 142 Cover Note	Summary document duly justifying how the milestone was satisfactorily fulfilled
2	Decision on the establishment of the Methodological Framework for the System of Sustainable Tourism Satellite Accounts of the Republic of Croatia, adopted on 29 September 2023.	Decision (Class: 003-04/22-01/1 No: 529-004-02-01/2-23-71 signed in Zagreb on 29 September 2023) through which the methodological framework is adopted and enters into force on 29 September 2023 (according to article 4).
3	The methodological framework of the System satellite accounts of the	The methodological framework of the System satellite accounts of the sustainability of tourism in the Republic of Croatia contains indicators

	sustainability of tourism in the Republic of Croatia containing both a national and regional dimension.	and methodology to calculate them at both national and regional level. The framework was completed on 31 August 2023. <a href="https://mint.gov.hr/NPOO/dokumenti-22738/22738">https://mint.gov.hr/NPOO/dokumenti-22738/22738</a>
4	Partnership agreement	Partnership agreement between Ministry of Tourism and Sport, Ministry of Science and Education and Institute for Tourism.
5	Technical specifications of the project	Extract of the relevant parts of the technical specifications of the project proving alignment with the description of the milestone from the CID.
6	Tourism Act adopted by the Parliament on 15 December 2023 and published in the Official Gazette (NN 156/2023) on 20 December 2023, and entered into force on 1 January 2024 based on article 54.	New Tourism Act adopted by the parliament end of December 2023 – submitted in FENIX under milestone 143.

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**The system of Tourism-Sustainability Satellite Accounts shall create the conditions for managing and monitoring the development of tourism through defined tourism sustainability indicators at both national and regional level.**

The Croatian Ministry of Tourism and Sport adopted on 29 September 2023 the decision that establishes the Methodological Framework for the System of Sustainable Tourism Satellite Accounts of the Republic of Croatia (evidence no. 2). According to its article 4, the decision entered into force on the same day.

The Methodological Framework of the System of Satellite Account of Tourism Sustainability of the Republic of Croatia (hereinafter referred to as “the Framework”) was completed on 31 August 2023 (evidence no. 3). The document is available at the link: <https://mint.gov.hr/NPOO/dokumenti-22738/22738>.

Croatia already has a Tourism Satellite Account (hereinafter referred to as “TSA”), the purpose of this milestone is to further improve the TSA by designing a framework that would create the methodology for Tourism Sustainable Satellite Account (hereinafter referred to as “TSSA”) and a Regional Tourism Sustainable Satellite Account (hereinafter referred to as “R-TSSA”). The Framework establishes the methodology, data sources and account tables for the tourism indicators as well as linking the TSA accounts to the TSSA accounts at both national and regional level while at the same time respecting international recommendations for tourism statistics (Regulation (EU) No 549/2013 on the European

system of national and regional accounts (ESA 2010) so that the indicators are comparable at European level.

The Framework is structured into 4 chapters. Chapter 1 describes the starting points of the methodological guidelines: national and regional accounting and accounts, international recommendations for tourism statistics (European system of national and regional accounts (ESA 2010) and international System of National Accounts 2008), environmental and economic accounting system, as well as the way of connecting TSA with TSSA and the framework for the regional tourism satellite account (hereinafter referred to as “R-TSA”).

Chapter 2 of the framework evaluates the relevance of secondary data sources. This chapter looks closely at secondary data sources from Croatia and EU respectively (their availability, source private or public, temporal dimension). This will also help that the compilation of national and regional tourism accounts is in line with European and international recommendations.

In Chapter 3, the methodology of creating a national TSSA is described in detail. Chapter 3.2 has the detailed explanation for the TSSA accounts (concepts, classifications, explanations, sources and methodology including methods of estimations and calculation) and the link between the TSSA and TSA accounts tables. Economic, environmental and environmental-economic indicators at the national level (macro aggregates) are defined in Chapter 3.3. Furthermore chapter 3.4. elaborates social indicators on the impact of tourism on quality of life in ten selected destinations.

The methodological approach to the R-TSSA is described in Chapter 4. It is planned for three NUTS-2 regions and seven NUTS-3 regions<sup>3</sup> in the coastal part of Adriatic Croatia where almost 87% of all annual tourism activity occurs. Chapter 4.1 describes the structure of the R-TSSA while chapter 4.2 details the methodology for the regional account tables. Environmental, economic and environmental-economic indicators (macro aggregates) for the regional level are defined in Chapter 4.3.

#### **The satellite account shall become a tool for public policy management.**

This is legislated through the new Tourism Act (published in the Official Gazette NN 156/2023 on 20 December 2023, and entered into force on 1 January 2024 (evidence no.6) where the sustainable tourism satellite is part of the tools and indicators at the disposal of the Croatian Tourism Communities. Articles 16 and 17 of the Tourism Act establish the sustainable tourism satellite account system that allows the analysis of the tourist supply and demand data that can be compared in time and with other activities at the national and international level.

#### **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).**

This is stated throughout Chapter 1 where principles and methodology for accounting principles are mentioned. National accounting is set similarly with the international accounting principles thus all indicators are comparable at both national and international level (chapter 1.1 of the Framework). The

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<sup>3</sup> The NUTS classification (Nomenclature of territorial units for statistics) is a hierarchical system for dividing up the economic territory of the EU. It is divided in three levels NUTS 1: major socio-economic regions; NUTS 2: basic regions for the application of regional policies; and NUTS 3: small regions for specific diagnoses.

TSA Methodological Framework provides reporting at the national and annual levels (stated as stated in chapter 1.4).

The presented accounting framework provides a basis for comparing and aggregating information at different spatial and temporal levels, with the possibility that the process of disaggregating accounts imposes the need to solve additional methodological problems or provide additional data. Data collection and compilation are harmonized with the European Tourism Indicators System (ETIS) (set through chapter 1.2 of the Framework, i.e. table 1.1 that bridges the statistical system in Croatia with the one in the European Union) and the concepts, definitions, classifications and accounting rules of the Environmental Economic Accounting System (SEEA) (set through chapter 1.3 of the Framework).

**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.**

The Regional Tourism Sustainable Satellite Account methodology is set through chapter 4 that contains economic and environmental data for NUTS 2 level with the emphasis on the NUTS 3 regions of Adriatic Croatia.

Specific indicators at destination level that could signal the occurrence of over-tourism are implemented through chapter 3.4, where social indicators are designed on the impact of tourism activity on the quality of life in ten selected destinations (selection criteria is the size of the settlement, as measured by the number of permanent residents, the tourist development index, and the representation of destinations according to the geographical location. This chapter contains methodological guidance to calculate indicators that could reliably identify destination level risk of over-tourism. The indicators are based on survey data from local population that is affected by 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.**

Chapter 3.2 of the Framework explains that tables 1 to 11 will contain data from both public and private sources. The use of the data for strategic planning as well as a policy management tool is set in legislation through the new Tourism Act. The sustainability indicators and other data from the sustainable tourism satellite account will be an integral part of decision and policy making for Croatian Tourism Communities, regulated throughout articles 14 to 19 of the Tourism Act (evidence no.6).

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 143 Tourism Act establishing a framework for monitoring and development of the tourism sector

**Related Measure:** C1.6 R1 Enhancing the resilience and sustainability of the tourism sector.

**Qualitative Indicator:** Entry into force of the Tourism Act

**Time:** Q4 2023

### 1. Context:

The reform aims to improve the organisational and legal framework for managing the development of sustainable tourism and boost the green and digital transition of the tourism sector.

Milestone #143 requires adoption of the legislative framework that manages the development of the tourism sector while encouraging business investment in innovation.

Milestone #143 is the last milestone of the reform C1.6 R1: Enhancing the resilience and sustainability of the tourism sector while this payment request also includes the final complementary milestone #142 related to the development of the methodological framework for the sustainable tourism satellite account. It follows the completion of milestones #140 related to development of the scenario analysis that identifies the guidelines and priorities for milestone #141 related to adoption of the Strategy for the Development of Sustainable Tourism by 2030. The reform had a final expected date for implementation in December 2023.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Milestone 143 Cover Note	Summary document duly justifying how the milestone was satisfactorily fulfilled
2	Tourism Act adopted by the Parliament on 15 December 2023 and published in the Official Gazette (NN 156/2023) on 20 December 2023, and entered into force on 1 January 2024 based on article 54.	New Tourism Act adopted by the parliament end of December 2023.

### 3. Analysis:



The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**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).**

The Croatian Parliament adopted the Tourism Act on 15 December 2023 and was published in the Official Gazette, No. 156/2023 on 27 December 2023 (evidence no. 1), link to the official Gazette: [https://narodne-novine.nn.hr/clanci/sluzbeni/full/2023\\_12\\_156\\_2382.html](https://narodne-novine.nn.hr/clanci/sluzbeni/full/2023_12_156_2382.html). According to Article 54, all articles of the Tourism act enter into force on 1 January 2024.

In line with the description of the milestone, **“establishment of a data monitoring and analysis system”** is implemented through articles 15 to 19. Article 15 sets the data collection and analysis system for sustainable tourism, and article 19 sets an integrated informational system run by the state. Meanwhile articles 16 and 17 set the sustainable tourism satellite account system that allows the analysis of the tourist supply and demand data that can be compared in time and with other activities at the national and international level.

The tools to monitor the sustainable tourism development are the Tourism Development index and destination sustainability indicators set through articles 12, 13 and 14. The Tourism Development Index, detailed in article 13, is an indicator calculated as an adjusted average of the standardised values of socio-economic indicators to measure the degree of tourism development of a local and regional self-government unit over a given period. While destination sustainability indicators, detailed in article 14, are a tool for monitoring sustainability that help take informed management decision to improve tourism development.

The milestone description further requires the establishment of **“a system of incentives”** while the reform descriptions mention a **“further administrative and parafiscal relief for the tourism sector”**. This is implemented through Chapter II, “Section I - Incentive measures for tourism activities”, articles 35 to 41 from the Tourism Act. Article 35 mentions that the incentive scheme forms the basis for the adoption of incentive measures for tourism activities and the tourism ecosystem. Furthermore, it sets the strategic objective and tourism activities eligible for these incentives. The next articles, 36 and 37 set the type of incentives and state aid measures, while articles 38 to 41 explain the conditions that economic activities need to fulfil in order to be eligible for the incentives or state aid.

The milestone description further requires the establishment of **“monitoring and analysis of investments”**. Article 44 states that the system of monitoring and analysis of investments shall be established by the state administrative body responsible for tourism, and that such analysis needs to encompass accomplished effects and impact of the investment on the sustainability. Articles 45 and 46 set up a database of supported projects and prescribe that the analysis should be carried out at least every four years.

Furthermore, in line with the description of the milestone, **“the definition of the role of key stakeholders in the development of tourism and inter-service cooperation”**. This is regulated through articles 20 to 24, where tourism communities are given a new role by becoming destination management organisations

at both national and regional level. Destination management organisations bring together stakeholders from the public, private and civil sectors. The Tourism Act introduces the obligation to develop destination management plans (Article 25 - 28). Destination management plans are designed for a period of four years and must contain among other things specific guidelines and recommendations to be taken to make the destination sustainable with a list of projects that contribute to the implementation of the measures needed to achieve the sustainability indicators at destination level. Deadline for the adoption of the tourism destination management plan, set in article 53, is one year for regional level and two years for local level.

Additionally, Article 11 sets an advisory body that would provide scientific and expert advice for the sustainable development of tourism. Members of the body will be composed of representatives of academia, representatives of professional associations and guilds, representatives of the social partners, employers' associations, chambers and scientific institutes.

Furthermore, Article 33 sets further cooperation between tourism communities and the unit of local and regional self-government. The cooperation is related to decision-making process on the development of sustainable tourism, measures to develop the tourist destination, management of tourism flows and implementing the destination management plan.

In order to achieve the objectives and to plan and implement tourism policies more effectively a Tourism Development Governance Council is established through article 8. One of the tasks of the Council, set through article 9, is to encourage inter-service cooperation and cooperation with local and regional self-government units in implementing measures and activities aimed at developing sustainable tourism.

The above analysis also demonstrates the fulfilment of the requirement of the description of the measure, which requires **“further change of the legislative framework that will allow better management of tourism development while encouraging business investment in innovation”**.

The description of the milestone further requires the establishment of a **“definition of indicators and standards for ensuring the sustainability of tourism (in particular green and digital standards)”**. In order to monitor the development of tourism in the direction of sustainability, a system of destination sustainability indicators is established through Article 14. The sustainability indicators are measuring the impacts of tourism on the economic, social, environmental and spatial aspects of destination sustainability. The indicators will be calculated at the level of each destination, and they are divided into mandatory and specific sustainability indicators.

Furthermore, the reform description from the CID mentions “reducing operational procedures that shall contribute to easier, faster and cheaper start-up of tourism business”. This is implemented through a digitalized integrated tourism information system that is detailed in Article 19. The system consists of electronic tools and procedures for registering new activities in the field of tourism and hospitality.

The CID description also requires that "the reform will be implemented in accordance with the public consultation principle, involving a wide range of stakeholders in the overall tourism eco-system, including entrepreneurs, industry associations and academics". All milestones under the reform were in public consultation process.

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 151 Amendments to the Act on Regulatory Impact Assessment

**Related Measure:** C2.1 R1 Strengthening mechanisms for the integration and management of public policies with the professionalisation of strategic planning

**Qualitative Indicator:** Entry into force of the act amending the Act on Regulatory Impact Assessment

**Time:** Q4 2023

### 1. Context:

The measure aims to improve processes in public administration to strengthen strategic planning. Through it the authorities aim to develop the procedures linked to the regulatory impact assessment and put in place a highly professional approach to strategic planning.

Milestone #151 builds on the results of the related project under the Technical Support instrument to simplify ex-post regulatory impact assessment. It calls for the adoption of a legislative Act with the aim to define the methodology and procedures as well as the basis for aligning job descriptions and competences of civil servants working in the field.

Milestone #151 is the second milestone of the reform, and it follows the completion of milestone #150, related to strategic impact assessment. It will be followed by target #152, related to the reduction of the administrative burden for citizens. The reform has a final expected date for implementation in Q4 2025.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	M151_Cover note.docx	The summary document duly showing how the elements of the milestone were fulfilled including an overview of the changes between the legislation from 2017 and the newly adopted legislation
2	Annex 1 TSI project information.docx	Summary report with additional information on TSI project related to the ex-post regulatory impact assessment
3	Annex 2 TSI project Final progress report.pdf	Final report of the external contractor on regulatory impact assessment
4	Annex 3 TSI project Ex post Guidelines and action plan.pdf	Guidelines and action plan proposed by the external contractor

5	<p>Act on Better Regulation Policy Instruments (Zakon o instrumentima politike boljih propisa NN 155-23.pdf), adopted by the Croatian Parliament on 15 December 2023, published on 22 December 2023 in the Official Gazette (No. 155/23) and entered into force on 1 January 2024 in accordance with the provision in Article 42, with the exception of Article 17, which enters into force with the date of the accession of the Republic of Croatia to the OECD.</p>	<p>The adopted legislative Act establishing the procedures for ex-post regulatory impact assessment</p>
6	<p>Regulation on the methodology and procedure for implementation of better regulation policy instruments (Uredba o metodologiji i postupku provedbe instrumenata politike boljih propisa.pdf), adopted by the Croatian Government on 15 February 2024, published on 16 February 2024 in the Official Gazette (No. 19/24) and entered into force on the following day (17 February 2024) in accordance with the provision in Article 34, with the exception of Article 17, which enters into force with the date of the accession of the Republic of Croatia to the OECD.</p>	<p>The decree establishing the operational modalities for implementing instruments for better regulation and regulatory impact assessment.</p>

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

### **Amendments to the Regulatory Impact Assessment Act**

Milestone #151 requires amendments to the Act on Regulatory Impact Assessment from 2017 (Official Gazette, No. 44/17, hereinafter referred to as the "2017 RIA Act"), which has since its adoption been under scrutiny by the Government Legislation Office (hereinafter referred to as "GLO"). Upon a comprehensive review of its five-year implementation, the GLO decided to forego incremental amendments and undertake the drafting of an entirely new act. This act aims to encompass not solely the regulatory impact assessment, but to unify and enhance the foundational tools of better regulatory policy, specifically: legislative activity planning, regulatory impact assessment, evaluation of regulation (superseding the ex-post Regulatory impact assessment (RIA)), and public consultation.

Consequently, Croatia adopted the new Act on Better Regulation Policy Instruments (hereinafter referred to as "BRPI Act"), which was adopted by the Croatian Parliament on 15 December 2023, published on 22 December 2023 in the Official Gazette (No. 155/23) and entered into force on 1 January 2024 in accordance with the provision in Article 42, with the exception of Article 17, which enters into force with the date of the accession of the Republic of Croatia to the OECD. Article 41 of the BRPI Act stipulates that the 2017 RIA Act goes out of force with the entry into force of the BRPI Act. Article 17 of the BRPI Act stipulates special provisions for regulations on which the regulatory impact assessment does not need to be carried out due to an assessment already existing or not needed due to the nature of regulations not having a direct impact. Thus, the provisions of Article 17 do not have an impact on the fulfilment of the CID requirements.

### **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 BRPI Act provides a basis for overall legal framework of a new ex-post evaluation system, which is a much broader and advanced approach than the ex-post RIA in the prior Regulatory Impact Assessment Act.

Article 20 (1) of the BRPI Act defines the methodology for assessing regulation, including its impacts, aims, goals and results as well as the time frame for the evaluation.

Article 20 (2-3) of the BRPI Act defines the basis for conducting the assessment in terms of triggers and scope.

Articles 21-24 of the BRPI Act provide for the introduction of mandatory triggers for assessment under four different scenarios (based on the decision of the state body, conclusion of the Government, conclusion of the Croatian Parliament, and a mandatory requirement in case of special circumstances).

Article 25 of the BRPI Act provides the procedure for carrying out the assessment, which is, in line with paragraph (6) further defined in the Regulation on the methodology and procedure for implementation of better regulation policy instruments (hereinafter referred to as the Regulation), adopted by the Croatian Government on 15 February 2024, published on 16 February 2024 in the Official Gazette (No. 19/24) and entered into force on the following day (17 February 2024) in accordance with the provision

in Article 34, with the exception of Article 17, which enters into force with the date of the accession of the Republic of Croatia to the OECD.

In line with the above articles the assessment of the regulatory impact is therefore triggered only when an assessment is needed, useful and necessary to evaluate purpose and implementation of regulation (primary legislation, laws, and their secondary legislation) in force. This corresponds with ex-post evaluation guidance elaborated by the Technical support instrument project, that not all legislation warrants an evaluation (see Annex 3 TSI project Ex post Guidelines and action plan, page 8) and constitutes a simplification from the previous Act 2017 RIA Act which did not include these triggers and considered a mandatory assessment for all regulation.

In addition, based on the TSI project report on ex-post evaluation guidance which clearly defines steps to be taken in designing evaluation processes and sets out types of evaluations (see Annex 3 TSI project Ex post Guidelines and action plan, page 48), the BRPI Regulation, in articles 18-22, sets three types (models) of the evaluation (process, performance and impact), evaluation process (designing intervention logic, determining the type of evaluation, evaluation criteria and questions, identifying key performance indicators) and evaluation report template. This is covered by Articles 18 to 22, and Annex 5 of the BRPI Regulation and represents a direct impact of the TSI project on the drafting of the BRPI Act and the BRPI regulation.

**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.**

Articles 33 and 34 of the BRPI Act provide the basis for determining the competences of civil servants participating in the regulatory impact assessment, evaluation of regulation and the public consultation, as well as the obligation of continuous professional development with the aim of strengthening competences.

Article 33(1-4) of the BRPI Act provides for the position of the coordinator for the implementation of better regulation including the legal basis for prescription of the job description and competences of coordinators, deputy coordinators, administrators and civil servants applying better regulation policy instruments.

Article 34 of the BRPI Act includes the provisions indicating the continuous trainings will be carried out for all staff involved in implementing better regulation and impact assessment policies, to ensure a higher level of professionalisation of activities.

Article 35 of the BRPI Act further defines provisions for monitoring of the implementation of the regulatory assessment procedures as well as its implementation (such as drafting) leading to increased oversight, reduced errors and higher professionalisation of the coordination.

The Regulation builds on the provisions of the BRPI Act through further defining these provisions in articles 27 and 28.

Article 27 of the Regulation defines the job description of the coordinator for the implementation of better regulation policy instruments that covers tasks for each better regulation policy instruments: coordination and planning of legislative activities, including drafting the legislative forms (Article 27(2)), regulatory

impact assessment, including coordination, support and drafting of the draft bill and reports (Article 27(4)), evaluation of regulation Article 27(5)), and public consultation (Article 27(6)).

Building on articles 33-34 of the BRPI Act which set out the competencies and job descriptions, Article 28 of the Regulation defines the job description and competences of civil servants for the implementation of better regulation policy instruments, including competences related to data collection and analysis, setting of evaluation criteria, drafting and finalising various forms related to regulatory impact assessment.

Furthermore, in line with the description of the measure **the reform shall broaden the scope and application of regulatory impact assessment processes, and map business processes in the area of regulatory impact assessment.**

Article 15 of the BRPI Act stipulates the areas of application of the regulatory impact assessment process (economy, sustainable development, social care, civil rights and further areas as defined by relevant services, which represents a broader approach as compared to the 2017 RIA Act.

Article 20 of the BRPI Act sets out the scope of the application of regulatory impact assessment processes by indicating the legal acts for which the impact assessment is conducted which include all legal acts thus broadening the scope as compared to the 2017 RIA Act.

Building on Articles 15 and 17 of the BRPI Act, article 18(1) of the Regulation broadens the scope and application of regulatory impact assessment by establishing three specific areas of evaluation, namely the evaluation of the enforcement of legal acts, evaluation of the achieved results of the legal acts and the evaluation of the impact achieved by the legal acts. Paragraphs (2-4) further define the provisions for each of these areas and evaluation models.

Building on Articles 15 and 17 of the BRPI Act article 19(1) of the Regulation expands areas of application of the process and defines activities to be carried out during the evaluation process, thus broadening the scope of application.

Building on Articles 15 and 17 of the BRPI Act, article 20(2) of the Regulation provides detailed evaluation criteria for each of the specific area of application areas as defined in article (18).

Building on Articles 15 and 7 of the BRPI Act, article 22 of the Regulation further broadens the scope and application of the process by introducing provisions for follow-up recommendations including on potentially amending the regulation or taking it out of force, enabling adequate reaction to the process.

Business processes in the area of regulatory impact assessment were mapped in the frame of activity A1 Review of the operational capacity, current work and methodological tools of the GLO with respect to ex-post evaluation. Main findings are presented on pages 23-25 of the Annex 2 TSI project Final progress report. Based on recommendations of the TSI project the amendments of job descriptions and competences of civil servants, as indicated in the section above, were incorporated in the BRPI Act and the Regulation.

#### **4. Commission Preliminary Assessment:**

Satisfactory fulfilled.



**Number and name of the Target:** 168 At least 20% of civil servants work in the SmartWorking model  
**Related Measure:** C2.2 R2-I2 – Introduction of Hybrid Workplace Access Model – SmartWorking

**Quantitative Indicator:** %

**Baseline:** 0

**Target:** 20

**Time:** Q3 2023

**1. Context:**

The investment aims at the introduction of the flexible work model for the public service, by amending the legislative framework, designing hybrid working model, procuring the ICT equipment and training the staff to ensure successful implementation of the SmartWorking model.

The target #168 concerns the percentage of the civil servants working in the SmartWorking model, enabling them to work remotely and more flexibly, thus increasing their motivation and subsequently the quality of the public service provided to citizens and businesses.

Target #168 is the first step of the implementation of the investment, and it will be followed by target #169, related to civil servants are trained in the SmartWorking model. The investment has a final expected date for implementation on 30 September 2023.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	T168_Cover note.docx	<b>Summary document</b> duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	1.1. Delivery note of official record_Oct 23.docx	Delivery note accompanying the report (no 5)
3	1.2. Delivery note of official record_Nov 2023.docx	Delivery note accompanying the report (no 6)

4	1.3. Delivery note of official record_Dec 2023.docx	Delivery note accompanying the report (no 7)
5	1.3. Cop_izvjesce broj sluzbenika_rad od kuce_13.11.2023.xlsx.xlsx	Report on number of officials working remotely for 13 November 2023
6	1.2. Cop_izvjesce broj sluzbenika_rad od kuce_12.12.2023.xlsx.xlsx	Report on number of officials working remotely for 12 December 2023
7	1.1. Cop_izvjesce broj sluzbenika_rad od kuce_10.01.2024.xlsx.xlsx	Report on number of officials working remotely for 10 January 2024
8	02. Data spreadsheet containing excerpts from the official records generated by RegZap.xlsx	
9	c. Job suitability assessment tool.pdf	
10	b. Decision template.pdf	
11	a. Application template.pdf	
12	4. Civil Service Act (OG 155-23).pdf	Civil Service Act published on 20 December 2023 in Official gazette no. 155/23. Enters into force on 1 January 2024 (except the provisions concerning recruitment which enter into force 1 June 2024, 1 July 2024 and 1 January 2026)
13	8.6. Guidelines for introducing the SmartWorking model.pdf	By external contractor
14	g. Virtual office description.pdf	
15	f. Exercises to reduce statodynamic effort.pdf	
16	d. Training programmes for the hybrid work model.pdf	
17	e. Tool for assessing spatial and technical conditions.pdf	
18	3. Amendments to the Labour Code (Official Gazette 151-22 and 64-23).pdf	Amendments to the Labour Code, published on 21 December 2022 in Official gazette No 151/22, entered into force 1 January 2023 (except the provisions on collective agreements –

		on 1 July 2023 and digital platform work – on 1 January 2024)
19	7. Appendix III. of the Collective Agreement for Civil Servants and Employees (Official Gazette 128-23).pdf	Appendix III. of the Collective Agreement for Civil Servants and Employees, published in the Official Gazette No. 128/23, on
20	5. Regulation on the Possibility of a Civil Servant to Work at a Separate Location, Remote Work, and Part-time Work (Official Gazette 141-23).pdf	Regulation on the Possibility of a Civil Servant to Work at a Separate Location, Remote Work, and Part-time Work published in the Official Gazette No. 141/23, on 24 November 2023, entered into force on the eighth day after the publication
21	8.1. Analysis of good practice in implementing a hybrid work model in Croatia and other European countries.pdf	By external contractor
22	8.3. Analysis of the relevant regulations pertaining to employment in state bodies.pdf	By external contractor
23	8.2. Report on the potential for remote working in state bodies.pdf	The report by external contractor.
24	8.7. Final report approved by the Ministry of Justice and Public Administration.pdf	By external contractor
25	8.4. Report on the functional and technical requirements for remote workplace access, management and monitoring system.pdf	By external contractor
26	8.5. Report on the Pilot phase of the hybrid work model in state bodies.pdf	By external contractor
27	6. Amendments to the Ordinance on Income Tax OG 1-23).pdf	Amendments to the Ordinance on Income Tax, published in Official Gazette No. 1/23 on 2 January 2023, entered into force one day after publication
28	8. Public procurement Service contract No. 81-22.pdf	Service contract with the provider (WYG savjetovanje) to deliver outputs presented as evidence #13, #43 and

		#21-26. Signed on 24 August 2022.
29	9.1. Selection decision - Group 5 Laptop with dock.pdf	
30	9.2. Selection decision - Group 6 Monitor.pdf	
31	9.3. Framework Agreement No. 3-2022-5 IT equipment - Laptops with docking station.pdf	
32	9.4. Framework agreement No. 3-2022-6 IT equipment - Monitors.pdf	
33	9.6. Contract for IT equipment No. 3-2022-5-2 Laptops w. dock (Comping).pdf	
34	9.8. Handover protocols for IT equipment (Laptops and Monitors).pdf	
35	9.7. Contract for IT equipment No. 3-2022-6-1 Monitors.pdf	
36	9.5. Contract for IT equipment No. 3-2022-5-1 Laptops w. dock (Comping).pdf	
37	9.9. Commercial invoices for IT equipment (Laptops and Monitors).pdf	
38	9.10. Proof of payments of IT equipment (Laptops and Monitors).pdf	
39	14. SmartWorking brochure - Pilot phase (Publication).pdf	
40	15. Instructions template for the hybrid work model for state bodies Pilot phase.docx	
41	17. SmartWorking brochure - Full implementation phase (Publication).pdf	
42	13. SmartWorking flyer (Publication).pdf	
43	18. Guidelines for SmartWorking in the Civil Service (Full Implementation Phase) - with Appendices.pdf	By external contractor
44	16. Instructions for the hybrid work model - Pilot phase - Ministry of Justice and Public Administration (example).pdf	
45	19. Remote and hybrid work in Croatia and selected EU Member states (Publication).pdf	By external contractor
46	20. Description of HRM system related to hybrid work (screen shots of the test system).docx	
47	10. IT Equipment Allocation Agreements with State bodies - 51 Agreements with State bodies	
48	11. Accounting records of State bodies proving receipt and registration of assets at purchase value - 52 Accounting records	
49	12. Personnel lists of State bodies using SmartWorking equipment - 52 Personnel Lists	

50	4.1. Module A - Introduction to the hybrid work model for civil servants.doc	Description of the module A
51	4.2. Module B - Hybrid work model for managerial positions.doc	Description of the module B
52	4.3. Module C - Human resources management in the hybrid work model.doc	Description of the module C
53	4.4. Module D - Digital literacy and IT security.doc	Description of the module D
54	5.1. Module A - Introduction to the hybrid work model.pdf	Training material (ppt)
55	5.2. Module B - Hybrid work model for managerial positions.pdf	Training material (ppt)
56	5.3. Module C - Human resource management in the hybrid work model.pdf	Training material (ppt)
57	5.4. Module D - Digital literacy (Part 1).pdf	Training material (ppt)
88	5.4. Module D - IT security (Part 2).pdf	Training material (ppt)
59	7. Public procurement Service contract No. 81-22.pdf	
60	7.1. Report on Activity 7. Training programmes for the hybrid work model.pdf	
61	7.2. Handover protocol for Activity 7.pdf	

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the target.

