

Partnership Agreement Republic of Croatia 2014HR16M8PA001.1.3

SECTION 1A

1. ARRANGEMENTS TO ENSURE ALIGNMENT WITH THE UNION STRATEGY OF SMART, SUSTAINABLE AND INCLUSIVE GROWTH AS WELL AS THE FUND SPECIFIC MISSIONS PURSUANT TO THEIR TREATY-BASED OBJECTIVES, INCLUDING ECONOMIC, SOCIAL AND TERRITORIAL COHESION

1.1. An analysis of disparities, development needs, and growth potentials with reference to the thematic objectives and the territorial challenges and taking account of the National Reform Programme, where appropriate, and relevant country-specific recommendations adopted in accordance with Article 121(2) TFEU and relevant Council recommendations adopted in accordance with Article 148(4) TFEU

1.1.1 Macroeconomic situation

The declining trend of economic activity in Croatia continued in 2013 for the 5th year in a row. According to preliminary data of the Croatian Bureau of Statistics (CBS), 2013 ended with a drop in economic activity of 1.0% in comparison to 2012, which represents a cumulative drop of 11.9% in comparison to 2008. The main macroeconomic indicators of the Croatian economy in the period 2008 to 2012 are given in Table 1 in Annex 1 of this Partnership Agreement (PA). The most significant contribution to the real fall of the gross domestic product (GDP) from the expenditure side in 2013 came from a 1.8% drop in exports of goods and services, and a 1.0% decline in household consumption. All other components from the expenditure side of GDP recorded a real year-on-year decline, with the exception of government consumption (which grew slightly by 0.5%). The drop in household consumption in 2013 was the consequence of the exceptionally negative trends on the labour market and continued deleveraging of the household sector. After 4 consecutive years of strong declines, the further 1.0% reduction of gross fixed capital formation is the result of reduced private sector investments (though this was somewhat weaker than in the preceding year), and also of unimplemented investment projects of public enterprises, particularly at the end of the year. After positive contribution in 2012, a negligible negative contribution of net exports to economic growth was recorded in 2013 as the imports of goods and services, with a drop of 1.7%, recorded only marginally weaker real drop than the exports of goods and services. According to preliminary national accounts data, goods exports expressed in HRK at the 2013 level fell by 4.1%, while goods imports were reduced by 1.5%. This strong real reduction in goods exports under conditions of strengthened foreign demand suggests a pronounced loss of the share of Croatian companies on export markets. The deficit of foreign trade in goods was increased by 2.7% in comparison to 2012. The calculation of GDP according to the production approach suggests that in 2013, the real reduction of gross value-added was mostly due to the decrease of value-added in manufacturing (3.7%) and construction (4.3%), activities characterised by the most pronounced reductions in value-added since the start of the recession period (*source of all data: CBS*).

The average annual inflation rate of consumer prices was decelerated to 2.2% in 2013. The weak economic activity and absence of domestic cost-related pressures for several years has acted to slow inflation. Unfavourable conditions on the labour market resulted in lowered nominal unit labour costs in 2013, calculated with regard to EU Labour Force Survey data (or data from administrative sources). The slowing of inflation during 2013 was due partly to short-term factors, particularly the favourable effect of the base period (tied to the increase in VAT and certain administratively regulated prices in the first half of 2012) and positive shock on the supply side, i.e. the drop in prices of food raw materials on the world market resulting from the good harvest. This led to a reduction of prices in domestic food products. Favourable weather conditions in the country (relatively warm winter) influenced the annual drop in the prices of fruits and vegetables. Increased competition, after the remaining protective tariffs were abolished following Croatia's accession to the EU, stimulated a reduction in food product prices. Inflation pressures from the world crude oil market were also reduced. An appreciation of the average nominal effective exchange rate of the HRK also favourably affected import prices.