**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.**

Excerpts from the official records generated by the Register of Public Sector Employees (hereinafter referred to as "RegZap") (evidence # 2- #8) show that the average number of civil servants (those employed in ministries and state administrative organisations excluding police officers) working remotely for the previous 3 months (in October, November, and December 2023) was 4 743. Considering that the average number of employed civil servants in those three months was 22 737 , this means that 20,86% of civil servants were working in the SmartWorking model in that quarter, therefore indicating that the target was achieved in Q4 2023.

SmartWorking involves occasional work in a remote place of work or working remotely, meaning that the official performs work for a certain period of the week or month, from home or in another area with a similar purpose (evidence #13), enjoying access to quality public service. Guidelines for introducing the SmartWorking model, in the chapter introducing and describing the SmartWorking model, define the benefits of the SmartWorking model for the civil servants that increase the motivation of the civil servants. This is achieved by providing the possibility to adapt and organise work to the preferences and needs of each official and a higher level of independence, accountability and efficiency of officials in the

performance of their duties as well as more efficient use of time and reconciliation of private and professional life. Furthermore, the guidelines analyse the key challenges for organising work at home in an efficient manner and provide suggestions on how to tackle these challenges, including key steps to take to ensure good work-life balance. This kind of independence in their work and organisation results in greater motivation of the officials. (evidence #13, page 2 and 25)

Furthermore, in line with the description of the measure, **it shall establish an innovative workflow based on an element of flexibility in working time and place of work according to the needs of the processes and plans of the public administration.**

Following preparation of the Report on best practices for remote and teleworking in EU Member states and Croatian companies (evidence #21) and Report on the current state of play of remote working conditions in Croatian state bodies with results of a civil service survey and the analysis of material costs and state of IT equipment in state bodies (evidence #23), a decision was made to pilot implementation of a hybrid work model in selected state bodies starting from Jan 2023 using the existing legislative framework from 2006 which allowed civil servants to work from a separate location subject to the decision of the head of the state body (e.g., minister). Initially, 14 state bodies volunteered to participate in the pilot (evidence #39). The pilot phase ended with the new legislation for hybrid work entering into force.

Furthermore, in line with the description of the measure, **the legislative arrangements concerning the civil service and labour relations for the introduction of a hybrid model of work in the public administration and the judiciary (the Labour Code, the Civil Service Act, the Labour Protection Act and the by-laws) shall be amended to allow employees to work smoothly and continuously.**

Amendments to the Labour Code were adopted by the Croatian Parliament on 16 December 2022 and the new provisions for remote work entered into force on 1 January 2023 (evidence #18). Article 7 of the amendments to the Labour Code defines work at a separate location and remote work. Article 8 defines mandatory content of the employment contract in the case of work at a separate location and remote work, obligations, and rights of the employer towards workers who work at a separate location or work remotely, and obligations and rights of workers who work at a separate location. These provisions apply inter alia to workers employed in the public services.

Provisions for hybrid and remote work for civil servants are established in the Civil Service Act and by-law. The new Civil Service Act was adopted by the Croatian Parliament on 15 December 2023. The new provisions for hybrid work entered into force on 1 January 2024 (evidence #12).

The Civil Service Act in Article 23 envisages work at a separate location of work and remote work that can be performed as temporary or occasional (hybrid work model).

The Council Implementing Decision required the Labour Protection Act and the bylaws to be amended to allow employees to work smoothly and continuously. Article 8 of the Labour Code defines that the employer shall ensure that work is carried out safely and in a manner which does not endanger the safety and health of the worker, where the nature of the work and the size of the risk to the life and health of the worker assessed in accordance with the rules on occupational protection at the outsourced place of work is possible. And the Civils service Act in the Article 23 (9) defines that, in the case of extraordinary circumstances resulting from an epidemic of disease, earthquake, flood, environmental incident and

similar phenomena, the head of the state body may, to ensure the regular performance of the state body's work and to protect the health and safety of civil servants and other persons, determine work at a separate location for all or individual civil servant, therefore, the Labour Protection Act has not been amended. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, the provisions in the Labour Code and the Civil Service Act provide the legal basis for implementation of measures to ensure smooth and continuous work in specific conditions as indicated above, in the frame of the hybrid SmartWorking model. These provisions go hand in hand with other relevant provisions elaborated in this section of the preliminary analysis. As of this, this minimal deviation does not affect the progress towards achieving the investment that the target represents. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.

The Regulation on the Possibility of a Civil Servants to Work at a Separate Location of Work, Remote Work and Part-time Work was adopted on 23 November 2023 and entered into force on 2 December 2023. It provides a more flexible approach to the work of civil servants (evidence #20). The obligations and rights of state bodies and civil servants are prescribed to ensure flexible working conditions for civil servants, as well as those who work in separate locations or are working remotely. The Regulation defines criteria and procedures for the hybrid work model, based on the conducted analysis (evidence #22 and #23), observations during the Pilot phase of introducing the hybrid work model in Croatia (evidence #26) and good practices throughout the EU (evidence #21 and #45).

Moreover, since the Amendments to the Labour Code and the Civil Service Act define work at a separate location (i.e. working from home), the Amendments to the Ordinance on Income Tax, which entered into force on 1 January 2023, in Article 7 paragraph 2, stipulate the possibility of a tax-free payment of a new monetary flat-rate compensation to cover the costs of workers for such work in the amount of up to 3.98 euro per day of work from home, and a maximum of 66.37 euro per month (evidence #27).

On 25 October 2023 the Government of Croatia as an employer and the Trade unions signed an agreement as Appendix III. of the Collective Agreement for Civil Servants and Employees (evidence #19). Article 12 stipulates that the employer may compensate the civil servant and employee for expenses formed at a separate work location if such work lasts longer than 7 working days per month, meaning at least 8 working days per month.

All the abovementioned provisions provide conditions for flexibility which allows public employees to work smoothly and continuously.

Furthermore, in line with the description of the measure, **engagement of external experts for the identification of the current state of play of teleworking conditions and the preparation and implementation of management training.**

External experts were contracted (evidence #28) and have produced the following deliverables:

- identification of the current state of play of teleworking conditions (evidence #21 and #23)
- preparation and implementation of staff trainings and management trainings (evidence #13, #10 and #24 as well as the evidence # 50-61 )

Following the preparation of the Report on best practices for remote and teleworking in EU Member states and Croatian companies (evidence #21) and of the Report on the current state of play of remote working conditions in Croatian state bodies, with results of a civil service survey and the analysis of material costs and state of IT equipment in state bodies (evidence #23), a decision was made to pilot

implementation of a hybrid work model in selected state bodies starting from January 2023 using the existing legislative framework from 2006 which allowed civil servants to work from a separate location subject to the decision of the head of the state body. Initially, 14 state bodies volunteered to participate in the pilot (evidence #39).

Furthermore, in line with the description of the measure, **development of a proposal for a model and a plan for hybrid access to the workplace with a full normative solution for its implementation by external experts.**

A model to enable civil servants to work remotely to provide a continuous, high-quality public service accessible to all and to increase the motivation of officials has been implemented. It establishes a new working model based on an element of flexibility in working time and place of work according to the needs of the processes and plans of the public administration. To achieve this, external experts were contracted (evidence #28) and have produced the following deliverables:

- development of a proposal for a model and a plan for hybrid access to the workplace with a full normative solution for its implementation (evidence #22 and #25)
- working methodologies for smartworking described in the comprehensive guidelines (evidence #13) and supported by the instructions for applying for the smartworking option (evidence9-#11 and #46), technical and ergonomic requirements of such work (evidence #14, #15 and #17) as well as the training programmes needed to prepare the officials (evidence #16).

A new legal framework facilitating hybrid working, a combination of working at the office and from remote locations was adopted, where both modalities of work are considered equivalent, as per the Civil Service Act in Article 23 (evidence #12). All civil servants whose tasks are compatible with the hybrid work model may perform part of their working time from a separate location (e.g., from home) or remotely, by filling in an application for hybrid work and reaching an arrangement with their line manager (evidence #20, #41 and #43). A job suitability assessment tool for the hybrid work model is available (evidence #43. Appendix 1).

Furthermore, in line with the description of the measure, **acquisition of information technology acquired through transparent public procurement processes.**

Based on Article 23 of the Act on the Organization and Scope of State Administration Bodies (Official Gazette, No. 85/2020 and 21/2023), the Central State Office for Central Public Procurement performs central public procurement for state bodies, including planning and implementation of the procurement procedures for computers and IT equipment, based on the expressed needs of state bodies. The Ministry of Justice and Public Administration informed the Central State Office of the need to procure 5,000 laptops with docking stations and 1,250 monitors for the purpose of SmartWorking. An open public procurement procedure based on Article 86, paragraph 1 of the Public Procurement Act 2016 was initiated by the Central State Office in April 2022, which concluded with selection decisions (evidence #29 and #30), and two Framework Contracts (evidence #31 and #32). The Ministry of Justice and Public Administration concluded contracts for procurement of IT equipment based on the Framework Agreements (evidence #36, #33 and #35). Commercial invoices (evidence #37) and Proof of payments (evidence #38) are provided.

The procured IT equipment (evidence #34) was transferred to other state bodies as fixed assets free of charge, based on their expressions of interest and needs for the equipment, for the purpose of



SmartWorking. The Ministry of Justice and Public Administration concluded a total of 51 agreements with 39 state bodies (evidence #47, #48 and #49).

**4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Target:** 169 At least 60% of civil servants trained in Smartworking working method

**Related Measure:** C2.2 R2-I2 Introduction of Hybrid Workplace Access Model – Smartworking

**Quantitative Indicator:** % (Percentage)

**Baseline:** 0

**Target:** 60

**Time:** Q3 2023

### 1. Context:

The investment aims at the introduction of the flexible work model for the public service. By amending the legislative framework, designing hybrid working model, procuring the ICT equipment and training the staff it ensures successful implementation of the SmartWorking model.

The target #169 concerns the percentage of the civil servants trained and receiving necessary skills for working in the SmartWorking model, which will enable them to work remotely and more flexibly, thus increasing their motivation and subsequently the quality of the public service provided to citizens and businesses.

Target 169 is the second and last target of the investment, and it follows the completion of target 168, related to 20% of civil servants already working in SmartWorking model. The measure shall be completed by 30 September 2023.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	T169_Cover note.docx	
2	02. Speadsheet with unique ID SmartWorking trainings - All modules.xlsx	
3	08. Public procurement Contract No. 350-23.pdf	
4	1.1. Delivery note of official record_Dec 23.docx	
5	1.2. Cop_izvješće broj službenika_rad od kuće_10.01.2024.xlsx.xlsx	
6	3.1. Module A_Certificate sample.pdf	Example of the certificate for Module A

7	3.2. Module B_Certificate_sample.pdf	Example of the certificate for Module B
8	3.3. Module C_Certificate_sample.pdf	Example of the certificate for Module C
9	3.4. Module D_Certificate_sample.pdf	Example of the certificate for Module D
10	4.1. Module A - Introduction to the hybrid work model for civil servants.doc	Description of the module A
11	4.2. Module B - Hybrid work model for managerial positions.doc	Description of the module B
12	4.3. Module C - Human resources management in the hybrid work model.doc	Description of the module C
13	4.4. Module D - Digital literacy and IT security.doc	Description of the module D
14	5.1. Module A - Introduction to the hybrid work model.pdf	Training material (ppt)
15	5.2. Module B - Hybrid work model for managerial positions.pdf	Training material (ppt)
16	5.3. Module C - Human resource management in the hybrid work model.pdf	Training material (ppt)
17	5.4. Module D - Digital literacy (Part 1).pdf	Training material (ppt)
18	5.4. Module D - IT security (Part 2).pdf	Training material (ppt)
19	7. Public procurement Service contract No. 81-22.pdf	
20	7.1. Report on Activity 7. Training programmes for the hybrid work model.pdf	
21	7.2. Handover protocol for Activity 7.pdf	

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the target.

**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.**

The evidence, in the form of lists of anonymised participants and training completion certificates of the random sample of those participants, provided by Croatian authorities demonstrate that 72,91% of civil servants (16 626 of 22 801 servants employed in Q4 2023) were trained in the SmartWorking model (evidence # 2, #4, and #5) and have the necessary skills to work remotely to provide continuous, high quality public service accessible to all and to increase motivation of civil servants. These trainings enabled the establishment of an innovative workflow based on an element of flexibility in working time and place

of work according to the needs of the processes and plans of the public administration (established under the Target #168).

Each participant who has successfully completed the trainings for SmartWorking received an official certificate confirming the completion of the training (evidence #6 - 9).

Furthermore, in line with the description of the measure, **to achieve its objectives, the measure foresees the different activities, among which, the staff trainings.**

The Ministry of Justice and Public Administration, with the cooperation of the State School for Public Administration offers different training courses for the public servants to enable them to work in the SmartWorking model.

An introductory course for SmartWorking (Module A) is a 3-hour course for everyone working in the SmartWorking model. SmartWorking for managerial positions (Module B) is a 3-hour course intended for line managers who have already completed the introductory course. There is also dedicated training for the staff of human resources departments (Module C) on the topics of human resources management in the hybrid work model and a 2-part course on digital literacy and information security in the hybrid work model intended for all civil servants (Module D) (evidence #10-13).

Modules A, B and C were prepared and delivered jointly by the Ministry's staff with the assistance of external experts under the Service contract No. 81/22 (evidence #19-21). Module D was prepared and delivered with the assistance of external experts under Contract No. 350/23 (evidence #3) to boost digital literacy skills and information security competence throughout the civil service.

**The target is further specified in the Operational Arrangements, which requires an official document clearly setting out the total number of civil servants employed on the date of the report and a spreadsheet with the following information: Unique identifier of the participant and for each of them: 1) Date of training; 2) Title of training provided.**

On the basis of a sample selected by the Commission, the following documentary evidence was submitted by the authorities for each of the projects selected:

- a) Anonymised copy of the official certificate confirming the completion of training on smart working by the specific participant, including the unique identifier as indicated in the spreadsheet submitted
- b) Name of the training module provided to the participant
- c) The date of the training

The Excel table by the authorities contains all requested data (evidence #2)..

#### I. Successful sampling

The checks were performed on the evidence provided for a sample of 60 anonymised training certificates confirming that the trainings were completed and public officials randomly selected were trained in one of the four training modules indicated in the table (evidence #2).

#### 4. Commission Preliminary Assessment:

Satisfactorily fulfilled.

**Number and name of the Milestone:** 170 Establishment of an e-conservation service

**Related Measure:** C2.2 R3 Digital transformation of conservation bases and archive records

**Qualitative Indicator:** E-conservation base digital public service fully functional and accessible

**Time:** Q4 2023

### 1. Context:

The measure aims to improve document management within the Croatian public administration and provide better, more transparent and integrated access to data conservation bases linked to cultural and heritage sites. It also aims to set preconditions in terms of defining standards and criteria for conservation bases.

Milestone 170 provides for establishing the basis for an e-conservation system by establishing digital infrastructure. The infrastructure is placed to facilitate business processes and increase transparency. A key element is also interoperability and linkages to other public service IT systems to ensure data interchanges and ease of access.

Milestone 170 is the first milestone of the reform, and will be followed by milestone 171, related to the establishment of the national archives information system. The reform has a final expected date for implementation in Q2 2024.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	The summary document duly showing how the elements of the milestone were fulfilled
2	Report by the contractor (APIS_Završni izvještaj_ISKB_19122023.pdf)	Summary report by the contractor and endorsed by the Ministry of Culture and Media
3	Certificate of completion of the IT system (APIS IT Zapisnik o prihvacanju isporuke_aktivnost 3.pdf)	Certificate of completion of the conservation bases module signed by the contractor and the Ministry of Culture and Media
4	INFOSCOPE_Zapisnik o primopredaji aktivnosti 3.pdf	Certificate of completion of the upgrades to the IT system
5	User manual (APIS_Korisničke upute_e- Konzervatorske podloge.pdf)	User manual produced by the external contractor

6	Project documentation (APIS_Modul e-konzervatorske podloge .pdf)	Project documentation for the establishment of the module on conservation bases
7	INFOSCOPE_Zapisnik o primopredajnom testiranju.pdf	Report on the testing of the functionalities of the IT system
8	<a href="#">EKP23 Standardi i kriteriji izrade konzervatorskih podloga .pdf (gov.hr)</a>	Link to the Standards and Criteria for the Development of the Conservation Basis for Cultural-Historical Sites of Urban Character
9	<a href="#">Konzervatorske Podloge (kulturnadobra.hr)</a>	Link to Information System of Cultural Property - module e-Conservation basis
10	<a href="#">Katalog usluga - gov.hr</a>	Link to e-Citizens portal
11	<a href="#">Geoportal kulturnih dobara (kulturnadobra.hr)</a>	Link to Geoportal of Cultural Property

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**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 Ministry of Culture and Media conducted public procurements for the development of the e-Conservation basis module as a part of Information System of Cultural Property (hereinafter referred to as "ISKB") by the end of 2022. Two public procurement procedures for the services of external experts for the development of the system (module and links to other government e-systems) were carried out and completed:

1. Upgrading the existing ISKB system by **developing an e-service module of conservation bases** with protection measures and guidelines for improving the state of the cultural heritage sites (including guidelines for individual buildings located within cultural heritage sites). On 20 December 2023, the delivery of the last phase of the project and the final user acceptance testing was completed and the certificate of completion signed (Document "APIS IT Zapisnik o prihvacanju isporuke\_aktivnost 3.pdf"). The authorities also provided the user manual (document "APIS\_Korisničke upute\_e-Konzervatorske podloge.pdf") and the document "APIS\_Modul e-konzervatorske podloge .pdf", hereinafter referred to as "the description of the module". Through this, the system of e-service of conservation bases was established, leading to enhanced document management by public services and other creators in all business processes linked to conservation bases.
2. Upgrading the existing ISKB system by **establishing a subsystem for integrated search and access** to digital conservation bases, aggregation of metadata and interoperability with existing data on cultural and historical heritage sites. The third phase of the project and final user acceptance testing was completed and the delivery of the system with all accompanying documentation has been accepted and confirmed through the certificate of completion (Document

“INFOSCOPE\_Zapisnik o primopredaji aktivnosti 3.pdf” and Document « INFOSCOPE\_Zapisnik o primopredajnom testiranju.pdf). This package further ensured the functionality and interoperability of the e-conservation bases and data collection.

The above evidence thus confirms that a digital public service was developed and put in place to provide access to digital conservation bases built for cultural and historic sites as required by the description of the measure.

**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 certificate of completion shows that the e-Conservation basis module, a newly implemented ICT solution, was established and that it ensures interoperability and data sharing (page 28 of the description of the module), allows the conduct of the entire process from the beginning of production to the formal adoption of conservation bases (section 2.2 of the description of the module). Through the system, conservation bases can be produced for existing cultural-historical sites that are legally protected and inscribed in the Register of Cultural Property of the Republic of Croatia under a dedicated registration number and based on the formal decision document, prescribing protection measures for each built heritage property within the protected sites (section 2, page 10 of the description of the module).

As further defined in section 2, pages 10-20 of the description of the module, the new structured module enables a more objective approach, uniform data entry, a method of evaluation based on established standards and criteria, and accordingly, uniform measures and modalities for the protection of buildings in cultural-historical sites. The module is intended for use by the contracted producers of conservation bases, as well as by the state conservation service to systematically enter data on cultural-historical sites into the predefined structure. Using the module, documents can be adopted and published on both e-Citizens and the Geoportal of Cultural Property of the Republic of Croatia further ensuring interoperability and data sharing.

Before the implementation of the new ICT solution, existing conservation bases were not publicly available, which resulted in a non-uniform, non-transparent and long process of issuing conservation permits. Until the establishment of a unique methodology for the creation of conservation basis and the establishment of publicly available data via e-Citizens, citizens and businesses who own property in protected areas did not have information about possible interventions on their property. To obtain the information, it was required to hire authorised architects to prepare the project documentation and enter the process of issuing the permit.

This new e-conservation module is publicly available through the e-citizens system (evidence no. 10) and provides a cost-free set of information which simplifies the process and enables citizens, businesses, planners, investors and other administrative bodies to receive predetermined conservation requirements that cannot be subjectively changed, which contributes to transparency in the work of the civil service and legal security for citizens and others involved in the process of obtaining permits for construction and other works in protected areas.

**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 Law on the Protection and Conservation of Cultural Property.**



As confirmed in the certificate of completion, the e-Conservation module is connected to the public service e-Citizens, to the public service Geoportal of Cultural Property, and to the Government Service Bus (GSB), through which the e-Conservation basis module is further connected to other public services of state bodies. In this way, administrative obstacles in the process of obtaining permits in accordance with the Act on the Protection and Preservation of Cultural Property have been removed, the process of issuing construction permits has been accelerated, transparency has been ensured and the procedure for obtaining documents has become uniform.

Section 2.3, page 28, of the document *APIS\_Modul e-konzervatorske podloge .pdf* provides a clear description of the links to existing digital public services that have been established. Concretely, this relates to the following existing public digital services which facilitate free of charge access to data, information on cultural properties and interoperability with other services: e-citizens, Geoportal of Cultural Property of the Republic of Croatia and the Government Service Bus.

Furthermore, in line with the description of the measure, **necessary standards and criteria shall be developed to improve the overall efficiency of public administration in this context.**

In March 2022 the Ministry of Culture and Media developed and published the document Standards and Criteria for the Development of the Conservation Basis for Cultural-Historical Sites of Urban Character. This document provides the scope of application of conservation bases and the legal basis for their establishment (pages 8-12). Sections II and III provide for the content of conservation bases and professional information on their application, including standards and criteria for use. The document provides a unifying approach to the valorisation of built heritage and the definition of protective measures in line with the values of cultural property. The document is intended for use by producers of the conservation bases and the state conservation service, and it is also available to other public law bodies, especially those responsible for the creation of spatial plans, as well as other involved and interested parties. Thus, the document contributes to improving the overall efficiency across the wider public administration when dealing with conservation bases and document management.

#### **4. Commission Preliminary Assessment:**

Satisfactory fulfilled.

**Number and name of the Milestone:** 181 Pilot project on cybersecurity

**Related Measure:** C2.3 R3-I2 Strengthening the capacity of the police to tackle cybercrime

**Qualitative Indicator:** Report from the Ministry of the Interior

**Time:** Q4 2023

### 1. Context:

The objective of the investment is to strengthen the capacity of the Ministry of the Interior to fight cybercrime. The investment includes the purchase of specialised equipment for the police for the analysis of digital evidence, specialised training for police officers for detecting and combating cyber-attacks and the implementation of public prevention campaign targeting businesses and citizens to raise awareness against cybercrime.

Milestone 181 requires the cybercrime system to be equipped with specific software and hardware components for cybercrime investigation, open-source search on the internet, and digital forensics, and investigation analysis sets for the analysis of digital evidence. Furthermore, milestone 181 requires a pilot project for system stress test to be carried out by simulating cyber-crime research using the acquired equipment.

Milestone 181 is the first step of the implementation of the investment. It will be followed by milestone 182, related to the public prevention campaign on cybercrime manifestations and prevention measures. The investment has a final expected date for implementation in December 2024.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note - February 28, 2024 Ministry of Interior MILESTONE HR-C[C23]-I[R3-I2]-M[181] Pilot project on cybersecurity	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	Report – pilot project for system stress test	Report of the Ministry of Interior’s Cyber Security Department on the conducted pilot project
3	Procurement contract – procurement of the set and system for cybercrime	Procurement contract for 130 laptops, signed between the Ministry of Interior and the contractor, 29 June 2023

	investigation and procurement of the investigation analysis computer sets for the analysis of digital evidence. Group 1: Laptops, no. 511-01-165-23-47	
4	Procurement contract – procurement of the set and system for cybercrime investigation and procurement of the investigation analysis computer sets for the analysis of digital evidence. Group 2: Working stations, no. 511-01-165-23-48	Procurement contract for 130 working stations, signed between the Ministry of Interior and the contractor, 29 June 2023
5	Procurement contract – procurement of the set and system for cybercrime investigation and procurement of the investigation analysis computer sets for the analysis of digital evidence. Group 3: Monitors, no. 511-01-165-23-49	Procurement contract for 260 monitors, signed between the Ministry of Interior and the contractor, 29 June 2023
6	Takeover records for group 1, 14 July 2023	Takeover records for the laptops, signed by the Ministry of Interior and the supplier
7	Takeover records for group 2, 19 July 2023	Takeover records for the working stations, signed by the Ministry of Interior and the supplier
8	Takeover records for group 3, 14 July 2023	Takeover records for the monitors, signed by the Ministry of Interior and the supplier
9	Document submitted to the police units – pilot project for a stress test with a simulation of criminal offences dependent on cyber technology, no. 511-01-94-23-139, 15 November 2023	A letter sent by the Police Directorate of the Ministry of Interior to the National Police Office for Suppression of Corruption and Organised Crime, Sector of General Crime and International Police Cooperation, and all the police departments

10	Takeover records – procurement contract of forensic software, 7 September 2020	Takeover records for the software, signed by the Ministry of Interior and the contractor
11	UFED Cloud Analyzer	Product sheet explaining the main features of UFED Cloud Analyzer software, issued by its developer
12	Magnet Axion. A Complete Digital Investigation Platform	Product sheet explaining the main features of Magnet Axion software, issued by its developer
13	UFED TOUCH2. A Comprehensive, Standalone Mobile Forensics Solution	Product sheet explaining the main features of UFED TOUCH2 software, issued by its developer
14	X-Ways Forensics: Integrated Computer Forensics Software	Product sheet explaining the main features of X-Ways software, issued by its developer

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**The system shall be equipped with specific software and hardware components for cybercrime investigation, open source search on the Internet and digital forensics, and investigation analysis sets for the analysis of digital evidence.**

Hardware components procured as part of the investment include laptops, working stations, and monitors, as evidenced by the procurement contracts and handover records (evidence no. 3 to 8). These devices are used to access the procured software components (evidence no. 10) which, among other features, possess the ability to search, filter, sort, and generate reports to quickly identify suspects, victims, and locations (evidence no. 11); recover digital evidence from sources like smartphones, cloud services, computers, IoT devices and third-party images (evidence no. 12); extract, decode, and analyse digital evidence (evidence no. 13); to perform disk cloning and imaging, data interpretation, several simultaneous search terms, and automatically identify encrypted documents (evidence no. 14).

**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. Pilot project for system stress test shall be carried out – with simulation of ‘cyber dependent’ and ‘cyber enabled’ criminal offences. 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.**

As explained in the Ministry of Interior's report (evidence no. 2), police officers of the Cyber Security Service of the Criminal Police Directorate conducted a pilot project to assess and prove the contribution of the procured equipment to the wider cybersecurity project investment under the National Recovery and Resilience Plan. The pilot project entailed police officers solving two sets of tasks that were created with the aim of testing their ability to solve cyber-dependent and cyber-enabled offences by analysing a report on the contents of a test smartphone, which is relevant for solving cyber-dependent offences, and by answering questions using open-source search on the Internet, which is relevant for solving cyber-enabled offences. The explanation of the project and the instruction for participants is contained in the letter sent by the Ministry of Interior (evidence no. 9), which also includes the questions that had to be answered, originally contained on a Google drive link that had to be accessed by the police officers, and the link to the folder with the generated forensic report on the test smartphone. The Ministry's report (evidence no. 2, page 3), contains the results of the test and states that the average correct response score was 9.65/10 on the first and 9.15/10 on the second task, demonstrating that police officers possess the appropriate level of skills to use the upgraded forensic tools and systems. Additionally, these forensic tools and systems, as explained by the authorities (evidence no. 1), will be used for the analysis of the digital PCAP files that are result of secret surveillance of electronic communications networks and services, thus facilitating criminal investigations, helping to find and preserve evidence, and ultimately leading to an increase in the level of cyber security in Croatia and the EU.

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 183 Establishment of a one-stop shop

**Related Measure:** C2.3 R3-I3 Establishing a one-stop shop

**Qualitative Indicator:** Report from the Central Office for the Development of Digital Society (SDURDD) that the one-stop-shop is established and operational for use

**Time:** Q4 2023

### 1. Context:

Milestone 183 is part of the investment C2.3 R3-I3 whose objective is to harmonise and centralise the helpdesk system of all public administrations' online services with the establishment of a one-stop shop platform whose features should improve the interaction between Croatia's public administration and its users.

Milestone 183 requires the establishment and the operationalisation of a one-stop shop platform. It requires that the platform has features to enable users to send feedback, assess the quality of interaction with civil servants and post evaluation in a single centralised location.

Milestone 183 is the only milestone of this investment.

The investment has a final expected date for implementation in December 2024.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document
2	Certificate of completion	Certificate of completion on the instalment, test, availability and operationalisation of the service dated 29 December 2023
3	SDURDD Report	Report from the Central State Office for the development of the Digital Society (hereinafter referred to as "SDURDD") on the establishment and the operationalisation of the platform
4	Contract 'Ugovor i projektni zadatak'	Public procurement contract with annexes

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**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.**

As supported by the certificate of completion dated 29 December 2023 (evidence no. 2), it can be affirmed that the installation of test system, design and implementation of tests, installation of the production system and the production of documentation have been executed. Furthermore, the certificate of completion clearly stipulates that from 29 December 2023 the service has been installed, tested and available for use by users in line with the requirements within the procurement contract and its annexes.

The signed public procurement contract (REF. NO: 520-02-02/1-23-1) – Procurement and implementation of the One-Stop-Shop (JKC) solution (evidence no. 4, hereinafter referred to as “procurement contract”) and its annexes, in particular Project Task (Annex 1), indicates the structure of the completed project, as well as the objectives and the different functionalities. Annex 1 includes a description of the project, and notably how users have the possibility to reach JKC agents, and thus express their request, through a multichannel approach.

The main objectives of the procurement and implementation of the JKC can be analysed in *section 1.1 Procurement and implementation objective of the JKC* (pages 2-3 of Annex 1) where indeed, it is confirmed that the JKC system is technically anchored as a centralised system, located in one place by being integrated to the Shared Services Centre (CDU): Support to users of public e-services is provided by the new features of the JKC allowing to quickly and easily find the necessary information and to digitally interact through a virtual assistant. Moreover, article 2 of the procurement contract also defines it. The expected results of the projects are described in *section 1.2. Expected results of the implementation of the JKC* (pages 3-4 of Annex 1). As envisaged, the platform, as a centralised location, provides a number of different communication services in a secure environment (*sections 3.3 JKC umbrella functional architecture, 3.4 JKC umbrella infrastructural architecture, 3.5. Technical prerequisites and standards*, pages 12-15 of Annex 1). The features related to the core of the three levels of support are described in *section 4.2. Receiving, handling and recording queries* (pages 17-20 of Annex 1). Important functions for the proper functioning of the omnichannel solution, and which must be implemented, are described in the *section 5.1. Functional requirements* (pages 23-33 of Annex 1).

Furthermore, according to the description of the measure, **the one-stop-shop shall also have features to enable users to send feedback, assess the quality of interaction with civil servants and post evaluation.**

Two systems have been implemented to help enhance and maintain customer relationships: User Relationship Management (CRM) and User Experience Management (CEM). The data gathered has the purpose of improving the satisfaction of users of public e-services, as explained page 1 of Annex 1 of the procurement contract.

The procurement contract indicates as requirements, in *section 3.2. Basic requirements* (pages 10-12 of Annex 1), mechanisms for continuous feedback to the citizen (information on the resolution status) and through the possibility to use pre-created notifications and/or templates such as user satisfaction survey. Moreover, *section 4.2. Receiving, handling and recording queries* (pages 17-20 of Annex 1) explains the three different levels of support in place; and what are the features available to allow users to send feedback on the quality of the service received.

*Section 4.3. Quality of the work of the JKC* (page 21 of Annex 1) thoroughly explains how the quality of the service is ensured by using both the results of citizens' surveys, and the insights gathered by an officer designated to track and assess the work of the agents. Moreover, as explained *in section 5.6. Monitoring and reporting* (pages 41-42 of Annex 1), the solution needs to provide a wide range of information – such as number of users in waiting queues, historical graph for all communication channels, average response time, all query data, all details of the satisfaction survey such as volumes, statistical data of responses to the survey, which are then processed to improve the system and monitor the work of agents. With all elements mentioned above, it can be affirmed that the post-evaluation feature is achieved.

**4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.



**Number and name of the Milestone:** 191 Establishment of a new public procurement platform and mobile application

**Related Measure:** C2.3 R3-I9 Establishing a new platform for the Electronic Public Procurement Bulletin of the Republic of Croatia

**Qualitative Indicator:** First public procurement procedure launched on the new e-tendering platform

**Time:** Q3 2023

**1. Context:**

The objective of this investment is to digitalise the public procurement process and to modernise the IT platform of the Croatian Electronic Public Procurement Advertisement (EOJN) to allow for the efficient conduct of public procurement procedures.

Milestone 191 requires the new platform for conducting public procurement procedures and the mobile application to be operational, with public procurement procedure being launched on the new e-tendering platform.

Milestone 191 is the only milestone of this investment. The investment had a final expected date for implementation in December 2023.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note - 20.03.2024. Ministry of Economy and Sustainable Development MILESTONE HR-C[C23]-R[R3]-I[I9]-M[191] Establishment of a new public procurement platform and mobile application	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence
2	<a href="https://eojn.hr/">https://eojn.hr/</a>	Link to the public procurement platform, containing links (QR codes) where the mobile application can be downloaded
3	Zapisnik o isporukama, 06 December 2022	Takeover records related to the project plan
4	Zapisnik o isporukama, 28 July 2023	Takeover records related to the original code, development and test environment

5	Zapisnik o isporukama, 31 August 2023	Takeover records related to the program module I. of the procurement contract
6	Zapisnik o isporukama, 30 November 2023	Takeover records related to the program module II. of the procurement contract
7	Zapisnik o isporukama, 01 March 2023	Takeover records related to the program module III. of the procurement contract
8	Contract on the provision of service of the development of the new platform of the Electronic Public Procurement Portal of the Republic of Croatia	Procurement contract signed between the Ministry of Economy and Sustainable Development, and the community of bidders InfoDom d.o.o. and Sad IT d.o.o., 06 October 2022
9	Uređaj za denzitometriju za potrebe Klinike za traumatologiju Kliničkog bolničkog centra Sestre milosrdnice	Excerpt from the system showing details of the first public procurement procedure launched on the new platform
10	Priprema postupka i dokumentacije, 20 February 2024	Instruction document available on the new platform, outlining the steps related to the preparation of the procedure and the documentation, along with screenshots of the relevant parts of the platform
11	Priprema i podnošenje ponude, 26 October 2023	Instruction document available on the new platform, outlining the steps related to the preparation and the submission of the bid, along with screenshots of the relevant parts of the platform
12	Priprema novog savjetovanja, 31 August 2023	Instruction document available on the new platform, outlining the steps related to the preparation of consultations, along with screenshots of the relevant parts of the platform
13	Unos i objava ugovora, 28 February 2024	Instruction document available on the new platform, outlining the steps related to the input and publishing of the concluded contracts, along with screenshots of the relevant parts of the platform
14	Act amending the Public Procurement Act, published in the Official Gazette no. 114/2022 on 3 October 2022, entered into force on 11 October 2022 as stipulated in Article 26	
15	Podnošenje žalbe, 29 December 2023	Instruction document available on the new platform, outlining the steps related to the

		submission of e-appeals, along with screenshots of the relevant parts of the platform
16	E-Pristojbe, 29 December 2023	Instruction document available on the new platform, outlining the steps related to the online payment of the fees, along with screenshots of the relevant parts of the platform
17	Screenshot – strategic procurement	Screenshot of the section of the platform related to the strategic procurement questions

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**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.**

To prove that the new public procurement platform, as well as the mobile application, are in place and operational, the authorities delivered copies of takeover records, signed by the Ministry of Economy and Sustainable Development and the contractors. The five documents delivered (evidence no. 3 to 7) confirm that all platform functionalities, as listed in the contract for the development of the public procurement platform (evidence no. 8), have been delivered and are available, including the mobile application which has the same functionalities as the web portal. Furthermore, the authorities delivered the link to the publicly available platform (evidence no. 2), which also contains the QR codes that can be scanned to access the Google Play and Apple store sites, where the mobile application is available for download.

The authorities delivered an excerpt from the platform (evidence no. 9) which clearly shows that the procurement procedure was published and launched on 29 September 2023. Furthermore, the document shows the details of the procedure and confirms that it has been finalised.

Furthermore, in line with the description of the measure, **the investment shall modernise the IT platform of the Croatian Electronic Public Procurement Advertisement (EOJN), which is currently based on an outdated technology and does not properly support the efficient conduct of public procurement procedures. In particular, the measure shall enable to link all procurement processes (from procurement plan, through the conduct of the procedure to data on payments based on concluded contracts) and shall introduce online appeals (e-appeals) as mandatory and the possibility for the online payment of fees.**

By introducing the new platform, the Croatian authorities substituted the previous document-based system and moved to a data-driven system with several functionalities that have not been available before. The new platform allows for the conduct of all stages of a public procurement process, starting from the procurement planning and the creation of the procurement documentation (evidence no. 10), through the preparation and the submission of the bid (evidence no. 11) and the preparation of prior consultation where applicable (evidence no. 12), to the preparation and publishing of the concluded contracts (evidence no. 13). The contract registry also contains data on payments based on concluded contracts published therein, and such data is entered upon the completion of those contracts.

The platform allows for the submission of online appeals (e-appeals) which, in accordance with Article 11 of the Act amending the Public Procurement Act (evidence no. 14), is introduced as a mandatory way of submitting the appeals in public procurement procedures. Appeals can be prepared and submitted via the new platform (evidence no. 15), and there is also the possibility of online payment of the related fees (evidence no. 16) using credit cards, barcode scanning, payment orders (which are automatically generated), and e-banking systems.

In order to obtain reasonable assurance that the received digital documents on the new public procurement platform are correct and that all the necessary functionalities of the platform mentioned above are operational, the Commission performed an online on-the-spot check on 18 April 2024. The on-the-spot check was finalised successfully without any issue found.

Furthermore, in line with the description of the measure, **the investment shall also establish a framework for tracking compliance with certain minimum mandatory criteria and objectives (such as strategic, green or innovative public procurement).**

The new platform establishes the tracking framework as it contains a section intended to track compliance with the objectives of strategic, green and innovative public procurement, by using data collected from the answers to the mandatory questions that include criteria such as the environmental impact of the procurement and the consideration given to the protection of biodiversity. During the preparation of a public procurement procedure and procurement documentation, the contracting authority/entity needs to indicate whether the procurement includes criteria and objectives such as innovative, social and/or environmental aspects (evidence no. 17). If the answer is affirmative, the contracting authority needs to state in which part of the procurement documentation these aspects are found: technical specifications, criteria for selecting an economic entity, criteria for selecting an offer or special conditions for contract execution. The tracking framework also requires contracting authorities to explain how it supports environmental protection, social responsibility or innovation. The data collected through these forms can be further downloaded and used for statistical purposes. This section of the platform was also showcased and confirmed during the online on-the-spot check performed by the Commission on 18 April 2024.

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 192 CES' digital identity and human resources management systems

**Related Measure:** C2.3 R3-I10 Digitalisation and computerisation of the CES (eHZZ)

**Qualitative Indicator:** Report from CES/HZZ

**Time:** Q4 2023

### 1. Context:

The objective of this investment is to digitise the Croatian Employment Services (CES – HZZ), which currently provides most documentation in paper format with no automated system for digital storage of documentation. The investment is expected to set up a digital identity management system, a human resources management system and to digitise the CES' archives.

Milestone 192 requires the CES' digital identity management system and digital human resources management system to be in place and operational.

Milestone 192 is the first step of the implementation of the investment. It will be followed by milestone 193, related to the completion of the CES' digitalisation through the set-up of several further specified systems, such as a security incident and event management system. This investment is expected to be completed by 30 June 2026.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	M192 cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence
2	Report by the Croatian Employment Service on the establishment of the System for digital identity management and system for digital human resources management of the CES – milestone #192	Report from CES/HZZ demonstrating that the CES' digital identity management system and digital human resources management systems are operational for use by end-users

3	AD360 ManageEngine – Administrator’s instructions. Technical Document No _ T-BS-20231026, 26 October 2023	Technical document of the system supplier Comping d.o.o. outlining the main features of the AD360 ManageEngine system
4	New business processes/hardware resources and system architecture. Technical Document No _ T-BS-233313, 22 December 2022	Technical document of the system supplier Comping d.o.o. outlining the main features of the user identity management system and the supervisory solution
5	Certificate of completion, Comping d.o.o., 14 December 2023	Certificate of completion issued by the supplier of the identity management system
6	Results of the testing scenario of the IAM system. Technical document No _ T-MM-231327, 14 May 2023	Document containing screenshots representing the results of the IAM system testing
7	D05 Functional specification. Procurement of the human resources management system within the framework of the National recovery and resilience plan (NRRP). CES HR 2022, KingICT and Bilog, 27 June 2023	Functional specification of the human resources solution implemented based on the contract for the development of the system, agreed between CES and the suppliers
8	Certificate of completion, King ICT d.o.o. and Bilog d.o.o., 14 December 2023	Certificate of completion issued by the suppliers of the human resources management system

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**The CES’ digital identity management system and digital human resources management system shall be in place and operational.**

As stated in the certificate of completion issued by the contractor (evidence no. 5), the Croatian Employment Services' (CES) **identity management system** is established, tested and available to users from 14 December 2023, by which it is operational for use. Additionally, as supplementary evidence, the authorities delivered a technical document from the supplier (evidence no. 6), which contains the screenshots of the system that resulted from its testing, and provided a link to the system ([pr-iam.hzz.hr](http://pr-iam.hzz.hr)).

The identity management system procured by CES consists of AD360 ManageEngine and Netwrix systems. As described in the technical document delivered by the supplier of the system, AD360 ManageEngine is an integrated solution for identity and access management (IAM) within the organisation, which offers various modules on one unified platform to address digital identity challenges and access difficulties. It is designed to manage user identities, manage access rights, secure data and ensure compliance with multiple IT resources (evidence no. 3, page 5). The document also contains the description of the functions that the individual tools of the system perform, such as automation of the process of creating user accounts, end-user's password resets or change of personal data, and multifactor identification. The system is also explained in another technical note of the supplier (evidence no. 4, page 5), which describes the Netwrix Auditor system (page 6), stating that it is a visualisation platform that allows user behaviours and risks to be reviewed and analysed within the local and/or cloud infrastructure by monitoring and, if necessary, automatically reporting or flagging changes within the system and any security gaps and anomalies.

As stated in the certificate of completion issued by the contractor (evidence no. 8), CES' **human resources management system** is established, tested and available to users from 14 December 2023, by which it is operational for use. Additionally, as supplementary evidence the authorities included a screenshot of the access screen of the Akira system in the cover note (evidence no. 1, page 7) and provided a link to the system ([http://172.20.71.130/hzz/f?p=200:LOGIN\\_DESKTOP:10327750155021](http://172.20.71.130/hzz/f?p=200:LOGIN_DESKTOP:10327750155021) ).

The human resources management system (Akira) procured by CES contains the following modules, as described in the functional specifications document issued by the contractor (evidence no. 7, page 8):

- management of the organisational structure and systematisation
- management of personnel records
- records of working hours and time management
- records and monitoring of employee development, career and competence management
- management of the employment process, recruitment, and selection
- monitoring and management of the process of employee education and training
- management of the overall documentation related to human resources management processes
- work efficiency management and evaluation
- management of the system of business trips
- portal for employees and managers

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 203 Grant agreements signed for the implementation of the projects under the National Framework for development of broadband access infrastructure (ONP)

**Related Measure:** C2.3 R4-I1 Implementation of projects under the National Framework Programme for the Development of Broadband Infrastructure in areas where there is insufficient commercial interest in investment

**Qualitative Indicator:** Report from the Ministry of Sea, Transport and Infrastructure (MSTI)

**Time:** Q3 2023

**1. Context:**

The objective of this investment is to reduce the digital divide in Croatia by increasing national broadband coverage with gigabit connectivity in areas where there is insufficient commercial interest, in line with the National Framework Programme for the Development of Broadband Access Infrastructure. The investment aims to ensure access to gigabit connectivity networks in such areas to households and main socio-economic drivers.

Milestone 203 requires grant agreements for 20 projects under the National Framework Programme for the Development of Broadband Access Infrastructure to be signed as a result of the selection process.

Milestone 203 is the first step of the implementation of the investment. It will be followed by target 204, related to the coverage of at least 100 000 additional households in white NGA areas with broadband access of at least 100 MBit/s (upgradable to 1 Giga) in a direction to the user (download). The investment has a final expected date for implementation in June 2026.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note - 14 April 2024 MINISTRY OF THE SEA, TRANSPORT AND INFRASTRUCTURE MILESTONE HR-C[C23]- I[R4-I1]-M[203] Grant agreements signed for the implementation of the projects under the National Framework for development of	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.



	broadband access infrastructure (ONP)	
2	Report from the Ministry of Sea, Transport and Infrastructure (MSTI) on the start of the project implementation	
3	Link to the published call for proposals	<a href="https://fondovieu.gov.hr/pozivi/89">https://fondovieu.gov.hr/pozivi/89</a>
4	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development plan for broadband access infrastructure in the project area Bedekovčina. NPOO.C2.3.R4-I1.02.0002	Grant agreement signed with Optix Infrastructure d.o.o.
5	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development plan for broadband access infrastructure in the project area Čazma. NPOO.C2.3.R4-I1.02.0003	Grant agreement signed with Optix Infrastructure d.o.o.
6	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development plan for broadband access infrastructure in the project area Donja Stubica. NPOO.C2.3.R4-I1.02.0004	Grant agreement signed with Optix Infrastructure d.o.o.
7	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development project for broadband access infrastructure in the area of the City of Duga Resa and Municipalities Bosiljevo, Generalski Stol, and	Grant agreement signed with Optix Infrastructure d.o.o.

	Netreć. NPOO.C2.3.R4-I1.02.0005	
8	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development plan for broadband access infrastructure in the project area Jastrebarsko. NPOO.C2.3.R4-I1.02.0006	Grant agreement signed with Optix Infrastructure d.o.o.
9	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development project for the next generation broadband network with state aid, City of Karlovac. NPOO.C2.3.R4-I1.02.0007	Grant agreement signed with Optix Infrastructure d.o.o.
10	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development of the broadband infrastructure in the project area Kutina. NPOO.C2.3.R4-I1.02.0008	Grant agreement signed with Optix Infrastructure d.o.o.
11	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development of broadband infrastructure in the project area Lepoglava. NPOO.C2.3.R4-I1.02.0009	Grant agreement signed with Optix Infrastructure d.o.o.
12	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development plan for the broadband access infrastructure in the project area Novi Marof. NPOO.C2.3.R4-I1.02.0010	Grant agreement signed with Optix Infrastructure d.o.o.
13	Grant agreement for the projects financed by the Recovery and Resilience Facility. Broadband access	Grant agreement signed with Optix Infrastructure d.o.o.

	development project in the area of City of Ogulin and Municipalities Josipdol, Plaški, and Tounj. NPOO.C2.3.R4-I1.02.0011	
14	Grant agreement for the projects financed by the Recovery and Resilience Facility. Broadband access development project in the area of the City of Ozalj and Municipalities Draganić, Kamanje, Lasinja, Ribnik and Žakanje. NPOO.C2.3.R4-I1.02.0012	Grant agreement signed with Optix Infrastructure d.o.o.
15	Grant agreement for the projects financed by the Recovery and Resilience Facility. Broadband access development project in the area of Municipalities Pokupsko, Kravarsko, Lekenik, Martinska Ves, Orle, and Rugvica. NPOO.C2.3.R4-I1.02.0013	Grant agreement signed with Optix Infrastructure d.o.o.
16	Grant agreement for the projects financed by the Recovery and Resilience Facility. Broadband access development project in the project area Pregrada. NPOO.C2.3.R4-I1.02.0014	Grant agreement signed with Optix Infrastructure d.o.o.
17	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development of broadband access infrastructure in the project area Sisak. NPOO.C2.3.R4-I1.02.0015	Grant agreement signed with Optix Infrastructure d.o.o.
18	Grant agreement for the projects financed by the Recovery and Resilience Facility. Broadband access development project in the area of Municipalities	Grant agreement signed with Optix Infrastructure d.o.o.

	Vidovec, Beretinec, Gornji Kneginec, and Sveti Ilija. NPOO.C2.3.R4-I1.02.0016	
19	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development plan for broadband access infrastructure in the project area Vrbovec. NPOO.C2.3.R4-I1.02.0017	Grant agreement signed with Optix Infrastructure d.o.o.
20	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development plan for broadband access infrastructure in the project area Zlatar. NPOO.C2.3.R4-I1.02.0018	Grant agreement signed with Optix Infrastructure d.o.o.
21	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development of broadband access infrastructure in the project area Novalja. NPOO.C2.3.R4-I1.02.0026	Grant agreement signed with Hrvatski Telekom d.d.
22	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development of broadband access infrastructure in the area of Municipalities Bebrina, Brodski Stupnik, Bukovlje, Oriovac, Podcrckavlje, and Sibirj. NPOO.C2.3.R4-I1.02.0028	Grant agreement signed with Hrvatski Telekom d.d.
23	Grant agreement for the projects financed by the Recovery and Resilience Facility. Development of broadband infrastructure in the area of City of Knin and Municipalities Biskupija, Civljane, and	Grant agreement signed with A1 Hrvatska d.o.o.

	Kijevo. NPOO.C2.3.R4-11.02.0029	
24	Grant agreement for the projects financed by the Recovery and Resilience Facility. Broadband access development project in the area of Cities of Županja and Otoka and Municipalities of Babina Greda, Bošnjaci, Cerna, Drenovci, Gradište, Gunja, Nijemci, Štitar and Vrbanja. NPOO.C2.3.R4-11.02.0032	Grant agreement signed with A1 Hrvatska d.o.o.

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

#### **Grant agreements for 20 projects under the ONP shall be signed as a result of the selection process.**

The Croatian authorities delivered copies of the signed grant agreements for 21 projects under the ONP, along with their annexes (evidence no. 4 to 24). All the grant agreements delivered contain a section on indicators and results, which are related to the number of households with access to broadband network to be covered by each project.

On 27 June 2023, the Ministry of Sea, Transport, and Infrastructure launched a public call for proposals for the pre-selection procedure of eligible applicants for the implementation of projects under the National Framework for development of broadband access infrastructure in areas where there is no sufficient commercial interest for investment (*Okvirni nacionalni program za razvoj infrastrukture širokopojsnog pristupa u područjima u kojima ne postoji dostatan komercijalni interes za ulaganja*, hereinafter referred to as "ONP") (evidence no. 2, page 3) with the deadline for applications of 31 August 2023. Following the pre-selection phase, the Ministry launched a limited call for proposals for the eligible applicants on 22 December 2023 (evidence no. 3). The result of the selection procedure was the signature of 21 grant agreements, which was finalised in April 2024.

Cumulatively, it is expected that more than 130 000 households will be covered with broadband access after the projects for which contracts have been signed are implemented, which is in line with the subsequent milestone of the investment.

### 4. Commission Preliminary Assessment:

Satisfactorily fulfilled.