1.1.2 Fiscal consolidation efforts

Croatia faces the challenge of pursuing fiscal consolidation without harming competitiveness and prospects of economic recovery. The mid-term fiscal policy measures are directed at fiscal consolidation aimed at implementing the EU Council recommendations, for the purpose of resolving the excessive deficit. Namely, in January 2014, the EU Council, at the recommendation of the EC, gave its recommendation that Croatia resolve its excessive deficit in such a way that it is brought to less than 3% GDP in 2016, and the general government debt put on the path to a falling under 60% GDP two years later. The Council requested that Croatia implement a reduction to the structural deficit of 0.5% GDP already in 2014, which is the smallest possible correction envisaged by the Pact on Stability and Growth. In 2015 and 2016, further corrections of the structural deficit of 0.9% and 0.7% GDP were requested. In light of this, Croatia adopted consolidation measures in the amount of 2.3% GDP in 2014, and an additional 1% GDP in was requested for 2015 and 2016. In line with the above, Croatia needs to achieve the target nominal general government budget deficit at the level of 4.6% GDP in 2014, 3.5% GDP in 2015 and 2.7% GDP in 2016.

With its economic policies, the Croatian Government started already in 2012 the fiscal consolidation and the implementation of reforms. In 2012 and 2013, measures such as reduced compensation of employees, subsidies and material expenses, reduced tax burden on the economy, improved efficiency of collection of revenues, repaired losses and privatisation of the shipyards, restructuring of state-owned enterprises, and remediation of institutions in the healthcare system were introduced. The result of these measures was reduction of the deficit in 2012 and 2013, although the expenditure side of the budget increased due to costs of the EU membership. In preparing the budget for 2014, the Government has started the development of measures to reduce the budget deficit so that it is adopted the measures to reduce the deficit (in September 2013), the Project Implementation Plan for the long-term reform measures of fiscal consolidation for 2014-2016 (in December 2013) and the Investment Plan for 2014 (in December 2013). Following the EU Council recommendations of July 2014, the Government also adopted an Implementation Plan for the Country-specific Recommendations (CSR) in July 2014.

In line with the CSRs, fiscal consolidation measures in 2014/2015 are geared towards enhancing the **quality of public finances** (i.e. further strengthening of the fiscal framework, improvement of budgetary planning and forecasts, alignment of projections and statistics with ESA standards, review of budgetary expenditure, improving the efficiency of the Tax Administration, etc.), also with a view to achieving efficiencies in the social security, pension and healthcare systems. As part of the measures to address fiscal imbalances, in line with the CSRs, Croatia will implement measures towards more sustainable pensions and healthcare.

With respect to pension reform, Croatia has taken measures for improving the **sustainability and adequacy of the pension system** (i.e. since 2010 the statutory retirement age, the early retirement age and the qualifying period for women have been gradually increased). In order to tackle the problem of early retirement, as per CSR, Croatia is planning to amend the legal framework of the compulsory capitalized contribution system, amend the existing system of the social insurance period with increased duration, improve the professional rehabilitation system and standardize the expert evaluation criteria. Further steps for the adjustment of the statutory retirement age will be detailed based on the results of the Pension Adequacy Report and Pension Sustainability Report. Further integration of pensions based on special regulations in the general pension system and stricter controls over the disability pensions are also on the agenda.

Croatia has a universal healthcare system. The health sector shows relatively good health outcomes, however it puts significant pressure on public expenditure. In 2012, Croatia spent 7.8% of its GDP on healthcare, among the highest for new EU members. Like most other European countries, Croatia is expecting profound changes in its population structure over the next 50 years as the elderly population grows and the need for health services and long-term care services will rise. A challenge is to provide better health services and improve efficiency while reducing public spending on health and at the same time to increase transparency in the healthcare spending and strengthen control mechanisms. With respect to increasing the **cost-effectiveness of the healthcare sector**, also as per CSR, analysis of healthcare system expenditures (debts) and the existing financial control mechanisms, reorganisation of the hospital system, new models of referral to the secondary/tertiary healthcare, analysis of the present state and the possibilities of financial separation between the Croatian Institute for Health Insurance and the state treasury, public tender for the determination of referent medicine prices and further development of e-Health are envisioned.

ESI Funds will support some of these measures (e.g. development of statistics and solid accounting systems aligned with EU standards, improvement of fiscal framework, cost-effectiveness of healthcare, etc.). Consolidation measures should be designed to safeguard growth-enhancing expenditures and investments and allow sufficient fiscal space for co-funding of projects in line with the Europe 2020 Strategy supported by the ESI Funds.

1.1.3 Structural reforms agenda and implementation of Country-specific Recommendations

The correction of the excessive deficit, in order to offset macroeconomic imbalances, should be accompanied by further implementation of structural reforms and prioritising

growth-enhancing expenditures and investments, like the ones supported from the ESI Funds.