**Number and name of the Milestone:** 220 New Framework Benchmarks for the work of judges adopted and an active judicial case management tool introduced

**Related Measure:** C2.5 R1 Increasing the efficiency of the justice system to increase citizens' trust

**Qualitative Indicator:** Indicative benchmarks for the work of judges adopted, active case management tool introduced.

**Time:** Q3 2023

**1. Context:**

The objective of the reform is to establish a legal, organisational and technological framework that contributes to reducing backlogs and shortening court proceedings, focusing on transparent and efficient administration of the justice system.

Milestone #220 requires the adoption of new Framework Benchmarks for the work of judges and the introduction the use of the active case management tool in selected courts.

Milestone #220 is the seventh milestone or target of the reform, and it will be followed by target #221 (Reduction of the duration of litigation and commercial cases), target #222 (Reduction of the total number of all pending cases) and target #223 (Decrease in the share of cases over 3 years old in total backlogs), related to the efficiency of the administration of the justice. The reform has a final expected date for implementation in June 2026.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	New Framework Benchmarks, CLASS: 710-01/21-01/274, URNUM: 514-03-01-02/01-21-31, adopted by the Minister of Justice and Public Administration on 27th December 2021 and entered into force on 1 January 2022, as stipulated in Article 14	New Framework Benchmarks for the Work of Judges
2	Link to the Framework Benchmarks	<a href="https://mpu.gov.hr/UserDocImages/dokumenti/Okvirna%20mjerila/Okvirna%20mjerila%20za%20rad%20sudaca_2021..pdf">https://mpu.gov.hr/UserDocImages/dokumenti/Okvirna%20mjerila/Okvirna%20mjerila%20za%20rad%20sudaca_2021..pdf</a>

3	Analysis of the application of the new Framework Benchmarks for the Work of Judges	
4	Report on eSpis describing the use of Active Case Management tools	Report by competent authority demonstrating project has been completed and is operational
5	Link to the active judicial case management tools	<a href="https://portal-suci.pravosudje.hr/#/login">https://portal-suci.pravosudje.hr/#/login</a>
6	Action Plan for Municipal Civil Court in Zagreb	Action Plan for Municipal Civil Court in Zagreb
7	Certificate on implementation of eSpis upgrades	Certificate of completion from the contractor
8	Report on Introduction of Active Case Management in Croatian Courts	Certificate of completion from the contractor
9	Active Case Management Guide	Certificate of completion from the contractor
10	IFCE Self-Assessment Survey	Certificate of completion from the contractor
11	Results of Survey on the IFCE Self-assessment	Assessment completed by selected pilot courts
12	Evidence on delivery of IFCE self-assessment survey to pilot courts	
13	Framework Benchmarks for the Work of Judges CLASS: 710-01/18-01/310, URNUM:514-04-02/1-19-21, adopted by the Minister of Justice on 30 December 2019, in force from 1 January 2020, as stipulated in Article 13, until 31 December 2021	Old Framework Benchmarks for the Work of Judges from 2020, Available at link: <a href="https://mpu.gov.hr/UserDocImages/dokumenti/Pravo%20na%20pristup%20informacijama/Zakoni%20i%20ostali%20propisi/Okvirna%20mjerila%20za%20rad%20sudaca.pdf">https://mpu.gov.hr/UserDocImages/dokumenti/Pravo%20na%20pristup%20informacijama/Zakoni%20i%20ostali%20propisi/Okvirna%20mjerila%20za%20rad%20sudaca.pdf</a>
14	Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**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 new Framework Benchmarks for the Work of Judges, CLASS: 710-01/21-01/274, URNUM: 514-03-01-02/01-21-31 (hereinafter referred to as “Framework Benchmarks”) were adopted by the Minister of Justice and Public Administration on 27 December 2021 (evidence no. 1), published on the website of the Ministry of Justice and Public Administration in December 2021 (hereinafter referred to as “Ministry”) and are applicable from 1 January 2022, as stipulated in Article 14 (evidence no. 1 and no. 2).

The Framework Benchmarks prescribe standards for the work of judges of municipal, commercial, administrative, and county courts, as well as for the High Administrative Court, High Commercial Court, High Criminal Court and High Misdemeanour Court of the Republic of Croatia. The Framework Benchmarks prescribe the number and type of decisions that a judge is obliged to make during regular working hours in one calendar year, as stipulated in Article 1.

Detailed analysis showing the difference between the previous framework benchmarks (Evidence no. 13, in force from 1 January 2020, as stipulated in Article 13, until 31 December 2021) and new Framework Benchmarks (Evidence no. 1), as well as the results of courts in the application of the new framework benchmarks in resolving court cases, can be found in Evidence no. 3 (Analysis of the application of new framework benchmarks for the work of judges), which compares the two framework benchmarks and confirms that the new Framework Benchmarks increase the number of cases to be resolved.

The new Framework Benchmarks encourage judges to effectively resolve cases older than five years. Article 4 of the new Framework Benchmarks improves the framework by stipulating that judges who complete a case older than five years in the first-instance phase of the procedure are awarded 60% more than the framework benchmarks prescribe provided that the judge has resolved the case within two years from assignment of the case, and that judges who complete a case older than five years in the second-instance phase of the procedure will be awarded 60% more than the framework benchmarks prescribe, provided that the judge has resolved the case within 6 months from the date of assigning the case to a judge.

The table shows the number of pending cases older than five years in municipal, commercial, county courts and the High Commercial Court in the period from 2019 to 2022. In total, significantly better results were achieved at the end of 2022 compared to 2020 in all courts using the new Framework Benchmarks, i.e. the total number of pending cases older than 5 years was reduced by 15% (a total of 5,931 cases). This evidence confirms the effectiveness of the indicative benchmarks and the related incentives.

Cases older than 5 years	Unresolved at the end of the year			
	2019	2020	2021	2022
<b>Type of court</b>				
Municipal court	27.331	27.241	25.350	23.248
Commercial court	2.274	2.899	2.783	2.463
High commercial court	2.307	1.385	719	374
County court	9.365	7.601	7.154	7.110
<b>Total</b>	<b>41.277</b>	<b>39.126</b>	<b>36.006</b>	<b>33.195</b>

Source: eSpis (Evidence no. 14)

**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).**



eSpis, the system for active management of court cases (hereinafter referred to as “eSpis”) is a comprehensive integrated case management system and case tracking system and the evidence provided shows that it is used to track the performance of courts and judges and to balance caseloads among courts, and is viewed by judges and court staff as an integral part of their daily business (evidence no. 4 - Report on eSpis describing the use of Active Case Management Tools). A significant upgrade of eSpis was carried out at the end of 2020. The upgrade includes the expansion of tools for active case management (evidence 7. Certificate on implementation of eSpis upgrades). For easier control and more precise case management, checklists have been implemented in the eSpis system, which enable judges to monitor the status of all cases they work upon in a simple and reviewed way. Checklists are widely and daily used to review the status of many cases in a simple format. The review of cases is organised according to the individual register and then also according to the year of establishment, and the judges can indicate with a simple mark on each case whether it is ongoing or resolved (tagging), whether an appeal has been filed, whether the case has been accepted for work from another judge or assigned to another judge (Report on eSpis describing the use of Active Case Management tools, pages 5-7, evidence no. 4).

Building on eSpis, recommendations for active case management in courts were implemented through courts’ Action plans, which focus on efficiency, solving old cases and criminal cases with risk of expiring due to statute of limitation. As an example of a court action plan, the Action Plan for Municipal Civil Court in Zagreb was submitted by the authorities (evidence no. 6).

In addition, the Croatia Court Excellence Program (hereinafter referred to as “CCEP”) was launched in November 2020. The main objective of the program was to support the judiciary in Croatia in improving the efficiency of the judicial proceedings in civil and commercial courts, particularly through promotion of active case management practices. The authorities provided a Report from the contractor on the introduction of active case management in Croatian Courts (evidence no. 8), which confirms that the selected courts include the Municipal Civil Court in Zagreb and demonstrates steps taken to introduce and adopt the active case management in Croatia.

Also, an Active Case Management Guide was developed (evidence no. 9, hereinafter referred to as “Guide”). The Guide helps judges to improve the usage of active case management principles and techniques to reduce the duration of the proceedings, to avoid delays, and to improve efficiency of justice. An important element of active case management concerns the introduction of the International Framework for Court Excellence (herein after referred to as “IFCE”). In supporting pilot courts for introducing IFCE, the CCEP project team has translated the IFCE self-assessment survey into the Croatian language and distributed it to the pilot courts (evidence no. 10 and no. 12). The CCEP used this self-assessment tool and conducted a survey of judges and court staff (evidence no. 11) in the pilot courts to gather their self-assessment input about efficiency challenges faced by the courts, and better usage of active case management tools. At the same time the survey, conducted via an on-line survey tool, was used as a practical example of possibilities of courts’ self-assessment activity.

The use of tools for active management of court cases, with inter alia the adoption of new Framework Benchmarks and a number of legislative amendments part of component C2.5 R1, resulted in greater efficiency in courts. Statistical reports demonstrate the improvements in efficiency that Croatian courts have experienced after activities for promotion of active case management, including those listed above, were undertaken. In 2022, the average disposition time to resolve cases was reduced from 303 days to 247 days in comparison to the previous year. Similarly, the overall case clearance rate improved from 92% to 109%, indicating that the courts resolved more cases than were received during the year, a reflection

of success in and benefits from reducing the number of unresolved cases, in particular older ones. Further statistical data showing greater efficiency is also presented in Evidence no. 3.

Type of Court	Clarence rate (CR)		Disposition time (DT)	
	CR		DT	
	2021	2022	2021	2022
Municipal courts	88%	112%	351	267
Commercial courts	103%	123%	290	245
Administrative courts	102%	107%	166	143
High Criminal Court of the Republic of Croatia	84%	88%	71	114
High Misdemeanor Court of the Republic of Croatia	86%	91%	407	423
High Commercial Court of the Republic of Croatia	118%	110%	168	176
High Administrative Court of the Republic of Croatia	116%	91%	122	191
County courts	99%	98%	124	139
The Supreme Court of the Republic of Croatia	116%	135%	414	317
<b>Total</b>	<b>92%</b>	<b>109%</b>	<b>303</b>	<b>247</b>

Source: eSpis (Evidence no. 14)

#### 4. Commission Preliminary Assessment:

Satisfactorily fulfilled.

**Number and name of the Milestone:** 234 Adoption of a code of ethics for parliamentarians and a code of ethics for officials in the executive

**Related Measure:** C2.6 R1 Increasing the efficiency, coherence and openness of authorities in the fight against corruption through digitalisation, enhancing transparency and improving coordination.

**Qualitative Indicator:** Entry into force of a Code of Ethics for Parliamentarians adopted and Code of Ethics for officials in the executive

**Time:** Q4 2023

### 1. Context:

The objective of the reform is to improve coordination and cooperation of the authorities involved in the implementation of national anti-corruption policy documents through the use of information technology, and also to enhance the effectiveness of the overall anti-corruption policy framework.

Milestone 234 requires the adoption of a Code of Ethics for Parliamentarians and officials in the executive providing guidance on conflicts of interest and other integrity issues.

Milestone 234 is the fourth milestone or target of the reform, and it is followed by target 235 (Increase the staff budget for employees of anti-corruption bodies in the justice system), target 236 (Increase the budget for the acquisition of IT tools and equipment by judicial authorities to investigate corruption and organised crime offences), milestone 237 (Setting up an information system to monitor the implementation of national anti-corruption measures) and target 238 (Reducing the average length of court cases for corruption and organised crime offences), which are related to the efficiency of the public administration involved in the implementation of national anti-corruption policy. The reform has a final expected date for implementation in June 2026.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	The Code of Conduct for State Officials in Executive Bodies (Official Gazette No. 54/2022) which entered into force on	The Code is available on the link of the Official Gazette: <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2022_05_54_701.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2022_05_54_701.html</a>

	May 19, 2022, in accordance with Article 37 of the mentioned Code.	
3	The Code of Ethics for Members of the Croatian Parliament (Official Gazette No.140/2022) which entered into force on December 10, 2022, in accordance with the Article 11 of the mentioned Code.	The Code is available on the link of the Official Gazette: <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2022_12_140_2113.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2022_12_140_2113.html</a>

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

#### **Code of ethics for government officials to provide guidance on conflicts of interest and other integrity issues.**

On 6 May 2022, the Government of the Republic of Croatia adopted the Code of Conduct for State Officials in Executive Bodies (*hereinafter referred to as "Code of Conduct"*) setting out the ethical principles and principles of conduct according to which officials in executive bodies are obliged to behave, during and in relation to the performance of their duties. The Code of Conduct was published in the Official Gazette on 11 May 2022 (No. 54/2022) and entered into force on May 19, 2022, in accordance with Article 37 of the mentioned Code of Conduct.

Article 2 of the Code of Conduct regulates officials in executive bodies to whom the Code of Conduct applies to, that is the members of the government (prime minister, deputy prime ministers and ministers) and all other officials in Croatian executive bodies appointed by the government: head of the Office of the Prime Minister, heads of State Administrative Organizations, state secretaries, Director General of the Police, Chief Treasurer, Director of the Tax Administration, Director of the Customs, Secretary general of the Government of the Republic of Croatia, spokesperson of the Government of the Republic of Croatia, Deputy Head of the Office of the Prime Minister of the Republic of Croatia, Deputy Secretary General of the Government of the Republic of Croatia and all other state officials in the executive bodies appointed by the Government of the Republic of Croatia.

With the aim of strengthening integrity and promoting ethical principles among state officials in executive bodies (*hereinafter referred to as "officials"*) the Code of Conduct identifies integrity issues and provides instructions on avoiding situations of conflicts of interest by establishing principles of conduct, in a systematic and distinct way for various situations, setting guidance for state officials related to managing situations of conflict of interest (Article 14), receiving gifts (Article 15), performance of other functions and activities (Article 16), restrictions after termination of office (Article 17), contacts with third parties (Article 18), business trips (Article 19), handling confidential information and data (Article 20), receiving awards and recognitions (Article 21) and selection of advisors (Article 22).

There are five main ethical principles to which state officials must abide in performance of their duties while preserving their own credibility and the dignity of the office they hold: protecting the public interest and preserving the trust of citizens (Article 7), publicity and transparency (Article 8), exemplary behaviour (Article 9), responsibility for results (Article 10) and rational use of public resources (Article 11).

Article 12 regulates that every official must acknowledge their understanding of the provisions of the Code of Conduct by delivering a signed statement to the Council for the Implementation of the Code of Conduct for State Officials in Executive Bodies (*hereinafter referred to as "Council"*), established with Article 23, while Article 13 stipulates the officials' duty to cooperate with all independent bodies dealing with ethical issues.

In line with articles 23 and 24 of the Code of Conduct, the Council for the Implementation of the Code of Conduct for State Officials in Executive Bodies is established as a preventive and advisory working body (website of the Council: <https://mpu.gov.hr/o-ministarstvu/ustrojstvo/uprava-za-ljudska-prava-nacionalne-manjine-i-etiku/etika-24739/vijece-za-provedbu-kodeksa-ponasanja-drzavnih-duznosnika-u-tijelima-izvrsne-vlasti/24245>). The Council is tasked with providing professional and administrative support to officials in harmonising their behaviour in accordance with the prescribed ethical principles and principles of conduct as well as providing opinions, trainings, advice and guidance on the appropriate conduct, including informing officials of the obligations arising from the Code of Conduct and advising on avoiding conflicts of interest, receiving gifts, awards and recognitions, contacts with third parties, business trips, handling confidential information and providing confidential consultation. The Council is required to make every year a report on the implementation of the Code of Conduct. The report will be presented to the Government and for transparency purposes it will also be published on the webpage of the Council.

### **Code of ethics for parliamentarians to provide guidance on conflicts of interest and other integrity issues.**

The Code of Ethics for Members of the Croatian Parliament (*hereinafter referred to as "The Code"*) provides guidelines to Members of the Croatian Parliament related to preventing conflicts of interest and ethical behaviour. The Code was published in the Official Gazette on 2 December 2022 (No. 140/2022) and entered into force on 10 December 2022, in accordance with Article 11 of the mentioned Code.

As prescribed in the Article 1 of the Code, it regulates the basic principles and rules regarding the ethical conduct and values of Members of Parliament. Article 2 of the Code prescribes that the fundamental values of this Code are honesty, truthfulness, equality, fairness, objectivity, equality, impartiality, responsibility, openness, respect, and a culture of dialogue.

Articles 3, 4 and 5 of the Code prescribe that Members of Parliament must manage their private affairs to prevent foreseeable conflicts of interest. If such a conflict arises, they must resolve it to protect the public interest in accordance with the law governing the prevention of conflicts of interest. At the outset of their intervention during the parliament debates, Members of Parliament must disclose any private interest that affects or could influence the opinions and positions they express during the debate. The Member of Parliament may, at the beginning of their discussion, highlight opinions, positions, remarks, or suggestions from another individual or entity as a contribution to the discussion in the Croatian Parliament. Members of Parliament must act to uphold the reputation of the Republic of Croatia, the Croatian Parliament, and their parliamentary duty. They also must strive to enhance the reputation of the Croatian Parliament both domestically and internationally. Members of Parliament must not use their position or leverage it to gain

advantages or benefits for themselves or related parties in dealings with citizens, public or private institutions, and the general public. Article 6 requires that Members of Parliament must use the Parliament's property conscientiously and responsibly.

Article 7 of the Code prescribes that Members of Parliament should behave decently in dealing with Members of Parliament and other persons, protecting the dignity and personality of the interlocutor, with Article 9 dedicated to their interactions with media representatives.

Article 8 of the Code prescribes that Members of Parliament are obliged to fulfil the responsibilities arising from their parliamentary duty conscientiously and responsibly, in good faith and to the best of their abilities, in line with the Constitution of the Republic of Croatia, the law, and the Rules of Procedure of the Croatian Parliament.

Article 10 of the Code establishes the role of the Parliament's Committee on the Constitution, Standing Orders and Political System in monitoring the implementation of the Code, in terms of compliance with its principles and basic instructions on the conduct of Members of Parliament during the performance of representative duties.

The entry into force of this Code strengthens the existing normative framework and ensures a high-quality and coherent system of legal norms that enables Members of Parliament to perform their representative duty freely and openly and to prevent or sanction actions that are not in the public interest.

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 243 Evaluation of the effects of the Law on the right of access to information

**Related Measure:** C2.6 R2 Improving the implementation of the Law on the Right of Access to Information

**Qualitative Indicator:** Publication of Evaluation Report on the Right of Access to Information Act

**Time:** Q4 2023

### 1. Context:

The objective of the reform is an in-depth evaluation of the Law on the Right of Access to Information and its effects on exercising the right to information, both from the perspective of users and public authorities. Recommendations will be taken into account in the context of future amendments to the Law.

Milestone 243 requires the publication of an evaluation report 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.

Milestone 243 is the only milestone of this reform. The reform has a final expected date for implementation in December 2023.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Decision on selection of experts	Decision on the selection of independent experts for the evaluation of the Law on the Right of Access to Information
2	Service contracts	Three service contracts between the Information Commissioner and independent experts for the evaluation of the Law on the Right to Access to Information
3	Report on the Evaluation of the Effects of the Law on the Right to Access to Information	Report on the Evaluation of the Effects of the Law on the Right of Access to Information, with recommendations for drafting the new legislative framework published on the web page of the Information Commissioner Link: <a href="https://pristupinfo.hr/wp-content/uploads/2023/06/lzvjestaj-o-vrednovanju-ucinaka-ZPPI-FINAL-za-web.pdf?x57830">https://pristupinfo.hr/wp-content/uploads/2023/06/lzvjestaj-o-vrednovanju-ucinaka-ZPPI-FINAL-za-web.pdf?x57830</a>

4	Summary of the Report	Summary of the Report of the Evaluation of the Effects of the Law on the Right of Access to Information, with recommendations for drafting the new legislative framework published on the web page of the Information Commissioner Link: <a href="https://pristupinfo.hr/wp-content/uploads/2023/06/Sazetak-izvjestaja-o-vrednovanju-ucinaka-ZPPI-FINAL-za-web.pdf?x57830">https://pristupinfo.hr/wp-content/uploads/2023/06/Sazetak-izvjestaja-o-vrednovanju-ucinaka-ZPPI-FINAL-za-web.pdf?x57830</a>
5	Submission of the Report and Summary of the Report to the competent authority	Report and Summary of the Report delivered to the competent authority for the purpose of considering its recommendations in the context of future amendments to the Law on the Right of Access to Information
6	Certificate of the Ministry of Justice and Public Administration	Commitment of the Ministry of Justice and Public administration to establish an Expert Working Group that will give a detailed consideration to the recommendations with a view of preparing and adopting the Amendments to the Law
7	Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

#### **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.**

The Report on the Evaluation of the Effects of the Law on the Right to Access to Information (*hereinafter referred to as "Report"*), containing the results of the evaluation of the effects of the Law and its impact on the constitutionally guaranteed exercise segment from the perspective of users and public authorities, and related recommendations, was published on the web page of the Information Commissioner (evidence no. 3 and no. 4).

The current Law on the Right of Access to Information (Official Gazette, No. 25/13, 85/15, 69/22, *hereinafter referred to as "Law"*) is in force from 2013 and has not been subject to major amendments since. In order to assess after ten years of implementation the effects of the Law and its impact on the constitutionally guaranteed exercise segment, from the perspective of both users and public authorities, an in-depth ex-post evaluation of the Law was conducted (Evidence no. 3) by independent experts, contracted for this purpose (evidence no. 1 and no. 2).



The evaluation of the effects and impact of the Law, from the perspective of users is contained in the Report in Chapter 3.3 (page 62 and onwards) and Chapter 8 (page 136 and onwards). The main conclusion is that the Law is simple and clear to apply and that it meets all the usual implementation standards, although it is only partially harmonised with other regulations. In addition, users have a negative attitude about the effectiveness of the execution of the Information Commissioner's decisions.

The evaluation of the effects and impact of the Law, from the perspective of public authorities is contained in the Report in Chapter 3.3 (page 62 and onwards) and Chapter 8 (page 136 and onwards). The main conclusion is that the Law is simple and clear to apply, that it does not contradict other regulations and does not have any negative financial effects on the business of private and public entities, even if it provides access to other information, not only public information.

Chapter 8 of the Report contains recommendations for improving the legal framework for exercising the right to access to information.

It is a general conclusion that the Law meets the usual international standards to the greatest extent possible, while there is room for improvement of the key institutions and provisions of the Law to make their application more efficient. The recommendations issued in the Report are useful for improving the substance and application of the Law, but do not highlight substantive issues that would require immediate modifications to the Law.

The Council Implementing Decision states in the milestone description that recommendations from the Report will be taken into account in the context of future amendments to the Law on the Right of Access to Information. The Council Implementing Decision also states that the reform shall include an in-depth evaluation of the Law and its effects on exercising the right to information, both from the perspective of users and public authorities, followed by the adoption of amendments to the Law on the Right of Access to reflect the recommendation of the evaluation. The Recovery and Resilience Plan of the Republic of Croatia stipulates - in the same context as the milestone description and in line with the milestone's qualitative indicator – that the results of the evaluation will be taken into account in the context of future amendments to the Law on the Right of Access to Information. The Commission has therefore undertaken the assessment on the expected future follow up to the recommendations, based on the milestone description and the qualitative indicator in line with the interpretation included in the National Recovery and Resilience Plan of the Republic of Croatia. To this end, the Office of the Information Commissioner delivered the Report and Summary of the Report to the Ministry of Justice and Public Administration (evidence no. 5), the state administration body in whose competence is the drafting of the proposal of the amendments to the Law. The Ministry of Justice and Public Administration has certified its commitment to establish an Expert Working Group that will give a detailed consideration to the recommendations with a view of preparing and adopting the Amendments to the Law on Right of Access to Information (evidence no. 6).

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 254 Strengthening supervision of the financial sector based on a risk assessment in the area of AML/CFT

**Related Measure:** C2.8. R4 Enhancing anti-money laundering and counter terrorism financing supervision based on a risk assessment in the financial sector in Croatia

**Qualitative Indicator:** 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

**Time:** Q4 2023

**1. Context:**

This reform aims to improve the framework for the prevention of money laundering and countering the financing of terrorism in Croatia and strengthen institutional and administrative capacity, by implementing the recommendations from the Technical Support Instrument (TSI) project on developing a risk-based approach to anti-money laundering and counter terrorism financing supervision.

Milestone 254 requires implementation of measures that strengthen the supervision of the financial sector, including legislation if necessary, on the basis of a risk assessment by the Croatian National Bank and the Croatian Financial Services Supervisory Agency and using a risk-based approach developed in line with the results from a Technical Support Instrument. The actions strengthen institutional and administrative capacity and improve the overall anti-money laundering framework in Croatia.

Milestone 254 is the first step of the implementation of the reform. It will be followed by target 255, related to increasing on-site supervisory activities based on identified money laundering and terrorist financing risks. The reform has a final expected date for implementation on 31 December 2025.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled
2	Overview of the technical assistance provided within the EU-Council of Europe TSI project “Risk-based supervision of anti-money laundering and countering the financing of terrorism in Croatia” signed on 22	Final report from the TSI project

	January 2024 by the Council of Europe, Economic Crime and Cooperation Division	
3	Report by competent authority, with an overview of the revised framework	
4	<ul style="list-style-type: none"> <li>• Output 5 CNB - AMLCFT Onsite Supervision Manual</li> <li>• CFSSA supervisory guidelines</li> <li>• CFSSA risk assessment methodology</li> <li>• CFSSA_Postupovnik and CFSSA_Procedura za ocjenu rizika (supervision manual, risk assessment procedure)</li> <li>• CFSSA sectorial risk assesment for 2022</li> <li>• CFSSA revised questionnaire on AML/CFT system</li> <li>• CFSSA risk assessment tool</li> </ul>	Documents on the revised internal methodology for implementing risk-based supervision by the supervisory authorities, the Croatian National Bank (CNB) and the Croatian Financial Services Supervisory Authority (CFSSA)
5	<ul style="list-style-type: none"> <li>• Output 1 CNB - Procedure for the risk assessment of the risk of money laundering and terrorist financing</li> <li>• Output 1 CNB - Decision on the methodology for risk assessment of the inherent risks of money laundering and terrorist financing</li> <li>• CFSSA risk assessment methodology</li> <li>• CFSSA_Postupovnik and CFSSA_Procedura za ocjenu rizika (supervision manual, risk assessment procedure)</li> <li>• CFSSA sectorial risk assesment for 2022</li> </ul>	Revised and updated internal methodology for risk assessment by the Croatian National Bank (CNB) and the Croatian Financial Services Supervisory Authority (CFSSA)
6	• Output 2 CNB - Revised Questionnaire on AMLCFT System	Revised and updated new Questionnaire on AML/CFT System by the CNB
7	• Output 4 CNB - Excel risk assessment tool	Risk assessment excel tool and graphical user interface for risk assessment by the CNB
8	<ul style="list-style-type: none"> <li>• CFSSA revised questionnaire on AML/CFT system</li> <li>• CFSSA risk assessment tool</li> </ul>	Risk matrices and associated questionnaires by the CFSSA
9	<ul style="list-style-type: none"> <li>• Technical paper “Review of the updated risk assessment methodology prepared by the Croatian National Bank”, Council of Europe, ref: ECCD-TSI-HR-TP8-2023</li> <li>• Technical paper “High level recommendations following an expert review of the Croatian Financial Services Supervisory Agency’s updated annual AML/CFT questionnaire”, Council of Europe, ref: ECCD-TSI-HR-TP6-2023</li> <li>• Technical paper “Proposed technical updates for the Croatian Financial Services Supervisory Agency’s Anti-Money Laundering and Countering Financing of</li> </ul>	Technical papers by the technical assistance provider containing analyses and recommendations for the project beneficiaries, CNB and CFSSA

	<p>Terrorism (AML/CFT) risk-assessment Excel tool”, ref: ECCD-TSI-HR-TP9-2023</p> <ul style="list-style-type: none"> <li>• Technical paper “Guidelines for anti-money laundering and countering the financing of terrorism supervision of investment funds handling digital or crypto assets by the Croatian Financial Service Supervisory Agency”, ref: ECCD-TSI-HR-TP13-2023</li> <li>• Technical paper “Second review of the Croatian National Bank’s updated annual AML/CTF questionnaire”, ref: ECCD-TSI-HR-TP5-2023</li> <li>• Technical paper “Review of Croatian National Bank’s Inspection Manual”, ref: ECCD-TSI-HR-TP2-2023</li> </ul>	
10	<p>A copy of Ordinance on supervisory reports and information on matters relevant to the exercise of supervision or to monitor compliance of taxpayers within the meaning of the anti-money laundering and terrorist financing act, <i>Pravilnik o nadzornim izvještajima i informacijama o pitanjima bitnim za obavljanje nadzora ili za praćenje usklađenosti obveznika u smislu Zakona o sprječavanju pranja novca i financiranja terorizma</i>) adopted by the Croatian Financial Services Supervisory Agency on 6 July 2023, published on 11 July 2023 in the Official Gazette (No. 76/23) and entered into force on 19 July 2024 in accordance with the provision in Article 7. (<a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2023_07_76_1232.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2023_07_76_1232.html</a>)</p>	
11	<p>A copy of Ordinance on maintaining the register of virtual property service providers and assessing the good reputation of natural persons in virtual property service providers, <i>Pravilnik o vođenju registra pružatelja usluga virtualne imovine i procjeni dobrog ugleda fizičkih osoba u pružateljima usluga virtualne imovine</i>, adopted by the Croatian Financial Services Supervisory Agency on 20 June 2023, published on 28 June 2023 in the Official Gazette (No. 69/23) and entered into force on 6 July 2024 in accordance with the provision in Article 8 (<a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2023_06_69_1145.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2023_06_69_1145.html</a>)</p>	
12	<ul style="list-style-type: none"> <li>• Output 6 CNB - Najavni 1</li> <li>• Output 6 CNB - Najavni 2</li> <li>• Output 6 CNB - Najavni 3</li> <li>• Output 6 CNB - Najavni 4</li> <li>• Output 6 CNB - Najavni 5</li> <li>• Output 6 CNB - Najavni 6</li> <li>• CFSSA onsite supervisions 2022</li> <li>• CFSSA onsite supervisions 2023</li> </ul>	<p>Evidence of carried out supervisions in 2023 by the CNB and CFSSA</p>

	<ul style="list-style-type: none"> <li>• CFSSA offsite supervisions</li> </ul>	
13	<ul style="list-style-type: none"> <li>• CFSSA public warnings</li> <li>• CFSSA settlement with a supervised entity</li> </ul>	Evidence of issued public warnings and settlement by the CFSSA
14	<p>Copies of 22 documents related to training and education on risk-based supervision, including presentations and program curricula:  Output 6 CNB - Education on the prevention of money laundering and terrorist financing 1, Output 6 CNB - Education on the prevention of money laundering and terrorist financing 2, Output 6 CNB - Education in The Croatian Chamber of Economy 1, Output 6 CNB - Education in The Croatian Chamber of Economy 2, Output 6 CNB - Education in The Croatian Chamber of Economy 3, Output 6 CNB - Education in The Croatian Chamber of Economy 4, Output 6 CNB Education on Prevention of money laundering, terrorist financing and proliferation of weapons of mass destruction, Output 6 CNB  TF_education_module_1, Output 6 CNB  TF_education_module_2, Output 6 CNB  TF_education_module_3, Output 6 CNB  TF_education_module_4, Output 6  CNB_training_BO_1, Output 6 CNB_training_BO_2, Output 6 CNB_training_PEPs, Output 6  CNB_trainings_february_2023_1, Output 6  CNB_trainings_february_2023_2, CFSSA - Education New proposal of EU regulations on prevention of money laundering and financing terrorism, CFSSA – Education Obligations of Virtual Asset Service Providers Arising from Financial Sanctions and the AML/CFT Act, CFSSA – Education Preventing the financing of terrorism, CFSSA – Education Targeted Financial Sanctions and the Obligations of CFSSA-Regulated Entities, CFSSA – Education Prevention of money laundering and terrorism financing with a review on proliferation, CFSSA – Education Targeted financial sanctions and the resulting obligations</p>	Evidence of education and training carried out by the CNB and the CFSSA, including presentations and curricula
15	<ul style="list-style-type: none"> <li>• Output 6 CNB_employment_contract_1</li> <li>• Output 6 CNB_employment_contract_2</li> <li>• Output 6 CNB_employment_contract_3</li> </ul>	Evidence of newly hired staff at the CNB tasked with AML/CFT

### 3. Analysis:

The justification and substantiating evidence provided by the Croatia authorities cover all constitutive elements of the milestone.

**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. Furthermore, in line with the description of the measure, the reform shall contribute to the general improvement of the framework for the prevention of money laundering and countering the financing of terrorism in Croatia, while facilitating the fulfilment of obligations pursuant to the Action Plan for participation in the European Exchange Rate Mechanism II.**

The final TSI report “Risk-based supervision of anti-money laundering and countering the financing of terrorism in Croatia” provided by the authorities attests that, in the period from June 2021 to December 2023, support provided to the Croatian National Bank (hereinafter referred to as “CNB”) and the Croatian Financial Services Supervisory Authority (hereinafter referred to as “CFSSA”) contributed to enhancing the risk-based approach in anti-money laundering/counter-terrorism financing (hereinafter referred to as “AML/CTF”) supervision in the financial system in Croatia, in line with the results of the technical assistance. The TSI report is accompanied by a confirmation by the technical assistance provider Council of Europe on the outcomes of the project (evidence no. 2). The supervision of the financial sector has accordingly been strengthened in the following areas:

1. Improving the risk assessment methodologies,
2. Mapping the data sources in view of introducing a reporting system to ensure risk profiling,
3. Design and format of the supervisory tools at the CFSSA,
4. Developing technical specifications for an IT supervisory tool for automated money laundering and terrorist financing (hereinafter referred to as “ML/TF”) risk assessment for all entities supervised by CFSSA and the CNB,
5. Review of supervisory manuals,
6. Improving the efficiency in the allocation of resources.

*Output 1: Improving risk assessment methodologies for the CFSSA and CNB*  
*CNB*

As summarized in the final report on technical assistance (evidence no. 2, p. 1), the project provided support in reviewing the methodology for ML/TF risk assessment concerning the use of data and other information in the evaluation of the ML/TF risk profile of the obliged entities. Taking account of the new methodology, the technical paper “Review of the updated risk assessment methodology prepared by the Croatian National Bank” (evidence no. 9) makes a positive assessment of the improvements and enhancement to the CNB's risk assessment methodology (p. 6).

The key improvements to the AML/CTF framework are further elaborated in the Report by the competent authorities (evidence no. 3, p. 1). The new “CNB - Procedure for the risk assessment of the risk of money laundering and terrorist financing” revises and updates the data to be scored in the risk assessment process and improves the definition of risk drivers and criteria to analyse the relevant risk categories and factors. An integral part of the Procedure is the “CNB - Decision on the methodology for risk assessment of the inherent risks of money laundering and terrorist financing”, created in the framework of the TSI project, which proscribes inherent risk assessment procedures and methods and contains weighted risk categories and factors which are to be taken account of in the ML/TF risk assessment conducted by the supervisor (both documents under evidence no. 5).

*CFSSA*

As underlined in the final TSI report (evidence no. 2, p. 1), the supervision and risk assessment related to virtual assets and virtual asset service providers (hereinafter referred to as "VASPs") are strengthened based on existing good practices relating to the AML/CTF supervision of investment funds handling virtual assets and virtual asset service providers (evidence no. 9, technical paper "Guidelines for anti-money laundering and countering the financing of terrorism supervision of investment funds handling digital or crypto assets by the Croatian Financial Service Supervisory Agency").

Specifically, the "Ordinance on Maintaining the Registry of Virtual Asset Service Providers and Assessing the Good Reputation of Individuals in Virtual Asset Service Providers" (evidence no. 11) was adopted based on the recommendation in the technical paper mentioned above to require licensing and registration of investment firms involved in VA trading or investments (evidence no. 9, p. 14), thus strengthening supervisory tools in this area. The Ordinance stipulates the conditions for entry into the register of virtual asset service providers, specifying the content of the application for registration. It also covers the documentation to be submitted with the application (Article 3, appendix 1, 2 and 3), the registry management procedure (Article 5), the process for assessing the good reputation of individuals within virtual asset service providers (Article 6), and the documentation required for determining and evaluating reputation (Article 6, appendix 4 and 5).

The first sectoral and individual risk assessments were conducted for virtual asset service providers and for all other entities supervised by the CFSSA ("CFSSA sectorial risk assessment for 2022", evidence no. 4), as a result of improvements in the implementation of the CFSSA risk assessment methodology and tools. There has also been an increase in the number of direct supervisions and adoption of measures for individual entities. In 2022, 8 direct supervisions were conducted which resulted in decisions on supervisory measures for obliged entities, and in 2023, 6 direct supervisions were conducted which resulted with decisions on supervisory measures for obliged entities, and 3 direct supervisions were started (evidence no. 12, CFSSA onsite supervisions 2022, CFSSA onsite supervisions 2023).

The CFSSA risk assessment methodology and the risk assessment tool have been improved with respect to refining and adding categories to facilitate assignment of accurate risk assessments (evidence no. 3 and no. 4).

*Output 2: Mapping the data sources in view of introducing a reporting system to ensure risk profiling and Output 3: The design and format of the supervisory tools for CFSSA*

In line with the TSI project recommendations, improvements of the AML/CTF framework concern the approaches to the scoping of data necessary to undertake risk-profiling and risk-based supervision of the obliged entities with view to receiving relevant and accurate data from these entities and other sources (evidence no. 2).

#### *CNB*

The "CNB-Revised Questionnaire on AML/CTF System" (evidence no. 6) has been updated and improved with view to enabling automated aggregation of responses received for both risk scoring and trend analysis. The revised Questionnaire is consolidated into fewer questions due to more efficient internal collaboration. The responses are streamlined by thematic grouping and converted into quantifiable form instead of open formulation, where possible, thus improving the source of data for risk-based analysis (evidence no. 9, technical paper "Second review of the Croatian National Bank's updated annual AML/CTF questionnaire", p. 5).

#### *CFSSA*



The “CFSSA revised questionnaire on AML/CFT system” (evidence no. 4) is significantly enhanced with a view to automating aggregation of the responses received for both risk scoring and trend analysis, with no gaps remaining (technical paper “High level recommendations following an expert review of the Croatian Financial Services Supervisory Agency’s updated annual AML/CFT questionnaire”, evidence no. 9, p. 6).

“Ordinance on Supervisory Reports and Information on Matters Relevant for Conducting Supervision or for Monitoring Compliance of Obligors under the Anti-Money Laundering and Counter-Terrorism Financing Act” (evidence no. 10) encompassing three reporting obligations was adopted by the CFSSA, contributing to the transparency and quality of data collection on the obliged entities under its supervision. One of the obligations concerns annual reporting in line with CFSSA’s revised AML/CFT questionnaire (articles 4(1)-(8), annex 1). The second obligation encompasses targeted questions on the AML/CFT system of the reporting entity at least once every three years (article 4(4) – (8), 4(14), annex 2). The third report relates to the transactions and customer volume of VASPs (article 4(10), annex 3).

**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.**

*Output 4: IT supervisory tool for automated ML/TF risk assessment of all entities supervised by CFSSA and CNB, which would assist supervisors in the identification and assessment of sectoral risks*

*CNB*

In line with the recommendations from the project, the CNB transposed its Excel annual questionnaire into XML format, facilitating the data automation process (evidence no. 2). This includes implementing a new algorithm for calculating ratings of inherent risk factors and developing a graphical user interface allowing more efficient evaluation of data (evidence no. 7, Output 4 CNB - Excel risk assessment tool). In parallel, the technical specifications were developed explaining the different functional requirements and steps to be undertaken to automate the collection of data in XML format, and implement further system and software integration (evidence no. 2).

*CFSSA*

As a result of targeted recommendations developed in a Technical Paper (evidence no. 9, “Proposed technical updates for the Croatian Financial Services Supervisory Agency’s Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) risk-assessment Excel tool”), key features and functions of the existing Excel tool for risk-based AML/CFT supervision were improved accordingly, further automating the analysis of collected data in Excel as well as obtaining different options for the visualisation of data and of the risk assessment results (evidence no. 2, p. 2).

*Output 5: Supervisory manuals for CFSSA and CNB*

*CNB*

A review of the overall content of the existing manual to align it further with European and international best practice was undertaken. A new manual was developed based on this review, with a simplified structure and a more user-friendly and streamlined approach (evidence no. 2, p. 1). The revised manual has a clear delineation of stages and types of supervision (evidence no. 4). The CNB implemented a risk-based approach to its on-site and off-site processes (evidence no. 3).

*CFSSA*



The AML/CFT on-site and off-site supervision procedures of the CFSSA are distributed across several documents, rather than a single manual. A review of the different documents was completed and recommendations were provided (evidence no. 2, p. 2).

*Output 6: Efficient allocation of resources for CNB and for CFSSA*

As a result of the TSI project, the human and technical resource management was improved, including through opportunities for peer exchange, as well as strategic and budgetary planning to ensure the needs of delivering AML/CFT tasks (evidence no. 2, p. 2).

*CNB*

A more efficient allocation of human and technical resources was achieved due to automation of data processing for risk assessment, as described above, freeing up staff to perform more advanced data analysis and supervision tasks. Three new employees tasked with AML/CFT were hired during the project (evidence no. 15). A 50% increase in on-site supervisions in 2023 compared to 2019 took place (evidence no. 3, p. 4).

*CFSSA*

As detailed above, there has also been an increase in direct supervisions and implementation of supervisory measures based on risk assessment in the activities of the CFSSA in 2022 and 2023, and an increase in staff tasked with AML/CFT took place between 2020 and 2023 (evidence no. 3, p. 5).

Both supervisory institutions continuously conduct training programs on the risk-based approach to supervision in the financial sector for the prevention of money laundering and terrorist financing (evidence no. 14).

In line with technical assistance, strengthening tools and resources for risk assessment in the supervision of the financial sector improved the effectiveness of the framework for the prevention of money laundering and terrorist financing.

**4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 258 Integration of a tailored framework for continuous training of procurement officers under ProcurCompEU into the mandatory training and certification scheme for public procurement.

**Related Measure:** C2.9 R1 Continuous provision of public procurement training

**Qualitative Indicator:** Entry into force of the framework for continuous training of public procurement officers aligned with ProcurCompEU

**Time:** Q4 2023

**1. Context:**

The measure aims to improve the public procurement training system by developing new tools to acquire theoretical and practical knowledge, professional skills and competences for professional, cost-effective, efficient and effective implementation of public procurement procedures at all levels.

Milestone 258 concerns the integration of a tailored framework for continuous training of procurement officers into the mandatory training and certification scheme for public procurement. The framework is based on ProcurCompEU, the European competency framework for public procurement professionals, adapted to the specificities of the public procurement context in Croatia. To support the practical implementation of the framework, the adapted ProcurCompEU tools are accessible via a subpage on the Public Procurement Portal.

Milestone 258 is the third and last milestone of the reform, and it follows the completion of milestone 257 related to the amendment of the Rules on training in public procurement, inter alia to establish a curriculum for upskilling programmes and to provide the legal basis for the integration of ProcurCompEU into the mandatory training and certification scheme, and milestone 256, related to the development and publication of guidelines on the Public Procurement Portal to further encourage the involvement of SMEs in public procurement procedures. The reform has a final expected date for implementation by December 2023.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
2	Copy of the Ordinance on training in public procurement, published on 21 December	Ordinance on training in public procurement laying down rules for the training programme for public procurement professionals, the manner in which

	2023 in Official Gazette, No. 154/2023, and entered into force on 1 January 2024, as indicated in Article 47.	<p>certificates are issued and renewed, and other relevant issues relating to training in the field of public procurement.</p> <p>Link to Official Gazette:  <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2023_12_154_2317.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2023_12_154_2317.html</a></p>
3	Screenshots and links to the subpage for ProcurCompEU tools on the website of the Public Procurement Portal	<p>Document containing screenshots of the self-assessment questionnaire and screenshots and links to the following two webpages:</p> <p>The subpage of the Public Procurement Portal:  <a href="http://www.javnabavava.hr/default.aspx?id=7296">http://www.javnabavava.hr/default.aspx?id=7296</a></p> <p>The portal for training in the field of public procurement hosting some of the tools:  <a href="https://egradani-izobrazba.mingo.hr/">https://egradani-izobrazba.mingo.hr/</a></p>
4	Copy of signed service contract “Introduction of the European Competency Framework for Public Procurement Professionals – ProcurCompEU into the Croatian public procurement training system”	<p>A contract between the Ministry of Economy and Sustainable Development and PwC Savjetovanje d.o.o with the aim to support the integration of ProcurCompEU into the Croatian public procurement training system.</p> <p>Key activities include (i) a stakeholder analysis and identification of needs, (ii) defining the building blocks of the adapted ProcurCompEU framework, (iii) holding workshops and (iv) creating a sub-page for ProcurCompEU on the Public Procurement Portal</p>
5	Manual for the evaluation and development of competencies in the field of public procurement	Manual including a description of the competencies and skills expected for each of the four proficiency levels adapted to the ProcurCompEU framework, a definition of the seven job profiles relevant for Croatia, and target skill levels for each job profile per competency.
6	Guidelines for the application of the ProcurCompEU framework	Guidelines explaining how different actors in Croatia can use the adapted ProcurCompEU framework. A particular focus is placed on guiding organisations that want to use the framework to assess the competence levels for public procurement in their organisation.
7	Excel template for organisational self-assessment based on ProcurCompEU competencies	Customisable excel template that allows procurement departments and organisations to carry out a self-assessment at the organisational level using the results of one or more individual self-assessments. It can also be used to aggregate job profiles, i.e. target proficiency levels for selected competencies and

		individual questionnaire results to identify positive and negative gaps at the organisational level.
8	Copy of email invitation and signed attendance lists for two workshops for training providers	Evidence for two workshops on the topic of ProcurCompEU for the target audience of training providers in the field of public procurement. The workshops were carried out as part of the service contract described in point 4.
9	Copy of email invitation and signed attendance lists for five workshops for relevant stakeholders	Evidence for five workshops on the topic of ProcurCompEU for the target audience of public buyers and other public procurement stakeholders. The workshops were carried out as part of the service contract described in point 4.
10	A copy of a notice about ProcurCompEU that was sent through the Electronic Public Procurement Platform, including an excel extract from the database showing the recipients of the notice	The notice was sent on 19 January 2024 in form of an email message to 10612 users of the Electronic Public Procurement Platform in form of a bulletin. The message describes the ProcurCompEU framework adapted to the Croatian context and provides links to the available tools. The accompanying extract from the database shows the email addresses of the users receiving the message.
11	Activity plan of the competent public procurement policy body to promote using the ProcurCompEU framework	A short roadmap report produced by PwC to guide the Ministry of Economy and Sustainable Development as competent public procurement policy body to promote and make best use of the adapted ProcurCompEU tools. This includes short term recommendations for promotion and longer-term recommendations for the use of the results of ProcurCompEU self-assessments and improving upskilling programmes.
12	Link to Public Procurement Act, published on 21 December 2016 in the Official Gazette, No. 120/16 and entered into force on 1 January 2017 as indicated in Article 452.	Law setting out the rules for public procurement in Croatia. Link to Official Gazette: <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2016_12_120_2607.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2016_12_120_2607.html</a>
13	Declaration on use of ProcurCompEU	Signed declaration of commitment by the director leading the competent public procurement policy body to use the ProcurCompEU tool to improve training programmes and competencies of its own staff.

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**The ProcurCompEU tool shall be adapted to Croatia’s specificities and integrated into the existing mandatory public procurement training and certification scheme.**

The ProcurCompEU framework has been legally integrated into the mandatory training and certification scheme through Article 30(3) and Annex 3 of the Ordinance on training in public procurement published on 21 December 2023 in Official Gazette, No. 154/2023, and entered into force on 1 January 2024, as indicated in Article 47 (evidence 2, hereinafter referred to as the ‘Ordinance’).

The evidence shows that the ProcurCompEU framework has been adapted to the specificities of the Croatian public procurement system. Annex 1 of the signed service contract “Introduction of the European Competency Framework for Public Procurement Professionals – ProcurCompEU into the Croatian public procurement training system” (evidence no. 4, hereinafter referred to as the ‘service contract’) describes in the purpose section on p.37 the need to adapt the ProcurCompEU framework to the Croatian public procurement system and its specificities. The activities section on p. 37-38 shows that the contractor had to perform a stakeholder analysis and identification of needs (activity 1), including by collecting and analysing the views of public procurement specialists and managers for all types of contracting authorities to provide an informed basis for the adaptation of ProcurCompEU to the Croatian framework. On this basis, the contractor had to define the main building blocks of the adapted ProcurCompEU framework for Croatia (activity 2). In addition, the contractor had to carry out workshops for public procurement professionals and for procurement training providers to present and discuss the proposed adapted framework with key stakeholders (activity 3).

The results of the above activities by the contractor were reflected in the self-assessment questionnaire that the contractor had to develop as part of activity 4 of the service contract. In addition, as reflected in p. 37 of the service contract, the results of the activities were integrated in three documents that Croatia submitted as evidence, the Manual for the evaluation and development of competencies in the field of public procurement (evidence no. 5, hereinafter referred to as the ‘manual’), the Guidelines for the application of the ProcurCompEU framework (evidence 6, ‘guidelines’), and the Activity plan of the competent public procurement policy body to promote using the ProcurCompEU framework (evidence no. 11, ‘roadmap’). Important adaptations compared to the EU level ProcurCompEU framework include the creation of a specific job profile for persons in control functions (p. 11 and p. 67-68 of the manual), which is not included in the EU level framework but has been found to be particularly important in the Croatian public procurement context. Furthermore, a job profile for persons carrying out simple procurement procedures and/or providing support to the team during the procurement procedure (p. 67-69 of the manual), has been included, which is an extension of the corresponding EU level ProcurCompEU job profile.

**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.**

The evidence shows that a subpage for ProcurCompEU has been created on the Public Procurement Portal (<http://www.javnabava.hr/default.aspx?id=7296>, hereinafter referred to as the ‘subpage’). The subpage provides an overview of the adapted ProcurCompEU framework for Croatia and includes freely accessible ProcurCompEU tools, namely a link to the online self-assessment questionnaire developed in

the context of activity 4 of the service contract, as well as the manual and the guidelines mentioned above. In addition, the subpage provides access to an Excel template for organisational self-assessment based on ProcurCompEU competencies (hereinafter referred to as 'excel template') that accompanies the guidelines. Furthermore, the closely linked and publicly accessible Portal for training in the field of public procurement (<https://egradani-izobrazba.mingo.hr/>), which hosts the ProcurCompEU online self-assessment questionnaire, publishes aggregated self-assessment results by county and job profile, lists of training courses with link to ProcurCompEU competences, lists of training providers and a list of valid public procurement certificates. Both websites show the Ministry of Economy and Sustainable Development, the competent public procurement policy body, as responsible for their content.

The evidence also shows that the competent public procurement policy body now supports the practical implementation and supervision of the ProcurCompEU framework and tools. As explained above, ProcurCompEU has been integrated in the mandatory training and certification scheme via the Ordinance on training in public procurement. Therefore, the body responsible for organising and preparing training in public procurement in Croatia (i.e. the competent public procurement policy body provided for by Article 440(1) of the Public Procurement Act, published on 21 December 2016 in the Official Gazette, No. 120/16 and entered into force on 1 January 2017) with the Ordinance also bears responsibility for the implementation of ProcurCompEU. In addition, the Ordinance on training in public procurement in Article 41(6) requires the body in charge of public procurement policy to publish the aggregate results of the ProcurCompEU self-assessment questionnaires to facilitate the identification of training needs.

Furthermore, Article 42(2) of the Ordinance requires the body in charge of public procurement policy to analyse the mandatory training course evaluation questionnaires and publish the results with a view to identify the training topics linked to ProcurCompEU that require further strengthening. The roadmap prepared in the context of the service contract provides additional guidance to the competent public procurement policy body, including short term recommendations for the promotion of ProcurCompEU and longer-term recommendations for the use of the results of ProcurCompEU self-assessments and for improving upskilling programmes. Lastly, as mentioned above, the Ministry of Economy and Sustainable Development as competent public procurement policy body manages the two interlinked websites that include the ProcurCompEU tools. Croatia also provided evidence of a notice sent to over ten thousand public procurement stakeholders to raise awareness about the availability of the ProcurCompEU tools on the Public Procurement Portal (evidence no. 10), thereby supporting their use and practical implementation.

Furthermore, in line with the description of the measure, **the European Competence Framework for Public Procurement Professionals, ProcurCompEU, which serves as a common reference framework for procurement practitioners, shall be introduced in the Croatian training system by 31 December 2023. First, for individuals, the framework facilitates identification and the design of personal and professional competences. Second, contracting entities shall use it to assess and improve the efficiency of public procurement in their organisation. Finally, training providers in public procurement shall be able to use the ProcurCompEU framework to develop comprehensive learning and training programmes.**

As explained above, ProcurCompEU has been introduced in the Croatian training system through the Ordinance on training in public procurement, which entered into force on 1 January 2024 (evidence no. 2). Article 41(2) of the Ordinance highlights that ProcurCompEU helps public procurement stakeholders to identify their competencies, including those that need to be strengthened. Against this background, the tools on the ProcurCompEU subpage of the Public Procurement Portal, particularly the self-

assessment questionnaire, facilitate the identification and the design of personal and professional competences, *inter alia* by distinguishing among seven specific job profiles relevant for Croatia, as well as between public procurement specific skills and personal 'soft' skills. After completing the self-assessment questionnaire, the user is presented with their self-assessed skill levels per ProcurCompEU competency compared to the target levels defined for their specific job profile, which allows for a clear identification of competencies and areas of further development for individuals.