High unemployment is the most pressing challenge that is deeply rooted in the structural problems in the Croatian economy and inefficiencies inherent in the labour market, including a mismatch between the supply and demand of workers with necessary skills. Croatia's labour force participation rate is among the lowest in the EU. In 2013, there was a further deepening of the imbalance on the labour market in Croatia. According to labour force survey data, the drop in the average number of employed persons accelerated to 3.9% despite a weaker decline in economic activity in comparison to 2012. This employment trend, with somewhat weaker decrease in the labour force category, led to an increased survey unemployment rate of 17.3%, which represents a year-on-year increase of 1.3 percentage points. According to administrative sources, the average number of employed was reduced by 2.2%, and the unemployment rate reached an average of 20.2%. The drop in employment in legal entities was mostly influenced by the drop in the number of workers employed in trade, manufacturing and construction. In 2013, the trend of real reduction of gross wages continued, with the average monthly gross earnings in legal entities declining by 1.4%, while the average monthly paid off net earnings showed a real decline of 1.5%. In line with the above, growth of average labour productivity of 1.2% was recorded on the labour market, while the unit labour cost was reduced by 0.4%.

Considering Croatia's labour market trends, implementation of reforms will play a crucial role in boosting employment, battling the grey economy and establishing a legal framework that will foster employers' adaptability and flexibility and provide appropriate protection and safety for workers during their employment. In that sense, Croatia respects the CSR related to **unlocking the potential of the labour market** (i.e. completing the labour law reform, reviewing the wage setting, strengthening active labour market policies, especially in terms of outreach to non-registered youth and apprenticeships, addressing undeclared work, and improving education outcomes and school-to-work transitions). The main goals to be achieved by the new Labour Act (passed by the Croatian Parliament in July 2014, Official Gazette 93/14), are related to: (i) Safeguarding jobs, flexible business operations and reduction in costs of labour; (ii) Boosting employment and internal mobility; (iii) Enabling employers to restructure their businesses faster and more effectively; and (iv) Preventing undeclared work. Active labour market policies (ALMP) are being implemented to increase employment opportunities for job seekers and improve balance between jobs available and qualified employees and shall be strengthened with ESI Funds support. There has been a substantive increase in participation in ALMP since 2011, in particular with respect to number of new entrants and average number of participants, with coverage reaching 12,4% in 2013, higher than in any prior year on track (source: Croatian Employment Service). In terms of strengthening the effectiveness and reach of ALMP a Working group was established in August 2014. The purpose of the Working group is to analyse the crucial challenges on the Croatian labour market, to propose ways to addressing them effectively, provide guidelines for development and implementation of active employment policies for all institutions implementing ALMP in a 3-year period in line with the National Reform Programme (NRP) and CSR, and establish guidelines for implementation, with monitoring and reporting standards in line with Eurostat/LMPD methodology. Those guidelines and methodology are to serve as a base for development of annual plans for all institutions in Croatia regardless of the source of funding of

ALMPs (e.g. state budget, ESI Funds, etc.) which is to provide a synergy effect and better efficiency and targeting of ALMPs.

Substantial reforms and improvements have been made in the Croatian education sector, including the introduction of the Croatian Qualifications Framework (CROQF), but advances have been slow in **improving the efficiency and the quality of education to better respond to the needs of the labour market**. In that sense, the development of instruments and organisation for CROQF application (e.g. CROQF implementation system development, including development of sector profiles, recognition and evaluation of non-formal and informal learning, qualification system modernisation, i.e. development of occupational standards, qualifications and educational programmes, introduction of a career development information exchange system, student monitoring system development, etc.) are important contributions that are underway and will in part be supported by the ESI Funds.

Young people are in a particularly unfavourable position on the labour market, with the unemployment rate in the 15 - 29 age group, rising from 15.8% in 2008 to 35.2% in 2013. Recent background analysis indicates a pattern of protracted and uncertain school to work transitions for youth in general, and severe challenges for youth who fail to complete upper secondary education. 47% of youth have their first job in occupation that is not compatible with their field of education. As the young enter the labour market, they are affected more than other socio-demographic groups by a reduction in the volume of hiring. Therefore, substantial actions are planned in the provision of individualised ALMP for youth, which should result in smoother transition from the education system to the labour market through job and career counselling, quality vocational education and training courses, provision of traineeships and apprenticeships and first job experience. These measures shall be supported by ESF.