The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards the use of ProcurCompEU by contracting entities as part of the measure description of Reform C2.9.R1. The measure description mentions that contracting entities "shall" use ProcurCompEU to assess and improve the efficiency of public procurement in their organisation. However, the Recovery and Resilience Plan of Croatia mentions in the same context that contracting entities "may" use ProcurCompEU to assess and improve the efficiency of public procurement in their organisation. The Commission therefore considers that this is a clerical error in the Council Implementing Decision and has undertaken the assessment based on the non-obligatory language included in the Recovery and Resilience Plan. Against this background, the tools available on the subpage facilitate the use of ProcurCompEU by contracting entities, specifically through the guidelines for the application of the ProcurCompEU framework (evidence no. 6) and the excel template for organisational self-assessments (evidence no. 7). The excel template is customisable and allows procurement departments and organisations to aggregate the results of one or more individual self-assessments to identify skill gaps at the organisational level, including by adapting job profiles to the organisation's specific needs and aggregating individual self-assessment results across job profiles. Therefore, contracting entities may use this tool to assess and improve the efficiency of public procurement in their organisation.

Lastly, Article 30(3) of the Ordinance obliges training providers in public procurement to link their professional development programmes to ProcurCompEU competencies (evidence no. 2). Furthermore, training providers have access to the tools available on the subpage and can access and use the aggregate results of the self-assessment questionnaires as input for developing training programmes (evidence no. 3). In addition, the manual includes on p. 81-110 a detailed description of a general training programme to develop the ProcurCompEU competencies that can guide training providers in the development of their training courses (evidence no. 5). Finally, Croatia provided evidence of two training workshops about ProcurCompEU, organised as part of the service contract, which were targeted at training providers in the area of public procurement to raise awareness and familiarise them with the framework (evidence no. 8).

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 268 Adoption of the amendments for a full-day teaching model

**Related Measure:** C3.1.R1 Structural reform of the education system

**Qualitative Indicator:** Entry into force of the amendments adopted to the law regulating primary and secondary education for full-day teaching

**Time:** Q4 2023

### 1. Context:

The reform aims to support access to education, as well as its quality, at all levels of education. For primary schools, the reform aims to increase the quality of teaching and learning outcomes, especially for children from disadvantaged socio-economic backgrounds, by implementing single shift, full-day teaching in primary schools. The reform shall amend the Education Act to introduce the new full-day teaching model in primary schools, amending the minimum number of mandatory teaching hours and the curriculum for primary schools, and shall be accompanied by systematic teachers' development programmes.

Milestone 268 requires that the amendments to the law regulating primary and secondary education shall define the conditions for the introduction of full-day teaching. Milestone 268 is the fourth milestone or target of the reform, and it follows the completion of milestone 265 related to the adoption of the revised adult learning legal framework, milestone 266 related to the comprehensive analysis of secondary education needs, and milestone 267 on the adoption of the model for the financing of early childhood education and care. It will be followed by target 269, related to the increase of participation in early childhood education and care. The reform has a final expected date for implementation in June 2026.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	Act amending the Primary and Secondary School Education Act published on 27 December in the Official Gazette No. 156/2023, and entering into force on 4 January 2024, according to Article 28	Act introducing amendments to the Primary and Secondary School Education Act, to define the conditions for the introduction of the full-day teaching model



3	Action plan for the implementation of legal provisions with a view to the fulfilment of the prerequisites enabling the introduction of a full-day school model of the Ministry of Science and Education No. 533-05-24-0002, class 602-01/24-01/00162, entering into force on 9 May 2024	Action plan detailing the actions that need to be taken for the introduction of the full-day teaching model as a national model in Croatia, adopted by the Minister and binding for the action holders.
4	Primary and Secondary School Education Act published on 25 July December 2008 in the Official Gazette No. 87/08, amended with amendments published in the Official Gazette No. 86/09, 92/10, 105/10, 90/11, 5/12, 16/12, 86/12, 126/12, 94/13, 152/14, 07/17, 68/18, 98/19, 64/20, 151/22, and entered into force on 24 December 2022	Primary and Secondary School Education Act
5	Experimental Programme – Primary school as a whole-day school – A Balanced, Fair, Efficient, and Sustainable Education System	Programme adopted by the Ministry of Science and Education describing the implementation of the full-day experimental programme. Link to the programme:  <a href="https://mzom.gov.hr/UserDocImages//dokumenti/Obrazovanje/OsnovneSkole/Cjelodnevna-skola//Eksperimentalni-program-Osnovna-skola-kao-cjelodnevna-skola.pdf">https://mzom.gov.hr/UserDocImages//dokumenti/Obrazovanje/OsnovneSkole/Cjelodnevna-skola//Eksperimentalni-program-Osnovna-skola-kao-cjelodnevna-skola.pdf</a>
6	“VET Curricula working group”. Decision of the Agency of Vocational Education and Training for the appointment of a working group for the harmonization of 10 vocational, class: 030-	Decision of the Agency of Vocational Education and Training for the appointment of a working group for the harmonization of 10 vocational curricula

	08/23-02/50, reference no. 332-04-01/11-23-01	
7	Annual report for 2023 on the implementation of activities of the Agency of Vocational Education and Training	Annual report for 2023 on the implementation of activities of the Agency of Vocational Education and Training. Link to the annual report: <a href="https://www.asoo.hr/wp-content/uploads/2024/05/Godisnje_izvjesce_asoo_2023_web.pdf">https://www.asoo.hr/wp-content/uploads/2024/05/Godisnje_izvjesce_asoo_2023_web.pdf</a>
8	Decisions of appointment of commission for assessment 665 ("odluka-o-imenovanju-povjerenstva-za-procenu-dom-665") documents with numbers 1 to 82	82 Decisions of the Agency of Vocational Education and Training appointing committees for the evaluation of educational materials for secondary education
9	Repository of educational materials for secondary education of the Agency of Vocational Education and Training	Repository of the educational materials for secondary education published in the official website of the Agency of Vocational Education and Training. Link to the repository: <a href="#">Popis odobrenih drugih obrazovnih materijala – ASOO – Agencija za strukovno obrazovanje i obrazovanje odraslih</a>
10	Examples of published other educational materials	Document containing images of the publications of new teaching materials for 3 modules of secondary education
11	Certificates of completion of professional trainings ("potvrda")	Certificates of individual completion of professional trainings by vocational teachers for January, February, September, October and December 2023
12	List of trainees and mentors ("pripravnici i mentori") and lists of attendees ("skup za pripravnike") to professional trainings	Announcements of professional trainings for vocational teachers and lists of attendees
13	VET Curricula	Excel file containing the links to the qualification and occupational standards of 9 vocational qualifications introduced in the national registry of qualifications, HKO ("Hrvatski kvalifikacijski okvir", Croatian Qualification Register); and to the 9 draft ministerial decision for the introduction of their curricula for regular implementation

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

In line with the description of the milestone, **the amendments to the law regulating primary and secondary education shall define the conditions for the introduction of full-day teaching.** Furthermore, in line with the description of the measure for primary schools, the aim of the reform is to increase the quality of teaching and learning outcomes, especially for children from disadvantaged socio-economic backgrounds, **by implementing single shift, full-day teaching in primary schools and increasing the number of mandatory teaching hours.** Furthermore, in line with the description of the measure for primary schools **the reform shall amend the Education Act to introduce the new full-day teaching model in primary schools, amending the minimum number of mandatory teaching hours and the curriculum for primary schools.**

The Council Implementing Decision states that the reform shall amend the Education Act to introduce the new full-day teaching model in primary schools, amending the minimum number of mandatory teaching hours and the curriculum for primary schools. The Council Implementing Decision also states in the description of the milestone that the amendments to the law regulating primary and secondary education shall define the conditions for the introduction of full-day teaching. Moreover, the description of the measure requires that sub-set of measures of the reform shall be completed by 31 December 2023.

The full-day teaching model envisages an extended presence of pupils in schools allowing them to benefit from more teaching hours. However, according to the data from the official database of the Ministry of Science and Education, due to infrastructure shortages, currently 60% of primary school pupils attend school in two or three shifts, meaning that students are divided in groups to attend primary school at different times of the day. This effectively prevents an extension of teaching hours throughout the primary school system until the spatial conditions are established to move to single shift.

At the same time, the Recovery and Resilience Plan and the Council Implementing decision provide that the “full-day teaching model” requires the construction of new primary schools and the upgrade of existing ones, with the objective that all primary school pupils may be provided with full day teaching. The National Recovery and Resilience Plan envisages the assessment of infrastructure investment needs for the transition to one-shift in parallel with the adaptation of the legislative framework for the introduction of full-day teaching in all primary schools (page 864) before the effective implementation of the full-day teaching takes place. The Council Implementing Decision states that the objective of investments C3.1 R1-I2 and C3.1 R1-I4 is to support the shift to full-day teaching for primary schools for all students in Croatia, for which the construction of new primary schools and the upgrade of existing ones is to be completed by 30 June 2026. On this basis, both requirements of the measure description should be interpreted as amending the Education Act to *establish the conditions to introduce* and *implement* the single-shift, full-day teaching model in primary schools. In line with these requirements, the Law amending the Primary and Secondary School Education Act (hereafter “amendment to the Act”) was published in the Official Gazette on December 27, 2023 and entered into force eight days after publication, hence on 4 January 2024.

The amendment to the Act under this milestone, as further explained below, ensure that schools apply one-shift teaching whenever conditions identified in the legislation are met. They also establish the

framework to secure the availability of teachers for the experimental implementation of the full-day teaching model and the legal basis for its testing through an experimental pilot project, including longer hours and new curricula, to be followed in view of the introduction of the full-day model across the entire primary education system.

Article 13 of the amendment to the Act establishes that primary schools that have the spatial, personnel and other working conditions are obliged to carry out educational work in one shift. By introducing this requirement, the amendment to the Act sets the legal conditions for a transition of primary schools to one shift, these being the necessary prerequisite for the introduction of a full-day model.

The “spatial conditions” for the introduction of the full-day teaching model will be fulfilled with the investments for the construction and upgrade of primary schools under the accompanying investments of reform C3.1.R1 namely, investment C3.1 R1-I2 and C3.1 R1-I4 (targets 271 and 397), which support this reform by building the necessary primary school infrastructure to move 100% of primary school students to one shift, in line with the C3.1.R1 reform description under Council Implementing Decision. Both targets are to be indicatively completed by 30 June 2026. As noted above, full-day teaching in all primary schools in Croatia can only be introduced after these infrastructure investments are completed, thereby overcoming the current space constraints which do not allow single-shift schooling in the whole of the primary education system.

As regards “personnel conditions” for the introduction of full-day teaching, Article 8 of the amendments to the Act introduces the possibility of concluding additional fixed-term employment contracts up to six years to carry out experimental programmes, thus reinforcing the availability of human resources necessary during the transition to single-shift, full-day teaching.

As regards ‘other working conditions’, the operational capacity of the new model is to be tested ahead of its roll-out to the entire system once single-shift schooling has been achieved throughout the country. Accordingly, Article 29 of the Act provides the legal basis for the experimental implementation of the full-day teaching model. The experimental implementation of the full-day teaching model started in September 2023 and is currently ongoing in 62 schools across Croatia (evidence no. 5; <https://mzom.gov.hr/vijesti/cjelodnevna-skola/5409>). The experimental programme includes the increase of annual mandatory hours for existing subjects (those under the national curriculum programme) and the amendment of the curriculum, including the adoption of new curricula (evidence no.5, page 27). The amendments to the Act create the prerequisites for the experimental programme to become the regular national model of teaching for all primary schools in the Republic of Croatia as soon as the spatial conditions for this are met in all primary schools in the Republic of Croatia.

In addition, Article 3 of the amendment to the Act amends Article 11 of the Act by making the ‘elective programme’ (i.e., learning activities that can be chosen by students, evidence no. 5, p.16) an integral part of the catalogue of educational programmes to be provided in primary schools. By the referred provision, the current experimental full-day teaching model, in which part of the elective program is carried out as an integral mandatory part of the educational plan, will be implemented as a regular national teaching model for all primary schools. By making elective programs an integral part of primary school teaching, Article 3 also defines the conditions for an increase in the number of hours with the introduction of the full-day model. In this way a student who attends classes in a school that works in one shift will attend a greater number of hours per day (both compulsory and optional) than in the current system.

Consistent with the description of the milestone, and the description of the measure and the wording of the recovery and resilience plan, the Council Implementing Decision should be interpreted as requiring amending the Education Act to establish the conditions to introduce the full day teaching model in primary schools, which entails amending the minimum number of mandatory teaching hours and the curriculum for primary schools. The actions carried out by the authorities by means of the amendments to the existing legislation and the implementation of the experimental programme define and implement the conditions for the introduction of the full day teaching model.

On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled. Furthermore, in line with the description of the measure for primary schools, **the reform shall be accompanied by systematic teachers' development programmes.**

Article 115 of Act no. 87/08, 86/09, 92/10, 105/10, 90/11, 5/12, 16/12, 86/12, 126/12, 94/13, 152/14, 07/17, 68/18, 98/19, 64/20, 151/22, which entered into force on 24 December 2022, defines the obligation for teachers, professionals and school leaders to undertake continuous professional training. The experimental implementation of the full-day teaching model was accompanied by the systematic professional training of educational workers carried out by the Ministry of Science and Education and the Education and Teacher Training Agency (ETTA) (<https://www.azoo.hr/najave-i-izvjesca-arhiva/djelatnici-skola-koje-sudjeluju-u-eksperimentalnom-projektu-cjelodnevnne-skole-usavrsavali-znanja-u-zagrebu/>). ETTA is currently developing systematic teachers' development programmes on new curricula, as well as on new strategies and teaching methods, so that all teachers in primary schools will undergo professional training to be able to implement the current experimental full-day teaching model by the time of its roll out across the entire system. For each school year, ETTA will draw up a new Catalogue of Professional Development with activities to improve teaching competences in the planning and organisation of full-day teaching (evidence no. 3, page 15). The Catalogues are available on the ETTA website (<https://www.azoo.hr/profesionalni-razvoj/katalog-strucnih-skupova/>). The 2024 Catalogue of State and Inter-County Conferences of the Education and Education Agency was developed and published on 2 January 2024 (<https://www.azoo.hr/profesionalni-razvoj/najave-i-izvjesca/?pojam=cjelodnevnna+%C5%A1kola>).

**The reform shall also introduce new curricula based on qualification and occupational standards of the Croatian Qualifications Framework (CROQF).**

The Agency of Vocational Education and Training established 10 working groups for the analysis of the qualification standards and the existing vocational curricula to adapt these to the new methodology for the implementation of the dual model of vocational education (evidence no. 6). The curricula for 9 vocational qualifications were developed under national budget. The corresponding qualification and occupational standards were introduced in the Register of the CROQF (evidence no. 7, page 15; evidence no. 13).

**The reform shall be accompanied by the development of new teaching material for secondary schools.**

The Agency of Vocational Education and Training appointed 82 expert-committees to assess the educational materials of different relevant fields of study under the secondary vocational education to develop new teaching material for secondary school (evidence no. 8). Based on the assessment of the expert committees, a set of new educational materials was developed for different areas of study, subjects and grades of secondary education (evidence no. 9 and evidence no. 10). Among other materials, these include manuals, exercise books, test questions and 3D multimedia content.

**The reform [...] shall be accompanied by [...] professional training of vocational education teachers.**

The Agency of Vocational Education and Training organised 437 one-day and multi-day professional trainings in 2023. These included trainings on general topics for 3 011 vocational teachers; and trainings on professional sector-specific topics for 7 294 teachers (evidence no. 7, pages 17 to 19; evidence no. 11; and evidence no. 12).

**4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 398 Entry into force of the amendments to the Social Welfare Act and adoption of the Decision on guaranteed minimum benefit

**Related Measure:** C4.3 R1 Transparency and adequacy of social benefits in the social protection system

**Qualitative Indicator:** Entry into force of the amended Social Welfare Act and adoption of the decision by the Government

**Time:** Q4 2023

**1. Context:**

The objective of R1 - Transparency and adequacy of social benefits in the social protection system measure is to enhance the adequacy of social benefits for vulnerable groups and reduce inequalities, administrative burden, and improve transparency. The reform aims to expand coverage and fairness by improving eligibility and adequacy of benefits.

Milestone #398 entails the enactment of amendments to the Social Welfare Act and the adoption of the Decision on the guaranteed minimum benefit. These changes are designed to eliminate regulatory hurdles and alleviate administrative burdens for recipients of the guaranteed minimum benefit (GMB). Additionally, this milestone mandates an increase in the base amount of the GMB.

Milestone #398 is the third milestone of the reform R1 - Transparency and adequacy of social benefits in the social protection system and it follows the completion of milestone #302 Adoption of the National Plan against Poverty and Social Exclusion 2021-2027 and milestone #303 Adoption of the new Social Welfare Act. It will be followed by milestone #305 Adoption of a normative rule on functionally integrated social benefits, targets #306 Reduction of the At-risk-of-poverty rate and #304 Beneficiaries of the Guaranteed Minimum Benefit and national compensation for elderly persons.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	<b>Summary document</b> duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	<b>Copy of the Act on Amendments to the Social Welfare Act</b> - adopted by the Croatian Parliament, published on 28 June 2023 in the Official Gazette, No. 71/23 and entered into force on 1 July 2023 in accordance with the provision in Article 68.	Legislative act

3	<b>Copy of the Decision of the Government of the Republic of Croatia on the basis for calculating the amount of the guaranteed minimum benefit</b> - adopted by the Croatian Government, published on 28 December 2023 in the Official Gazette, No. 158/23 and entered into force on 1 January 2024	Government decision on GMB
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### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**The Act on Amendments to the Social Welfare Act** was adopted by the Croatian Parliament, published on 28 June 2023 in the Official Gazette, No. 71/23 and entered into force on 1 July 2023 in accordance with the provision in Article 68 (evidence no. 2).

#### **Abolish the legal provisions mandating the repayment of disbursed Guaranteed Minimum Benefit (GMB) amounts and the imposition of liens on the properties owned by GMB beneficiaries:**

Article 52 of the Act on Amendments to the Social Welfare Act amends Article 292 of the Social Welfare Act, while Article 54 amends Article 294 of the Social Welfare Act. These amendments involve the removal of the Guaranteed Minimum Benefit (hereinafter referred to as “GMB”) from the list of legal bases entitling the Republic of Croatia to seek repayment of amounts disbursed to GMB beneficiaries. Furthermore, Article 53 has removed Article 293 of the Social Welfare Act, which previously outlined the procedures for the repayment of disbursed GMB amounts through property liens imposition.

#### **Alleviate the administrative burden on GMB beneficiaries by establishing a statutory mechanism for the automatic removal of liens:**

Article 64, point 1 of the Act on Amendments to the Social Welfare Act provides for the abolition of the requirement for repayment of disbursed Guaranteed Minimum Benefit (GMB) amounts and the imposition of liens on properties owned by GMB beneficiaries. Furthermore, Article 64, points 2 and 3, alleviates the administrative burden on GMB beneficiaries. It establishes a statutory mechanism for the automatic removal of liens and mandates the immediate cessation of any ongoing actions related to the aforementioned legal concepts, without the need to start the administrative procedure of check and approval.

These legislative changes, achieved through the removal of regulatory obstacles and reduction of administrative burden, aim to increase the uptake of the GMB and the number of active beneficiaries.

#### **The government shall adopt a Decision on the basis for calculating the amount of the guaranteed minimum benefit. The decision shall enter into force on 1 January 2024 and raise the base amount to EUR 150:**

The Decision on the basis for calculating the amount of the guaranteed minimum benefit (evidence no. 3) was adopted by the Croatian government on 28 December 2023 and published in the Official Gazette, No. 158/23 and entered into force on 1 January 2024. This decision raised the base amount of Guaranteed Minimum Benefit to EUR 150 and rendered the previous Decision, Official Gazette, No.23/22, out of force.



**4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Target:** 319 Optimising time for diagnostic treatment – waiting lists

**Related Measure:** C5.1 R1 Improving the efficiency, quality and accessibility of the health system

**Quantitative Indicator:** Number of days

**Baseline:** 400.00

**Target:** 270.00

**Time:** Q4 2023

### 1. Context:

Target 319 is part of reform C5.1 R1 whose objective is to increase equal access to primary healthcare to improve the efficiency, quality and accessibility of the health system.

Target 319 requires the optimisation time to reduce the waiting time period for patients on diagnostic treatment to 270 days from the waiting list time frame of 400 days.

Target 319 is the second and last target of the reform C5.1 R1, and it follows the completion of milestone 318 related to the adoption of the Health System Performance Assessment Framework (HSPA). The reform had a final expected date for implementation on 31 December 2023.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	T319 Cover note_updated.pdf	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	a) Screenshots proving all items 1-3.pdf	Annex of cover note referring to seven extracts from the national database 'Listečekanja31122023' illustrating sample for MR procedures, national average for all diagnostics and the update of the website.
3	b) TAXONOMY for waiting Lists Dg procedures.pdf	Descriptive document explaining the different definitions such as 'waiting time', 'normal circumstances' [...]
4	c) METHODOLOGY for reducing waiting Lists Dg procedures.pdf	Descriptive document explaining the methodology through the prism of the challenge of supply and demand imbalance.

5	d) ACTION PLAN for waiting Lists Dg procedures.pdf	Descriptive document explaining how to maintain the achieved indicator.
6	On-the-spot check	On-the-spot check done by Commission services on 30 April 2024

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the target.

**Waiting time period for patients on diagnostic treatment shall be reduced to 270 days from the current waiting list time frame of 400 days.**

The choice of four hospitals, namely Clinical Hospital Merkur, Clinical Hospital Dubrava, Clinical Hospital Centre Zagreb and Clinical Hospital Centre Split, was based on two factors: a waiting period for procedures of more than 200 days, for which more than 50 patients are waiting for an appointment. Among all diagnostic medical procedures, magnetic procedures have been identified as the most significant procedures from its medical importance, waiting time and recovery and resilience investment focus on these types of medical devices. These four hospitals received investments under the RRP to improve the quality and extent of the provision of diagnostic services. The target in terms of average waiting time for these four hospitals along the planned investment provides synergy in terms of monitoring the achievement of impact through the RRP interventions.

The value of 270 days for the indicator, set as a result of an estimation of the expected and acceptable average number of waiting day, has been achieved. As demonstrated with extract 2 'Sample average for MR procedures in the four mentioned hospitals, end value Dec 2023' (evidence no.2), the achieved value of the average waiting time for diagnostic procedures for the sample is 170 days as of 31 December 2023. Furthermore, in order to showcase that the overall trend to reduce waiting time for diagnostic procedures has been ensured at a wider scale, beyond the four hospitals covered by the target, the Croatian authorities provided data for the evolution at national level: primary evidence, shows that the average waiting time period for patients on all diagnostic treatment has also been reduced by the end of 2023. Notably, the records from the National digital database of registered patients for diagnostics, specifically extract 3 'National average, end value Dec 2023' (evidence no.2)', show that the achieved value of the average waiting time for diagnostic procedures at the national level was reduced to 146 days as of 31 December 2023.

As the extracts on the national database were provided in the form of digital screenshots, the Commission performed an online on-the-spot check on 30 April 2024, to obtain reasonable assurance that the received digital documents on the national data are correct and were retrieved from the applications mentioned, namely the backup cube, as well as Business Intelligence. The on-the spot check was finalised successfully without any issue found (evidence no. 6).

### 4. Commission Preliminary Assessment:

Satisfactorily fulfilled.

**Number and name of the Target:** 337 Functional integration of hospitals

**Related Measure:** C5.1 R4 Ensuring the financial sustainability of the health system

**Quantitative Indicator:** Number

**Baseline:** 12.00

**Target:** 20

**Time:** Q4 2023

### 1. Context:

Target 337 is part of the reform C5.1 R4 aiming to ensure the financial sustainability of the health system to address the rise in arrears, inconsistent procedures and procurement of costly medicines.

Target 337 requires the completion of the functional integration of at least 8 hospitals. It aims to rationalise the hospital system through reduction/redistribution of activities and reduction of acute stationary capacity.

Target 337 is the second target of the reform C5.1 R4, and it follows the completion of milestone 336 related to the amendment of the Health Care Act and Compulsory Health Insurance Act. It will be followed by target 338 related to joint procurement procedure for health institutions.

The reform has a final expected date for implementation in December 2023.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	1. agreement F.I. OB Gospić i KBC Rijeka.pdf	Functional integration contract between Gospić General Hospital and Clinical Hospital Centre Rijeka (signed on 13 December 2022)
3	2. agreement F.I. OB Virovitica i KBC Osijek.pdf	Functional integration contract between Virovitica General Hospital and Clinical Hospital Centre Osijek (signed on 13 December 2022)

4	3. agreement F.I. OB Virovitica i KB Dubrava.pdf	Functional integration contract between Virovitica General Hospital and Dubrava Clinical Hospital (signed on 13 December 2022)
5	4. agreement F.I. OB Bjelovar i KB Dubrava.pdf	Functional integration contract between Bjelovar General Hospital and Dubrava Clinical Hospital (signed on 13 December 2022)
6	5. agreement F.I. OB Zadar i OB Gospić.pdf	Functional integration contract between Zadar General Hospital and Gospić General Hospital (signed on 13 December 2022)
7	6. agreement F.I. OB Sisak i KBC Zagreb.pdf	Functional integration contract between General Hospital "Dr. Ivo Pedišić" Sisak and Clinical Hospital Centre Zagreb (signed on 13 December 2023)
8	7. MZ_Lifko senjska 9upanija_draft proposal.pdf	Draft proposal for functional integration submitted for opinion to the founders of hospital health institutions
9	8. MZ_Lifko-senjska 9upanija_draft proposal II.pdf	Draft proposal for functional integration submitted for opinion to the founders of hospital health institutions
10	9. MZ_Zadarska 9upanija_draft proposal.pdf	Draft proposal for functional integration submitted for opinion to the founders of hospital health institutions
11	10. MZ_Bjelovarsko-bilogorska 9upanija_draft proposal.pdf	Draft proposal for functional integration submitted for opinion to the founders of hospital health institutions
12	11. MZ_Virovitifko-podravska 9upanija_draft proposal.pdf	Draft proposal for functional integration submitted for opinion to the founders of hospital health institutions
13	12. MZ_Sisafko-moslavafka 9upanija_draft proposal.pdf	Draft proposal for functional integration submitted for opinion to the founders of hospital health institutions
14	Acute and DH capacity before and after functional integration	Excel table showing the comparison before and after functional integration of the acute stationary capacity and daily hospital capacity
15	No of agreements on mutual rights	Excel table showing the number of agreements on mutual rights and obligations for health care professionals between integrated hospitals before and after the functional integration
16	Business cooperation agreements between GH Gospić -CHC Rijeka before and after FI	Contract on business cooperation Gospić General Hospital and Rijeka

		Clinical Hospital Centre
17	Business cooperation agreements between GH Virovitica - CHC Osijek after FI	Contract on business cooperation Virovitica General Hospital Clinical Hospital Centre OSIJEK, Osijek
18	Business cooperation agreements between CH Dubrava - GH Virovitica before and after FI	Contract on business cooperation Dubrava ZAGREB Clinical Hospital Virovitica General Hospital
19	Business cooperation agreements between CH Dubrava - GH Bjelovar before and after FI	Contract on business cooperation Dubrava Clinical Hospital Bjelovar General Hospital of Bjelovar
20	Business cooperation agreements between GH Zadar - GH Gospić after FI	Contract on business cooperation ZADAR General Hospital GOSPIĆ General Hospital
21	Business cooperation agreement for the activity of neurosurgery between CH Bjelovar i CH Dubrava after FI	Agreement on mutual rights and obligations Dubrava Clinical Hospital Bjelovar General Hospital
22	No of patient transfers between integrated hospitals	Excel table showing the overview number of patient transfers between integrated hospitals resulting from the functional integration
23-26	Patient transfers between functionally integrated hospitals (internal database)	Number of patients transfers between functionally integrated hospital Package of documents (4) GH Gospić- CHC Rijeka
27-30	Patient transfers between functionally integrated hospitals (internal database)	Number of patients transfers between functionally integrated hospital Package of documents (4) GH Virovitica - CHC Osijek
31-34	Patient transfers between functionally integrated hospitals (internal database)	Number of patients transfers between functionally integrated hospital Package of documents (4) CH Dubrava - GH Virovitica
35-38	Patient transfers between functionally integrated hospitals (internal database)	Number of patients transfers between functionally integrated hospital Package of documents (4) CH Dubrava - GH Bjelovar
39-41	Patient transfers between functionally integrated hospitals (internal database)	Number of patients transfers between functionally integrated hospital Package of documents (3) GH Zadar - GH Gospić
42	HZZO_No of cases in DH	Excel document showing daily activities (invoice number, numbers of cases and number of patients) in 2021-2022-2023 for KBC Rijeka, KBC Osijek, KB Dubrava,

		OB Virovitica, OB Bjelovar, OB Zadar, OB Gospić
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### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the target.

#### **Functional integration of at least 8 hospitals shall be completed.**

As demonstrated by the provided bilateral functional integration contracts, the functional integration of relevant activities of nine hospitals (Gospić General Hospital, Clinical Hospital Centre Rijeka, Virovitica General Hospital, Clinical Hospital Centre Osijek, Dubrava Clinical Hospital, Bjelovar General Hospital, Zadar General Hospital, General Hospital "Dr. Ivo Pedišić" Sisak and Clinical Hospital Centre Zagreb) was completed. In each of those contracts, provision II relates to the functional integration of part of the health activities.

Functional integration bilateral contracts have been provided as evidence for functional integration between Gospić General Hospital and Clinical Hospital Centre Rijeka (signed on 13 December 2022, evidence no.2), Virovitica General Hospital and Clinical Hospital Centre Osijek (signed on 13 December 2022, evidence no. 3), Virovitica General Hospital and Dubrava Clinical Hospital (signed on 13 December 2022, evidence no. 4), Bjelovar General Hospital and Dubrava Clinical Hospital (signed on 13 December 2022, evidence no. 5), Zadar General Hospital and Gospić General Hospital (signed on 13 December 2022, evidence no.6) and General Hospital "Dr. Ivo Pedišić" Sisak and Clinical Hospital Centre Zagreb (signed on 13 December 2023, evidence no.7).

#### **Functional integration shall 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.**

The specificities of the functional integration are, among others, set in the different contracts that do have a similar legal structure:

- Article II of each functional integration contract (evidence no. 2-7) relates to the functional integration of the specified health activities of each of the two hospitals referred to in the contract. The functional integration of part of the health activities of the hospital health institutions can be divided into three parts: a) the provision of hospital (stationary) health care in the specific fields of the two hospitals; b) the provision of specialist healthcare consultants and day hospitals in contracted activities, which lack the required number of healthcare workers in one establishment and which can be provided from another establishment; c) as well as the provision of specialist healthcare consultants and day hospitals, where one establishment has an agreed activity and the other has no agreed activity at the date of conclusion of this contract.
- Article VI of each functional integration contract relates to the cooperation between the two hospitals referred in the contract regarding the performance of non-health activities in the fields of IT, public procurement, finance, as well as planning and monitoring of measures to increase the efficiency of the overall functioning of the facilities.

- Article V of each functional integration contract relates to the possibility for health worker to work in another functionally integrated hospital in accordance with the identified needs. This coordination and alignment of activities is a concrete result of the functional integration strategy and achieves the reduction/redistribution of activities.

The effects on the rationalisation of the hospital system, according to provided databases, are presented through various evidence, showing efficiency gains notably regarding the acute stationary and daily hospital capacity. Indeed, according to the provided database (evidence no. 14), before the functional integration, the acute stationary capacity amounted to 5,144 beds taking in account the nine hospitals. After the functional integration, evidence confirms that acute stationary capacity could be decreased for eight hospitals (apart from Clinical Hospital Dubrava for which the acute stationary capacity did increase from 497 to 551) reaching 4,342 beds in total. The comparison of the results displayed for the nine hospitals, considering the increase of Clinical Hospital Dubrava, are therefore from 5,144 to 4,893 beds. The same goes for the number of daily hospital capacity (evidence no. 14), where an effect of functional integration can be observed as concerns the total daily hospital capacity for the nine hospitals, which increased from 1,396 to 1,585 chairs. According to the provided database (evidence no. 15) and signed agreements (evidence n.16-21) on mutual rights and obligations, it can be concluded that there has been an increase in the number of agreements on mutual rights and obligations for health workers, facilitating the provision of services across the system of integrated hospitals, as agreements among seven hospitals increased from 11 to 37 after the functional integration. According to the provided database (evidence no. 22) and lists of patients transfers (evidence no. 23-42), it can be concluded that between integrated hospitals, 676 patients were transferred in 2022 before the functional integration, and 715 after the functional integration. The evidence provided by the Croatian authorities illustrates the concrete results in terms of efficiency gains, higher availability of services, and flexibility through the functional integration, which led to the rationalisation of the hospital system.

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.



**Number and name of the Target:** 338 Joint procurement procedure for health institutions

**Related Measure:** C5.1 R4 Ensuring the financial sustainability of the health system

**Quantitative Indicator:** % (Percentage)

**Baseline:** 0.00

**Target:** 85

**Time:** Q4 2023

### 1. Context:

Target 338 is part of the reform C5.1 R4 aiming to ensure the financial sustainability of the health system to address the rise in arrears, inconsistent procedures and procurement of costly medicines.

Target 338 requires that at least 85% of the purchasing categories to be procured through a joint procurement procedure. The purchasing categories procured through a joint procurement procedure have to represent at least 80% of total government managed hospitals' spending. It requires to amend the decision on the mandatory joint conduct of a specific procurement procedure for health institutions.

Target 338 is the third and last target of the reform C5.1 R4, and it follows the completion of milestone 336 related to the amendment of the Health Care Act and Compulsory Health Insurance Act and target 337 related to the functional integration of the hospitals. The reform has a final expected date for implementation on 31 December 2023.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	Decision on the joint implementation of certain procurement procedures -05.11.2021	Decision on the joint implementation of certain procurement procedures (Original title: Odluka o zajedničkoj provedbi određenih postupaka nabave) CLASS: 406-09/21-01/30

		<p>REF. NO: 534-05-2/1-21-01  Adoption on 5 November 2021  Entry into force on the date of adoption, as indicated in article VII.</p>
3	Ist amendment to the Decision-15.03.2022	<p>Decision amending the Decision on the joint implementation of certain procurement procedures. — I. AMENDMENT — (original title: I. Izmjena i dopuna Odluke o zajedničkoj provedbi određenih postupaka nabave)  CLASS: 406-09/21-01/30  REF. NO: 534-05-2/1-22-17  Adoption on 15 March 2022  Entry into force on the date of adoption, as indicated in article IV.</p>
4	IIrd amendment to the Decision-04.10.2022	<p>Decision amending the Decision on the joint implementation of certain procurement procedures — II. AMENDMENT — (original title: II. Izmjena i dopuna Odluke o zajedničkoj provedbi određenih postupaka nabave)  CLASS: 406-09/21-01/30  REF. NO: 534-05-2/1-22-150  Adoption on 04 October 2022  Entry into force on the date of adoption, as indicated in article IV.</p>
5	IIIrd amendment to the Decision-06.03.2023	<p>Decision amending the Decision on the joint implementation of certain procurement procedures — III AMENDMENT — (original title: III. Izmjena i dopuna Odluke o zajedničkoj provedbi određenih postupaka nabave)  CLASS: 406-09/21-01/30  REF. NO: 534-05-2/1-23-263  Adoption on 6 March 2023</p>

		Entry into force on the date of adoption, as indicated in article III.
6	IVth amendment to the Decision-27.12.2023	Decision amending the Decision on the joint implementation of certain procurement procedures — IV. AMENDMENT — (original title: IV. Izmjena i dopuna Odluke o zajedničkoj provedbi određenih postupaka nabave) CLASS: 406-09/21-01/30 REF. NO: 534-05-2/1-23-401 Adoption on 27 December 2023 Entry into force on the date of adoption, as indicated in III on 01/01/2024
7	e 1) Hospital spending in 2021, 2022 and 2023.pdf	Signed database on expenditure of 33 hospitals for 2021, 2022, and 2023
8	d) Table of FA concluded by procurement categories-27.05..xlsx	Overview table of framework agreements and their respective total value of purchasing categories
9	g) Table of Framework Agreements- Central State Office for Central Public Procurement.xlsx	Excel document related to the Central State Office for Central Public Procurement as joint contracting authority/central authority
10	Decisions of the Government of the Republic of Croatia on granting authority to the Central State Office  <a href="#">Decision authorising the Central State Office for Central Procurement to carry out central procurement procedures for contracting authorities not covered by Article 12(1) Regulation on the internal organisation of the Central State Office for Central Public Procurement (nn.hr)</a>	Decision on empowering the central government central procurement office to implement centralised procurement procedures for contracting authorities not covered by article 12. paragraph 1 regulation on the internal organisation of the central government office for the central public procurement Official gazette: NN 130/2022 (711.2022)
11	Package of framework agreements Packages of procurement procedures carried by Central State office for Central Public Procurement	<i>Okvirni sporazum</i> Framework agreements SDUSIN_OS

		Framework agreements carried by Central State office for Central Public Procurement
12	Package decisions on the appointment of members of the Expert Committee by procurement categories	<i>Odluka_Strucno povjerenstvo</i> Decisions (x47) on the appointment of members of the Expert Committee by procurement categories - (except for the categories under the Central State Office for Central Public Procurement)
13	Package of procurement documentation	Dokumentacija o nabavi Procurement documentation (x114) with cost estimates and technical specifications by procurement category (except for the categories under the Central State Office for Central Public Procurement)
14	LINK <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2022_11_130_1964.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2022_11_130_1964.html</a>	Decision authorising the Central State Office for Central Procurement to carry out central procurement procedures for contracting authorities not covered by Article 12(1) Regulation on the internal organisation of the Central State Office for Central Public Procurement (nn.hr)
15	<a href="#">1. Odluka o zajedničkoj provedbi određenih postupaka nabave 6.4.2023. 100027.pdf (gov.hr)</a>	Decision on the joint implementation of certain procurement procedures from November 5, 2021
16	Package of overview summary tables – Excel tables	Rekapitulacija Okvirnih sporazuma Excel summary tables related to framework agreements per purchase category (except for the categories under the Central State Office for Central Public Procurement (except for electricity))
17	Package of documentation related to the agreement on joint implementation (except for the categories	Sporazum o zajedničkoj provedbi

	under the Central State Office for Central Public Procurement)	Agreement on joint implementation of a given procurement procedure and conclusion of contracts and framework agreements
18	#338 Joint procurement table 02.05.xlsx	Overview of the amounts of all frameworks agreements and contracts received in the context of the sampling exercise
19	Package of additional 17 documents for the selected sample	17 documents related to the selection decision were provided. Those documents are considered as annexes to already provided framework agreements.

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the target.

**At least 85% of purchasing categories, representing at least 80% of total government managed hospitals' spending, shall be procured through a joint procurement procedure.**

The Croatian authorities reported 56 procurement categories but only took into account 53 out of 56 because for two categories, namely the consumables for dental medicine and haemodialysis consumables, the review and evaluation of bids was not finalised as of 31 December 2023. As for the third one, related to the insurance services procurement category, the documentation was being prepared for the publication of the preliminary consultation with interested economic entities.

As substantiated by the overview table of contract value of purchasing categories (evidence no. 8) and the provided agreements with joint procurement stakeholders by procurements categories (evidence no. 11), 53 out of 56 purchasing categories are procured through joint public procurement procedure. This constitutes  $(53 \cdot 100 / 56) = 94.64\%$  of the total purchasing categories, which clearly exceeds the stipulated threshold of 85% set in the CID target (evidence no. 7-8; 2-6; 10).

The aggregated and converted one-year value of purchasing categories (94.64%) (evidence no. 8) accounts for 80.40% of the total spending by government managed hospitals in 2023. Specifically, as per the official data provided by the Croatian authorities (evidence no. 8), the total value of the contracts for the 53 categories, concluded as of 31 December 2023, when converted into a one-year period excluding VAT, is equivalent to EUR 1.099.962.413,88 (evidence no. 8). The total procurement value based on expenditures processed through the state treasury and excluding VAT for 33 state hospitals is EUR 1.368.150.731,00 (evidence no. 7). As the ratio of the joint procurement spending to the total hospital expenditure  $(1.099.962.413,88 / 1.368.150.731,00 \cdot 100)$  is 80.40%, the CID requirement has been fulfilled.

Given that the volume of primary evidence submitted by Croatia related to public procurement significantly exceeds 80 units, the Commission services requested a spreadsheet indicating the purchase

category, the type of legal document, the total value of the framework agreement without VAT and with VAT, and subsequently requested the authorities to provide a sample of corresponding evidence.

The sample size has been uniformly set at 60, which corresponds to a confidence level of 95% or above in all cases. Following the selection of a random sample of 60 units, the analysis of the documentation provided by the authorities shows that the evidence presented corresponded to the declared amount for each framework agreement, and that the total amounts without VAT of each purchase category were the same in both evidence no. 8 and evidence no. 18. Therefore, the evidence provided for the sampling demonstrated that both the purchasing categories and the amounts in the overview table are correct.

**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. Joint procurement procedures shall be conducted in accordance with the Act on Public Procurement and framework agreements/contracts conclusion.**

As illustrated by the Decision on the joint implementation of certain procurement procedures dated 5 November 2021 (evidence no. 2), as well as the first amendment to the Decision dated 15 March 2022 (evidence no. 3), the second amendment to the Decision dated 4 October 2022 (evidence no. 4), the third amendment to the Decision dated 6 March 2023 (evidence no. 5) and the fourth amendment to the Decision, dated 27 December 2023 (evidence no. 6), the Ministry of Health, as the contracting authority, with the public and health institutions users (hereinafter referred to as “health institutions”) will apply the provisions of the Law on Public Procurement and conduct specific joint procurement procedure for health institutions. This is illustrated by the provided evidence, namely the agreements on joint implementation (evidence no. 17) where in the introductory part of the document lists health institutions taking part in the joint procurement, Article 1 indicates the subject of the procurement (specific medical item), Article 2 provides for the responsible institution administrating procurement procedure, and Article 3 proscribes legal redress.

Moreover, the decision (evidence no. 10) determines 14 additional health institution as beneficiaries, when the central public procurement procedures for the implementation of which the Central State Office is authorised (related to three purchasing categories -computers and computer equipment; electronic communications services in mobile networks and equipment; fixed-network electronic communications services and equipment). To be noted that for some purchase categories which fall under the scope of the Central State Office, the latter is already mandated to carry out joint procurement without the need for specific agreements.

As proven by the provided evidence, namely the signed contracts and signed framework agreements, all mentioned documents have a provision stating that the general terms and conditions of the successful tenderer apply in part and only if they do not contravene the provisions of the Tender documentation and the Public Procurement Act.

**Ministry of Health shall 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 procurement procedure for health institutions – after entry into force of technical specifications.**

The agreements to jointly conduct a specific procurement procedure, and conclusions of the framework agreements were provided (evidence no. 17 and no. 11) by the Croatian authorities.

The Croatian authorities provided decisions on the appointment of members of the Expert Committee by procurement categories (evidence no. 12). As proven by the provided evidence, experts were appointed to draft the procurement documentation with cost estimates and technical specifications by procurement category (minutes – report on technical specification, evidence no. 13) that did include technical specifications leading to discussions by stakeholders. Tendering procedures for the concerned categories have been implemented and completed based on those technical specifications. It can then be confirmed that this part of the requirement has been fulfilled.

The implementation of the procurement categories builds up on the decisions specifying the categories, and on establishing expert panels to draw up technical specification. As proven by the contracts and/or framework agreements as results of public procurement procedures carried out by the Ministry of Health, health institutions and/or by the Central State Office for Central Procurement – the latter only related to electricity supply, natural gas supply, fuel, postal services in domestic and international traffic, compulsory automobile liability insurance and comprehensive insurance, as well as computers and computers (evidence no. 8 and no. 9) –, it can be stated that the finalisation of the public procurement procedures for the 53 categories is fulfilled.

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 399 Creation of a centralised financing system dedicated to specialist medical training.

**Related Measure:** C5.1 R3-I1 Central funding for specialisations

**Qualitative Indicator:** Adoption of the decision by the Government

**Time:** Q4 2023

**1. Context:**

Milestone 399 is part of the investment C5.1 R3-I1 whose objective is to ensure that all health services are adequately accessible to the public also in view of shortages of doctors. It aims to address deficiencies in specialised medical practitioners, particularly in the fields of primary healthcare and public health to fulfil the requirements of the Public Health Service Network.

Milestone 399 requires the creation of a centralised financing system dedicated to specialist medical training. It requires a system that guarantees the reclamation of funds from incomplete specialist medical training programs.

Milestone 399 is the first step of the implementation of the investment C5.1- R3-I1 and it will be followed by target 334, related to the specialist medical training at the primary basic level of health care. The investment has a final expected date for implementation in Q1 2026.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	(Cover note)	<b>Summary document</b> duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	<b>Copy of the Decision on centralised financing of specialist training for doctors of medicine</b> - adopted by the Croatian Government, published on 29 December 2023 in the Official Gazette, No. 158/23 and entered into force on 29 December 2023	
3	<b>Copy of the State Budget of the Republic of Croatia for 2024 and projections for 2025 and 2026</b> , adopted by Croatian Parliament, published in the Official Gazette, No. 149/2023 on	



	14 December 2023 and entered into force on 1 January 2024	
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### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**The institutionalisation of financial support for medical specialisations shall be effectuated through the establishment of a centralised financing system dedicated to specialist medical training, primarily aimed at addressing deficiencies in specific medical specialties, including but not limited to primary healthcare and public health.**

**The allocation of financial resources for this purpose shall be exclusively designated to meet the exigencies of the Public Health Service Network.**

A centralised financing system dedicated to specialist medical training was created through a **Decision on centralised financing of specialist training for doctors of medicine, adopted** by the Croatian Government, published on 29 December 2023 in the Official Gazette, No. 158/23 and entered into force on 29 December 2023, according to its Article VI. The financial resources were allocated according to its Article IV, drawing from the **State Budget of the Republic of Croatia for 2024 and projections for 2025 and 2026**, adopted by the Croatian Parliament, published in the Official Gazette, No. 149/2023 on 14 December 2023 and entered into force on 1 January 2024.

Article I of the Decision on centralised financing of specialist training for doctors of medicine (Official Gazette, No. 158/23, hereinafter referred to as "Decision") establishes a financial support system for the purpose of training deficient medical staff, in particular in primary healthcare, required by Public Health Service Network.

Furthermore, Article II and Article IV of the same Decision provide for set-up provisions necessary to ensure long-term availability and crowding in of funds for the financial support system dedicated to specialist medical training. Article IV specifically references for the creation of the budget line activity 'A802011 Central financing of specialisations' as outlined in the State Budget of the Republic of Croatia for 2024, along with projections for 2025 and 2026 (Official Gazette, No. 149/23). Article II also enables targeting of funding to deficient medical specialties through an annual ministerial decision on funding specialist training for doctors of medicine. The adoption of the Decision enabled availability of financial resources exclusively for meeting the needs of Public Health Service Network.

**This system shall be constructed to guarantee the reclamation of funds from incomplete specialist medical training programs, directing them towards the predefined objectives of the centralised financing system for specialist medical training, with a specific focus on rectifying shortages in deficient medical specialists.**

Article III of the Decision establishes the obligation for funds from unfinished specialist medical trainings to be recovered to the State Budget. This enables the reclamation of funds from incomplete specialist medical training programs to the budget line activity 'A802011 Central financing of specialisations,' thereby ensuring the utilisation of such funds for the predefined objectives of the centralised financing system for specialist medical training, notably rectifying shortages in deficient medical specialists.

Furthermore, Article II provides the necessary framework in form of annual planning for the reservation of the funds in the State Budget to achieve the objective of rectifying shortages in deficient medical specialists which are allocated through an annual ministerial decision on funding specialist training for doctors of medicine.

**4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Target:** 369 The adoption of green urban renewal strategies

**Related Measure:** 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

**Quantitative indicator:** 10

**Time:** Q4 2023

### 1. Context:

The objective of the reform is to develop a framework for design and implementation of green urban renewal strategies to provide foundation for the development of sustainable space.

Target 369 refers to the adoption of at least 10 green urban renewal strategies.

This is the first target within this measure, to be followed by target #370 related to the implementation of a pilot project identified through green urban renewal strategies and linked with the national programmes on green infrastructure and circular management of space and buildings, due in Q2 2026.

This measure was scaled-up in the REPowerEU chapter, component 7.2, where at least 60 additional green urban renewal strategies will be developed by Q3 2025 under the measure C7.2 R2, target #430, followed by the implementation of at least 19 additional pilot projects: 15 under target 431 and 4 under target 432. The reform is expected to be completed by 30 June 2026.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	T369_Cover note	Summary document justifying how the target was fulfilled
2	10 strategies	Adopted green urban renewal strategies
3	10 decisions on adoption of the strategies	Decisions on adoption by the relevant local-government bodies
4	10 reports	Reports on the contribution of each strategy to reform C6.1. R5 goals
5	Copy of Application Guidelines for the Call	Call for proposals instructions for applicants
6	Copy of the Guidelines for drawing up green urban renewal strategies	/

7	Copy of presentation held on informative workshops	/
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### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all the constitutive elements of the target.

**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:**

The authorities provided decisions on the adoption of ten green urban renewal strategies by the local government units (hereinafter referred to as “strategies”) as follows:

1. City of Stari Grad, adopted on 28 November 2022 (Class: 352-01/22-01/1, No: 2181-10-01-22-2),
2. City of Đurđevac, adopted on 29 November 2022 (Class: 024-02/22-01/14, No: 2137/03-03-01/05-22/1),
3. City of Zabok, adopted on 19 September 2023 (Class: 972-01/22-01/001, No: 2140-6-2-23-71),
4. City of Kutina, adopted on 21 September 2023 (Class: 350-01/23-01/2, No: 2176-3-04/01-23-4),
5. Municipality of Krapinske Toplice adopted on 26 September 2023 (Class: 350-01/23-01/03, No: 2140-18-02-23-5),
6. City of Sveta Nedelja, adopted on 26 September 2023 (Class: 024-03/23/01/05, No: 238-29-04/4-23-02),
7. Municipality of Lohor, adopted on 10 October 2023 (Class: 351-01/22-01/04, No: 2140-20-01-23-06),
8. Municipality of Topusko, adopted on 19 October 2023 (Class: 001-01/22-01/01, No: 2176-18-01-23-18),
9. City of Pregrada, adopted on 19 October 2023 (Class: 301-01/23-01/01, No: 2140-4-01-23-6),
10. City of Vrbovec, adopted on 27 September 2023 (Class: 024-04/23-01/59, No: 238-32-01/01-23-1).

The overall purpose and focus of each green urban renewal strategy (evidence no. 2) are stated in the introduction chapter of each strategy. The overall content of each strategy establishes the basis for the development of sustainable space. For example, the strategies contain strengths, weaknesses, opportunities, and threats (SWOT) analyses in planning the development of green infrastructure and unused public areas, as well as medium-term development vision and they define development needs and potentials in the context of green urban renewal.

Strategic goals, measures and activities covered throughout the documents support sustainable development by focusing on green urban infrastructure development, integrating nature-based solutions and models for circular management of space and buildings, and strengthening resilience against risks and climate change. In the mandatory chapter '*strategic framework*' activities and projects that contribute to green urban renewal are defined in each strategy, and are described in relation to development needs, for example: on preserving and enhancing the green character and identity of the city, creating habitable spaces and improving the quality of life, integrating water areas into the green infrastructure system of the city, ensuring availability of green spaces to the population and reuse of abandoned public spaces and buildings, etc. Finally, the strategies also specify the implementation and development course of the identified activities.

In line with the description of the measure, **the reform shall be available to all local government units in Croatia, but priority shall be given to those in earthquake-stricken areas:**

The Ministry of Physical Planning, Construction and State Assets published the Call for proposals "Preparation of Green Urban Renewal Strategies" on 30 September 2022 (<https://fondovieu.gov.hr/pozivi/33>).

Eligible applicants were the local government units and the City of Zagreb as stipulated in section 2, para 2.1. of the Call for proposals' Instructions for applicants, which are binding for all applicants. Scoring in the selection process prioritised earthquake-stricken areas by providing additional points for projects in those areas (Instructions for applicants, section 4, para. 4.2.2., table 3, point 5).

Furthermore, in line with the description of the measure, **guidelines for drawing up green urban renewal strategies shall be developed by the Ministry of Physical Planning, Construction and State Assets, building on the national programmes for the development of green infrastructure in urban areas and for the development of circular management of buildings and spaces:**

Guidelines for drawing up green urban renewal strategies were developed and published as an integral part of the above-mentioned Call for proposals (Aneks 1\_Smjernice za izradu Strategija), building on the goals of existing strategic documents related to the development of green infrastructure and circular management, which it refers to (see below). The Guidelines specify mandatory content and optional chapters of each strategy.

The Guidelines define a Green Urban Renewal Strategy as a strategic document providing the key foundations for the local government unit or the City of Zagreb for the achievement of green infrastructure development goals, integration of nature-based solutions, improvement of the circular management of space and buildings, achievement of energy efficiency goals, adaptation to climate change and strengthening resilience against risks (page 1 of the Guidelines).

The Guidelines also stipulate that a Green Urban Renewal Strategy shall specify how it contributes to the objectives of the Programme for the Development of Green Infrastructure in Urban Areas for the Period from 2021 to 2030 and the Programme for the Development of Circular Management of Space and Buildings for the Period from 2021 to 2030 (page 1, point 2), confirming that the guidelines were developed building on these programmes.

In line with the description of the measure, **the development of green urban renewal strategies shall be carried out in cooperation with the Ministry:**

Green Urban Renewal Strategies were developed in line with the Guidelines for drawing up green urban renewal strategies prepared by the Ministry.

Furthermore, the Ministry supported the development of the strategies by conducting several informative interactive workshops as follows:

- On 28 September 2022 a hybrid workshop was organised by the Ministry in cooperation with the Croatian Association of Cities, to present the Call: <https://mpgi.gov.hr/najava-poziva-za-izradu-strategija-zelene-urbane-obnove/14789>, <https://www.udruga-gradova.hr/dogadjanja/save-the-date-predstavlanje-poziva-za-izradu-strategija-zelene-urbane-obnove/>.