As the macroeconomic trends still foresee a slow recovery period, the national measures will also be supported with the national **Youth Guarantee Scheme**, with similar aims of ensuring the employment, training or internship of young people within 4 – 6 months, after completing education or leaving previous employment or further education. Croatia is dedicated also in designing and implementing the Youth Employment Initiative (YEI), that will result in providing pathways/packages of measures to all young persons under the age of 30 not in employment, education or training. Since not addressing youth unemployment in due time could have serious socio-economic consequences for the future, additional efforts and means are put to cover this burning issue by complementing and coordinating several resources, ESI Funds and national funds along with the EU policy instruments.

High unemployment and low labour market participation have led to a deterioration of the social situation in Croatia. 32.3% of the Croatian population is considered at risk of poverty or social exclusion (2012). The Government considers that work is the best route out of poverty. It is committed to tackling poverty and dependency on social welfare benefits and helping unemployed people find work and support themselves and their families, while at the same time implementing reforms of the social benefits system in order to retarget benefits to the people most in need. Measured against the results achieved in alleviating the risk of poverty, the effectiveness of social transfers in Croatia is below the EU average thus there is scope to improve the effectiveness of the social protection system, to ensure better targeting of social benefits and enhance the

availability of social services. With respect to **effectiveness of the social protection**, activation of inactive and unemployed persons, transparency of the social protection system and adequacy of social assistance benefits, in 2013 a new Social Welfare Act was adopted, introducing stricter means testing and merging of (4) social benefits at the national level into the Guaranteed Minimum Allowance (GMA). Further consolidation of social benefits through the GMA and one-stop-shop, which will administer national level cash benefits, are planned. Systematic monitoring and evaluation of income support schemes will be enabled through the unified database on social benefits, which shall also enable the social benefits system to target people most in need more effectively.

Croatia has an unfavourable **business environment** and restrictive product market policies discouraging business development and competitiveness. The situation has improved in recent years and the Government has put in place a structured approach to identify obstacles for businesses and announced further measures for simplifying doing business, eliminating entry and exit barriers and lowering the overall administrative burden. Start-up conditions are favourable in terms of the time it takes to open a new business and the number of procedures required, while costs (as % of income per capita) are a little bit higher than the EU average [source: Doing Business Report 2014]. The areas that still need improvement are registering property and protection of investors' rights and the rights of small shareholders, as well as dealing with construction permits. These issues are already being dealt with through the reforms identified in the National Reform Programme. Croatia has also already implemented new laws regarding construction permits. The new Building Act, Physical Planning Act and Building Inspection Act are in implementation since January 2014, bringing a completely new concept of procedures. With regards to registering property, implementation of a Joint Information System (JIS), will improve efficiency and enable harmonization of Land Registry and Cadastral data. Their full implementation is expected until the end of 2015. Further measures for reviving business and investments have been announced with respect to the CSRs, to lower administrative requirements (e.g. further reduction and consolidation of parafiscal charges, etc.), reduce fragmentation by streamlining and clarifying administrative processes (e.g. further development of the e-Citizens service, determination of clear decision-making and responsibility scopes at all levels of public administration, in line with the draft Strategy for Development of Public Administration 2014-2020) and improve administrative capacity and strategic planning to make best use of the ESI Funds (see more in Chapter 2, and under Expected results for TO 11 in Chapter 1.3). Improving the transparency and effectiveness of public procurement on the central Government and local levels and the ability of implementation, monitoring and detection of irregularities, as well as reinforcing anti-corruption measures in public administration are particularly addressed, through measures defined in the Anti-corruption Strategy [REF #1].

The state maintains an important role in the economy through the ownership of and holdings in a large number of companies, many of which are loss making and highly indebted, posing risks to public finances. It is the responsibility of the Government to ensure transparent and responsible management of **state-owned enterprises** (SOE), also as per CSR. A strategic framework for the management and privatisation of was put in place in 2013, whereby the Government proposes annual implementation plans for restructuring of SOEs and management of state-owned property (see more in Chapter 1.3 under TO 7).