- Three on-line informative workshops organised by the Ministry were conducted on 11 October 2022, 19 October 2022, and on 27 October 2022, to familiarise potential applicants with the elements of the Call and the documentation requested by the Call: <https://mpgi.gov.hr/vijesti-8/krecu-informativne-radionice-za-izradu-strategija-zelene-urbane-obnove-14862/14862>.
- After each workshop, relevant information and workshop material was made available on the official website of the Ministry:  
First informative workshop, of 11 October 2022: <https://mpgi.gov.hr/vijesti-8/odrzana-prva-informativna-radionica-u-sklopu-poziva-izrada-strategija-zelene-urbane-obnove/14868>  
Second informative workshop: <https://mpgi.gov.hr/vijesti-8/odrzana-druga-informativna-radionica-u-sklopu-poziva-izrada-strategija-zelene-urbane-obnove/14896>  
Third informative workshop: <https://mpgi.gov.hr/vijesti-8/odrzana-treca-informativna-radionica-u-sklopu-poziva-izrada-strategija-zelene-urbane-obnove/14905>.

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 371 Successfully completed systematic energy management pilot project with the aim to test a new energy efficiency renovation financing model

**Related Measure:** C6.1 R6 Pilot project for the establishment and implementation of systematic management energy and the development of a new financing model

**Qualitative Indicator:** Publication of a completed pilot project on the official website of the Ministry of Physical Planning, Construction and State Assets.

**Time:** Q4 2023

**1. Context:**

The objective of the measure is to develop and test a model for monitoring energy consumption in multi-dwelling buildings by establishing automatic data collection and analyse the possibility of developing a new financing model for energy renovation, based on the assessment of energy consumption.

Milestone 371 entails the implementation of a pilot project of water and energy consumption monitoring in the selected local government unit, and it is the first milestone under this measure to be followed by M372 Adoption of guidelines for the application of a model for monitoring energy consumption in multi-dwelling buildings due at the end of implementation period of the measure in Q4 2025.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	M371_Cover Note_updated.docx	Summary document justifying how the milestone was satisfactorily fulfilled
2	DON.pdf	Call for tenders for professional and technical assistance in the development of the concept of systematic energy management in local (regional) government units
3	Procurement Professional and technical assistance.jpg	Published call for tenders for professional and technical assistance in the development of the concept of systematic energy management in the area of local (regional) government units <a href="https://apn.hr/dokumenti">https://apn.hr/dokumenti</a>
4	Concept of implementation of the pilot project.pdf	/
5	Confirmation document of publishing public call for Support service of external experts.pdf	Confirmation document of publishing a call for tenders for support service of external experts in the implementation of the pilot project Establishment and implementation of systematic energy management and development of a new financing model

		<a href="https://eojn.nn.hr/SPIN/APPLICATION/IPN/DocumentManagement/DokumentPodaciFrm.aspx?id=6672304">https://eojn.nn.hr/SPIN/APPLICATION/IPN/DocumentManagement/DokumentPodaciFrm.aspx?id=6672304</a>
6	Methodology of identifying problems and goals with guidelines.pdf	/
7	Final report of the support service of external experts in the implementation of the pilot project.pdf	/
8	Copy of confirmation of publishing public call_Measurement and delivery of data on the regime_Vukovar.PDF	Confirmation document of publishing a call for tenders for supply, installation and putting into operation of measuring equipment and delivery of data for the selected buildings in the pilot local government unit <a href="https://eojn.nn.hr/SPIN/APPLICATION/IPN/DocumentManagement/DokumentPodaciFrm.aspx?id=7692612">https://eojn.nn.hr/SPIN/APPLICATION/IPN/DocumentManagement/DokumentPodaciFrm.aspx?id=7692612</a>
9	Record of readiness for data delivery.pdf	Record of readiness for data delivery signed by the Agency and the contractor on 29 September 2023 proving completion of equipment installation
10	EMIS report - parameters measured in each of the buildings.pdf	EMIS system report on parameters measured in each building
11	EMIS Report on objects VU.pdf	EMIS system report on monitored objects
12	Record of completion of project task.pdf	Record of completion of EMIS system upgrade
13	Report by the Croatian Government Real Estate Agency on the implementation of the pilot project covering all energy and water consumption sectors in the selected local government unit.pdf	/
14	Elaboration of methodology and verification of savings created as the result of the introduction of systematic energy management.pdf	A study by the Energy Institute Hrvoje Pozar
15	Copy of confirmation of publishing public call_Analysis of the possibilities of applying the new model_MAB.PDF	Confirmation document of publishing a call for tenders for service of conducting an analysis on the possibilities of implementing a new financing model for the energy renovation of multi-apartment buildings <a href="https://eojn.nn.hr/SPIN/APPLICATION/IPN/DocumentManagement/DokumentPodaciFrm.aspx?id=6653459">https://eojn.nn.hr/SPIN/APPLICATION/IPN/DocumentManagement/DokumentPodaciFrm.aspx?id=6653459</a>
16	Analysis of the possibilities of applying the new model of financing energy renovation of multiapartment buildings.pdf	/



17	Consents of coowners representatives.pdf	Signed statements of the co-owners representatives
18	ISGE stanari.pptx	Power point presentation with details on the new EMIS system functionalities "ISGE stanari"
19	<ul style="list-style-type: none"> <li>- email upuceni pozivi.pdf</li> <li>- DON_jednostavna_nabava.pdf</li> <li>- Prilog I - Ponudbene tablice s troškovnikom.xlsx</li> <li>- Prilog II - ESPD obrazac.pdf</li> </ul>	Tender documents for the service of professional and technical assistance in the preparation of the new financing model for the energy renovation of multi-apartment buildings for the implementation of the pilot project

### 3. Analysis:

**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 procurement procedure for *professional and technical assistance in the development of the concept of systematic energy management in the area of local (regional) government units* was published by the Croatian Real Estate Agency on 1 October 2021 (<https://apn.hr/dokumenti> - 'Usluga stručno-tehničke pomoći', evidence no. 3). The finalized concept specifies on page 7, section 3 recommendations to measure energy and water consumption in the multi-apartment buildings across all sectors as follows: electricity (joint consumption + summarized anonymised consumption of co-owners), gas (summarised anonymised consumption of co-owners), thermal energy (total consumption of the building) and water (total consumption of the building) through automatic data collection, in line with the requirements of the milestone (evidence no. 4).

Following the completion of the concept, on 6 September 2022 the Croatian Real Estate Agency published a procurement procedure (evidence no. 5) for *external expert's support in the implementation of the pilot project 'Establishment and implementation of systematic energy management and development of a new financing model'*.

A document *'Methodology of identifying problems and goals with guidelines'* was developed (evidence no. 6), where several locations were proposed for the implementation of the pilot project (p. 25 and 26). The City of Vukovar was selected for the implementation of this pilot project.

Moreover, in order to obtain a higher quality of data for the analysis and development of future guidelines at the national level and ensure their applicability to different projects, additional areas for monitoring energy and water consumption were selected, including both the continental and coastal zones of Croatia: the cities of Velika Gorica, Zagreb, Karlovac, Rijeka and Split (evidence no. 7, Final report of the support service of external experts, p. 3 to 7).

On 12 June 2023 the Croatian Real Estate Agency published a procurement procedure (evidence no. 8) for *supply, installation and putting into operation of measuring equipment and delivery of data* for the selected buildings in the pilot local government unit (City of Vukovar). The selected buildings were

equipped with the remote reading systems measuring total consumption of electricity, gas, thermal energy and water for the buildings and for the individual apartments and sensors for monitoring indoor air quality have been installed in the apartments. Installation of equipment was completed on 29 September 2023 which is confirmed by the Record of readiness for data delivery signed by the Agency and the contractor (evidence no. 9).

Energy and water consumption and indoor air quality monitoring was established in eight multi-apartment buildings in the City of Vukovar, with automatic data collection in the existing national Energy Management Information System (hereinafter referred to as "EMIS", [www.isge.hr](http://www.isge.hr)) which was upgraded with new functionalities. A new interface was created for consumption monitoring in multi-apartment buildings, as evident from the extracts from the system: 'EMIS Report on objects VU' and 'EMIS report parameters measured in each building' (evidence no. 10 and 11), PowerPoint presentation (evidence no. 18) and the Record of completion of system upgrade signed by the Agency and the contractor on 22 December 2023 (evidence no. 12).

Information on the completed pilot project was published on the official webpage of the Ministry of Physical Planning, Construction and State Assets on 15 December 2023: <https://mpgi.gov.hr/vijesti-8/uspjesno-završen-pilot-projekt-sustavnog-gospodarenja-energijom-s-ciljem-testiranja-novog-modela-financiranja-obnove-energetske-ucinkovitosti/17320>.

**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 renovation of multi-dwelling buildings, including a cost-benefit analysis for its application at the national level:**

As evident from the study 'Elaboration of methodology and verification of savings resulting from the introduction of systematic energy management in public buildings' by the Energy Institute Hrvoje Požar (evidence no. 14), the implementation of systematic energy management in buildings is considered an energy efficiency measure that achieves savings (p. 7 – 11). For example, table 3-10 demonstrates the verified reduction of energy consumption in 2020, where the corrected consumption values represent energy consumption that would have been achieved without the influence of consumption monitoring through EMIS system, and table 3-11 demonstrates the verified reduction of energy consumption in a seven-year period.

To allow for the testing of the implementation possibilities of the new financing model, on 31 August 2022 the Croatian Real Estate Agency published a procurement (evidence no. 15) of *service of conducting an analysis on the possibilities of implementing a new financing model for the energy renovation of multi-apartment buildings*.

The analysis was completed in August 2023 (evidence no. 16). The proposed solutions and the development of a new financing model are covered in chapter 3 of the analysis.

Cost-effectiveness of the implementation of the model at the national level was analysed throughout the document, for example in section 2.2.3. p. 33 – 38 and in chapter 3 of the analysis.

**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:**

The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards the description of the milestone and has undertaken the assessment on a revised basis.

In such description, it is stipulated that *on the basis of the pilot project guidelines on the application of the energy consumption management from multi-dwelling buildings model at national level shall be developed* under this milestone. However, as indicated in the CID annex, these guidelines are going to be developed and adopted under the specific milestone #372 *Adoption of the guidelines for the application of a model for monitoring energy consumption in multi-dwelling buildings, which is due in Q4 2025* and has the following description: *The Ministry of Physical Planning, Construction and State Assets shall adopt the guidelines for the application of a model for monitoring energy consumption in multi-dwelling buildings, based on the voluntary interest of owners of multi-dwelling buildings.*

According to the measure description, **monitoring of energy consumption in multi-dwelling buildings shall be implemented based on the voluntary interest of the owners:**

Monitoring of energy consumption in multi-dwelling buildings was carried out based on the voluntary interest of the owners, as evidenced by the signed statements of the co-owners representatives on voluntary consents for energy and water consumption data monitoring for each building (evidence no. 17).

Furthermore, as stipulated in the measure description, **based on collected data on energy and water consumption during the pilot project, this reform shall also analyse and develop a model that shall enable the customer to apply for an energy renovation loan and repay it through his/her energy account, adjusted for energy savings achieved through the renovation. This shall alleviate the problem of lack of financial resources of final beneficiaries for energy renovation purposes and is expected to positively contribute to the rate of energy renovation in Croatia. The reform shall also test the model on a pilot project for possible application at the national level:**

The Commission considers that there is a clerical error in the text of the measure description as regards the development of the new financing model and its testing on a pilot project for possible application at the national level and has undertaken the assessment on a revised basis.

In such description, it is stipulated that this reform shall analyse **and develop** a model that shall enable the customer to apply for an energy renovation loan and repay it through his/her energy account, adjusted for energy savings achieved through the renovation and that **the reform shall also test the model** on a pilot project for possible application at the national level.

However, the Croatian Recovery and Resilience Plan refers to the following under the description of reform C6.1. R6: 'Based on collected data on energy and water consumption, an **analysis** of the possibility of using the model of transferable scheme of renovation costs and the cost-effectiveness of its implementation at the national level **shall be developed**. The result of the analysis will be **a document** that will serve **as a basis for developing** the energy renovation financing model if the analysis proves that the model is cost-effective in Croatia'.

Moreover, the development of the financing model and its testing are not indicated in the methodology and description of costs for this measure.

Regardless of the above, the authorities provided evidence (evidence no. 19) that on 4 December 2023 the Agency launched a procurement procedure for *the service of professional and technical assistance in*

*the preparation of the new financing model for the energy renovation of multi-apartment buildings for the implementation of the pilot project’.*

Against this background, the justification and substantiating evidence provided by the Croatian authorities cover all the constitutive elements of the milestone.

**4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

## Loan support

**Number and name of the Milestone:** 55 Plan for the production and use of biofuels in transport adopted

**Related Measure:** HR-C[C71]-I[R1-I5]: [REPowerEU] - Biorefinery for the production of advanced biofuels Sisak (investment C1.2.R1-I4 transferred from the already adopted Council implementing decision)

**Qualitative Indicator:** Entry into force of the Plan and programme for the production and use of biofuels in transport

**Time:** Q4 2023

### 1. Context:

The objective of the investment is to increase the share of renewables in transport, and to support the decarbonisation of the transport sector, by creating production capacity for advanced bioethanol.

Milestone 55 requires entry into force of the Plan for the production and use of biofuels in transport. The plan sets out a policy to promote the production and use of advanced biofuels in transport in the Republic of Croatia. The plan includes an ongoing review and assessment of the state of the biofuel market, new business models, stakeholders, measures to promote increased production and use of advanced biofuels in transport.

Milestone 55 is the first step of the implementation of the investment, and it will be followed by target 57, related to building and placing in operation biorefinery with annual production capacity of 55 000 tonnes of advanced bioethanol. The investment has a final expected date for implementation in Q2 2026.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	M55_Cover Note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled with the link to the website where the Plan can be accessed
2	Plan proizvodnje i korištenja biogoriva u prometu_Studija_5_04_2024 / Copy of the adopted Plan	Copy of the Plan for the production and use of biofuels in transport
3	Odluka o donošenju Plana proizvodnje i korištenja	Copy of the Decision of the Minister adopting the Plan for the production and use of biofuels in

	biogoriva u prometu / Copy of the Decision of the Minister, reference 391-01/24-01/168, 517-07-1-2-24-5 of 5 April 2024, entry into force on 5 April 2024, as stipulated in Article 5	transport confirming entry into force of the Plan on 5 April 2024
	Explanatory report_M55	Explanatory report demonstrating how the actions foreseen in the Plan contribute to achieving the objectives of the reform

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

#### **The Plan for the production and use of biofuels in transport shall enter into force.**

The Croatian authorities provided a copy of the Decision of the Minister adopting the Plan for the production and use of biofuels in transport (reference 391-01/24-01/168, 517-07-1-2-24-5 of 5 April 2024), which in point 5 confirms the entry into force of the Plan on 5 April 2024.

#### **The plan shall set out a policy to promote the production and use of advanced biofuels in transport in the Republic of Croatia.**

As stated in the Chapters 1 and 2 of the Plan, its main objective is to set out a policy to promote the production and use of advanced biofuels in transport in the Republic of Croatia. More specifically, Chapter 4 includes the national objective for using renewable energy in transport (defined by the draft updated Integrated National Energy and Climate Plan at 23.3 % for 2030), which is planned to be achieved, as stipulated in Chapter 4.2, by using, among other things, advanced biofuels produced in line with the Directive (EU) 2018/2001 of the European Parliament and of the Council on the promotion of the use of energy from renewable sources. As further stipulated in Chapter 4.2, in order to increase the share of advanced biofuels in transport, in addition to the obligation to place biofuels on the market, fuel users in public transport and in the public sector will also contribute to the national target through the purchase, hire or leasing of a number of vehicles using biofuels.

Chapter 4.3 includes measures to encourage the production and use of biofuels, including advanced biofuels, in transport. Examples of such measures are: Regulatory instruments to promote a cleaner transport system; Programme co-financing the purchase of new alternative fuel vehicles and the development of alternative fuels infrastructure in road transport; Measures to encourage the development of new business models for the production and use of biofuels (including advanced biofuels); Measures to encourage the launch of pilot projects for the production and use of biofuels (including advanced biofuels) in Croatia; and Measures for the collection and use of biomass from agriculture, forestry, fisheries and aquaculture. The synergies between the relevant measures and the national regulatory framework for the production and use of advanced biofuels in transport are presented in Chapter 2.2. The institutional, legal and financial implementation framework, required for the effective implementation of the measures and instruments to encourage the production and use of advanced biofuels in transport established by this Plan, is defined in Chapter 5.

**The plan shall include an ongoing review and assessment of the state of the biofuel market, new business models, stakeholders, measures to promote increased production and use of advanced biofuels in transport.**

Chapter 3 of the Plan includes the review and assessment of the state of the biofuel market. Chapters 3.1, 3.2 and 3.4 include statistics and data on the use of fuels used in transport, which are provided in relation to the ongoing review and assessment of the state of the biofuel market and new business models. Specifically, Chapter 3.1 includes an analysis of fuel consumption in the transport sector, while Chapter 3.2 includes an overview of biofuel consumption in the transport sector. Chapter 3.3 includes an analysis of biofuel production capacity in Croatia and addresses the relevant stakeholders in production of advanced biofuels, while chapter 5.1 focuses on other key stakeholders, such as public transport biofuel users or entities in wholesale and storage of biofuels. Chapter 3.4 includes an analysis of agricultural activity and biofuel feedstock potential in Croatia. Chapter 3.5 is focused on potentials for exploring new business models for the development of the value chain of biofuels in Croatia. Among other things, possible new business models in Croatia based on the production of algae-based biofuels will be closely monitored and analysed. Such new business models could entail integrated biorefinery that will use algae cultivated in the Croatian Sea for the production of biofuels, development of cooperative models for algae cultivation or development of biofuels from algae for use in maritime transport, focusing on ferries, local shipping lines and fishing vessels.

Measures to promote the increased production and use of advanced biofuels in transport are included in Chapter 4.3. Examples of such measures are: Transformation measure for the bioeconomy sector; Measures to encourage the development of new business models for the production and use of biofuels (including advanced biofuels); Measures to encourage the launch of pilot projects for the production and use of biofuels (including advanced biofuels) in Croatia; and Measures for the collection and use of biomass from agriculture, forestry, fisheries and aquaculture.

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 405 Guidelines for the energy renovation of buildings with the status of a cultural good

**Related Measure:** C6.1 R1-I4 Energy renovation of buildings with the status of a cultural good

**Qualitative Indicator:** Publication on the official website of the Ministry of Culture and Media

**Time:** Q4 2023

### 1. Context:

The objective of the measure is to increase the ambition of the existing measure C6.1 R1-I3 Energy renovation of buildings with the status of a cultural good.

Milestone 405 requires that the Guidelines for the energy renovation of buildings with the status of a cultural good are prepared and published on the official website of the Ministry of Culture and Media. The Guidelines provide recommendations on energy renovation measures, technical solutions, and modern materials, and clarify procedures for preparing the documentation and obtaining the necessary permits.

Milestone 405 is the only milestone under this measure.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	M405_Cover note	Summary document justifying how the milestone was fulfilled
2	Guidelines of the Energy Renovation of Buildings with the Status of a Cultural Good	available at <a href="https://min-kulture.gov.hr/UserDocImages/dokumenti/.Smjernice%20za%20energitsku%20obnovu%20zgrada%20sa%20statusom%20kulturnog%20dobra.pdf/">https://min-kulture.gov.hr/UserDocImages/dokumenti/.Smjernice%20za%20energitsku%20obnovu%20zgrada%20sa%20statusom%20kulturnog%20dobra.pdf/</a>

### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all the constitutive elements of the milestone.

**Guidelines for the energy renovation of buildings with the status of a cultural good shall be prepared and published on the official website of the Ministry of Culture and Media:**

The Guidelines for the Energy Renovation of Buildings with the Status of a Cultural Good have been prepared and published on the official website of the Ministry of Culture and Media (evidence no. 2).



**The Guidelines shall provide recommendations on energy renovation measures, technical solutions, and modern materials, and clarify procedures for preparing the documentation and obtaining the necessary permits:**

The Guidelines provide recommendations on energy renovation measures, technical solutions, and modern materials (Chapter IV). More specifically, different energy renovation measures are covered in relation to various aspects of energy efficiency such as thermal protection (section 4.4), indoor comfort (section 4.7), water consumption (section 4.8) and green facades (section 4.9). Technical solutions are covered in sections 4.5.1-4.5.5 and include recommendations on hot water systems, cooling, ventilation, lighting, and the use of renewable energy sources. Recommendations for appropriate modern materials are discussed throughout these sections in relation to the different measures (for example section 4.3 and 4.4). Furthermore, Chapters I and II provide general recommendations on energy renovation measures and other relevant aspects such as 'do no significant harm' principle (2.1) as well as fire safety, seismic resistance, and accessibility (section 2.2) taking account of the preservation of cultural heritage.

The Guidelines provide an overview of the legal framework in the area of energy efficiency and preservation of cultural heritage (section 2.3.) and clarify procedures for preparing project documentation (for example, architectural survey and relevant studies such as conservation studies, building condition assessments, etc.), and obtaining the necessary permits for energy renovations of buildings with the status of a cultural good, depending on the type and complexity of the project (Chapter 3 and Chapter 7 table I and II).

**4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 421 Contract for equipment for the expansion of the LNG terminal on the island of Krk

**Related Measure:** HR-C[C71]-I[I3]: [REPowerEU] - Increasing the capacity of the LNG terminal on the island of Krk and strengthening the gas infrastructure

**Qualitative Indicator:** Contract for equipment signed

**Time:** Q3 2023

**1. Context:**

The objective of the investment is to improve diversification of Union’s supply of gas and to increase the security of supply of gas to Croatia’s neighbouring Member States, by expanding the capacity of the LNG terminal on the island of Krk to 700 000 m3 per hour (m3/h). The investment includes the expansion of the pipeline Zlobin – Bosiljevo, expansion of the pipeline Bosiljevo - Sisak – Kozarac towards Hungary to 400 000 m3/h, as well as expansion of the section Lučko – Zabok of the Croatia – Slovenia interconnector to 170 000 m3/h.

Milestone 412 requires signature of the contract for equipment to expand the Krk LNG terminal with the aim of expanding the capacity to 700.000 m3 per hour (m3/h).

Milestone 421 is the first step of the implementation of the investment and it will be followed by target 422, related to the expansion of the Krk LNG terminal, milestone 423 and target 424, related to the expansion of the pipeline Zlobin – Bosiljevo, milestone 425 and target 426, related to the expansion of the pipeline Bosiljevo - Sisak – Kozarac, and milestone 427 and target 428, related to the expansion of the section Lučko – Zabok of the Croatia – Slovenia interconnector. The investment has a final expected date for implementation in Q2 2026.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	M421_Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	UG-026-2023 - regasification module / Copy of the contract for acquisition of the regasification module signed on 14 April 2023	
3	Appendix 1 of the Contract - Technical Specification	Copy of the annex to the contract for acquisition of the regasification module

### **3. Analysis:**

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

**Contract for equipment for the expansion of the Krk LNG terminal with the aim of expanding the capacity to 700.000 m3 per hour (m3/h) shall be signed.**

The Croatian authorities have provided a copy of the Contract for acquisition of the regasification module (hereinafter referred to as "Contract"), which is the main piece of the equipment for the expansion of the Krk LNG terminal capacity. The Contract was signed on 14 April 2023.

In line with Article 3, point 3.1. of the Contract, the subject matter of the Contract is the construction and delivery of additional regasification module with the capacity of 250,000 m3/h that will be integrated with the existing module on the Floating Storage Regasification Unit (hereinafter referred to as "FSRU") vessel "LNG CROATIA" at the Krk LNG terminal. Considering that the current capacity of the existing regasification module on the FSRU vessel "LNG CROATIA" is 450,000 m3/h (as stipulated in Annex 1 of the Contract - Technical Specification, on page 4), the additional regasification module will increase the maximum regasification capacity of the Krk LNG terminal to 700,000 m3/h (450,000 m3/h + 250,000 m3/h).

### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.

**Number and name of the Milestone:** 423 Contract for works for the expansion of the Zlobin – Bosiljevo gas pipeline

**Related Measure:** HR-C[C71]-I[I3]: [REPowerEU] - Increasing the capacity of the LNG terminal on the island of Krk and strengthening the gas infrastructure

**Qualitative Indicator:** Contract for works signed

**Time:** Q3 2023

**1. Context:**

The objective of the investment is to improve diversification of Union’s supply of gas and to increase the security of supply of gas to Croatia’s neighbouring Member States, by expanding the capacity of the LNG terminal on the island of Krk to 700 000 m3 per hour (m3/h). The investment includes the expansion of the pipeline Zlobin – Bosiljevo, expansion of the pipeline Bosiljevo - Sisak – Kozarac towards Hungary to 400 000 m3/h, as well as expansion of the section Lučko – Zabok of the Croatia – Slovenia interconnector to 170 000 m3/h.

Milestone 423 requires signature of the contract for the expansion of the Zlobin – Bosiljevo gas pipeline.

Milestone 423 is the third step of the implementation of the investment, and it follows milestone 421 and target 422, related to the expansion of the Krk LNG terminal. It will be followed by target 424, related to the expansion of the pipeline Zlobin – Bosiljevo, milestone 425 and target 426, related to the expansion of the pipeline Bosiljevo - Sisak – Kozarac, and milestone 427 and target 428, related to the expansion of the section Lučko – Zabok of the Croatia – Slovenia interconnector. The investment has a final expected date for implementation in Q2 2026.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	M423_Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	PN-I-296-23-DT_works / Copy of the contract for works for the Zlobin – Bosiljevo gas pipeline signed on 13 October 2023	N/A - Same as the name
3	Glavni_strojarski_projekt-Trasa_plinovoda_izvadak (1) / Main Engineering	Main Engineering Project for the Zlobin – Bosiljevo gas pipeline and Pipeline Route Extract

	Project, reference OB-3-1-C-28	
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### 3. Analysis:

The justification and substantiating evidence provided by the Croatian authorities cover all constitutive elements of the milestone.

#### **Contract for works shall be signed for the expansion of the Zlobin – Bosiljevo gas pipeline.**

The Croatian authorities have provided a copy of the Contract for works for the Zlobin – Bosiljevo gas pipeline (hereinafter referred to as “Contract”), signed on 13 October 2023 with the group of tenderers.

In line with points 1.1 to 1.5 of the Contract, the subject matter of the Contract is the construction of the Zlobin – Bosiljevo gas pipeline DN800/100 bar (812,8 mm diameter of the pipes with maximum pressure of 100 bar). This will expand the existing gas transport capacity between Zlobin and Bosiljevo from the LNG terminal on the island of Krk, currently depending on the Pula – Karlovac gas pipeline DN500/75 bar (508 mm diameter of the pipes with maximum pressure of 75 bar). Starting point of the pipeline is the gas node Zlobin, while the end point of the pipeline is the gas node Bosiljevo, with total length of 58 km, running mainly in parallel with the Pula – Karlovac gas pipeline (points 1 and 2 on page 3 of the Main Engineering Project).

#### **4. Commission Preliminary Assessment:**

Satisfactorily fulfilled.