The Government has announced further improvements to the **insolvency and pre-bankruptcy regime** in order to streamline the process for insolvency and liquidation of unviable firms and reinforce the role of commercial courts in corporate pre-bankruptcy procedures.

The backlogged judiciary system is a particular concern, which is being addressed through the reorganization of the networks of municipal courts and municipal state attorney's offices, advancement of civil proceedings and informatisation of the justice sector, which should result in improving the quality and **effectiveness of the judicial system** in Croatia.

Particular items on the structural reform agenda are to be supported by the ESI Funds and are expected to facilitate swifter implementation of the CSRs (e.g. informatisation of the public administration and judiciary and development of electronic services in order to increase efficiency and transparency, implementation of methodology to measure the administrative burden, etc.).

1.1.4 Analysis of the main challenges and potentials with respect to the Common Strategic Framework and Union strategy for smart, sustainable and inclusive growth

As already presented in the introductory sentences of this PA, Croatia experienced an abrupt slowdown in the economy in 2008 and has yet to recover. Difficult problems, including a high and persistent unemployment rate (the overall unemployment rate in Croatia has more than doubled since 2008 reaching 17.3% in 2013), declining competitiveness and narrowing export base (Croatia is ranked 75th out of 148 countries in the World Economic Forum Global Competitiveness Index 2013-2014), pronounced regional differences in terms of income and standards of living mostly due to the consequences of the war, poor connectivity and low economic activity, including a large share of population falling below the poverty line (21.1% in 2011) are important challenges Croatia needs to tackle in order to contribute to meeting Europe 2020 goals. Commitments to contribute to the EU-wide 2020 headline indicators are taken in the National Reform Programme (see Table 2 in PA Annex 1 for Croatian national targets).

1.1.4.1 Research and innovation

Croatia has one of the lowest research and development (R&D) expenditures in the EU (0.75% of GDP in 2012; last available data on Eurostat), with a high proportion invested from public sources (0.41%) and only 0.34% of GDP from the business sector (Table 3 in PA Annex 1). Gross domestic expenditure on R&D has declined substantially in Croatia after reaching a high of 1.05% of GDP in 2004. By comparison, in 2012 EU-27 countries expended on average 2.7 times more on R&D in relation to Croatia. Higher R&D is a potentially large contributor to GDP growth, right after increased employment [REF #2]. An increase in the level of R&D expenditure, which should come closer to the EU average level, is therefore required.

Looking at GBAORD data, despite the overall low gross expenditure on R&D, Croatia still spends more on R&D than other EU countries at similar income level (Table 4 in PA Annex 1). Standard performance indicators, such as patenting, licensing and contract research are unusually low (e.g. 30 times less patent applications per 1 million inhabitants than is the EU average, Table 5 in PA Annex 1), suggesting that Croatia is

inefficient at turning R&D investments into patentable results and economic value. Even though these indicators may be more appropriate for technologically developed countries and the innovation system cannot be evaluated solely by their achievement, taken together, these indicators suggest that R&D expenditure is not the only bottleneck to increased innovation in Croatia, but that also the national innovation system does not promote technology transfer and is not efficient in commercializing R&D. Therefore, not only more investments into R&D, but also better-targeted and more efficient investments in terms of relevance and cost/benefit must be considered. The structural challenges related to research and innovation in Croatia are related also to weak governance of the national innovation system and lack of an integrated policy framework for research and innovation embedded in Croatia's mainstream development strategies.

The private sector is technologically weak, resulting mainly from the low volume and low investments into R&D of the private businesses [REF #3]. Low business investment in R&D represents one of the major factors hindering competitiveness of the Croatian economy. Research shows that innovative companies grow faster (both in terms of sales and labour productivity) than non-innovative companies (e.g. business R&D expenditures significantly contribute to performance in terms of raised sales and labour productivity growth, on average by 12% and 6% respectively). Intensified efforts are therefore needed to stimulate R&D and innovation in the business sector.

Collaborations between the private and public sector R&D actors are few and insufficient (e.g. according to the Global Competitiveness Report university-industry collaboration in R&D ranked 76th in Croatia out of 148 countries). These pose major obstacles to better innovation performance and competitiveness. Lack of interest and/or information at industry level and lack of motivation in the research community for collaboration need to be addressed. Support to technology transfer and joint industry-research projects should therefore be considered, where there are benefits for both enterprises and the public sector researchers.

The Croatian economy is dominated by low and medium-low technology sectors and production. There are several globally competitive industry segments (net exporters) and a few export products categorized as winners in growing sectors (REF #4]. According to data showing industry shares in manufacturing imports and exports, the following industries were positions as net exporters in 2010 in Croatia: transport equipment, coke, refined petroleum products and nuclear fuel, electrical machinery and apparatus, wood and products of wood and cork, non-metallic mineral products, textiles, textile products, leather and footwear, and recycling. The share of high tech industries in manufacturing exports was 9.3% in 2010. Preliminary competitiveness analysis undertaken as part of the preparation of the Smart Specialisation Strategy for Research and Innovation of Croatia (S3) revealed competitive and comparative advantages in the following economic (industry) sectors: information and communication technologies (telecommunications, manufacturing of computer, electronic and optical products, etc.), machine building, electronics and mechatronics (manufacturing of electrical equipment), pharmaceuticals, food products, wood and products of wood and cork and non-metallic mineral products (cement, ceramics, glass and lime). Science and technology scans undertaken as part of preparing the RIS3 indicates that Croatia's research capacity coincide with the industry's competitiveness in areas of: telecommunications, electrical equipment, food processing, pharmaceuticals, engineering (machinery) and ICT. However, it also identified significant science and technology capacities in energy,

environment and construction. Prospective economic areas are discussed within the scope of Smart Specialisation that Croatia might focus on in the context of smart, sustainable and inclusive growth (see Chapter 1.3 under TO 1). These areas show clear strengths in terms of competitiveness and R&D in Croatia, especially in relation to specific sub-areas, in which Croatia possesses clear competitive advantages in the international context, which should be fully exploited in order to bring benefits for the economy.

Existing research and scientific potential within Croatia needs to be utilized for the development of competitive and innovation-driven economy. Key research infrastructure available within the country is owned by the public sector. There are 25 public and 11 private research institutes, 7 technology centres, 16 industrial research centres, 7 public universities, 13 public polytechnics, 3 public schools for higher vocational education, 3 private universities, 2 public polytechnic and 28 private schools for vocational higher education and 5 technology transfer offices. One of the reasons that research institutions cannot perform quality research with the impact needed to boost the Croatian economy is the majority of RDI equipment and infrastructure (including e-infrastructure) is outdated, scattered and fragmented.

Croatia has already taken steps to further strengthen the national research capacities by taking measures and adopting policies that are compatible to the EU policy on the European Research Area and also reform measures by amending the Act on Scientific Activity and Higher Education [REF #5], Act on the Croatian Science Foundation [REF #6] and Act on Quality Assurance in Science and Higher Education [REF #7] that are aimed at creating a legislative framework for a more programme-based and competitive funding of public research organisations (PROs). The amended Act on Science and Higher Education brings changes in the financing and governance system of the public research activities. MSES has thus launched multiannual financing pilot agreements for 2013-2015 period aiming to establish more transparent and socially responsible financing of higher education institutions and public research organizations, as well as to promote state monitoring instead of state management. The amendments to the Act on the Croatian Science Foundation (CSF) of 2012 shifted both programming and project funding, from the MSES to the CSF, which now acts as a central independent body applying a rigid evaluation process, consequently funding a smaller number of high quality projects. By the same act, Unity through knowledge fund (UKF) was affiliated to CSF in February 2014. Also, first call for establishing the national Centres of Research Excellence is in final stage. According to Croatia's National Reform Programme 2014 (NRP), the next steps include the restructuring of the network of public research institutes, continuation of good practice funding schemes such as the Unity through Knowledge Fund for internationalisation of scientific activity (which has received two international awards for best-practice), HAMAG-BICRO's innovation programmes that address the lack of early-stage funding for R&D investment by SMEs which became a reference in the region (both also recognized in the Erawatch 2013 Report and positively evaluated by the Institute of Economics Zagreb and Technopolis Group), and IPA and Structural Funds 2013-financed Science and Innovation Investment Fund (SIIF). These are important contributions because they set the stage for improved R&D activity, which combined with investments in research infrastructure, good research management and through improved collaboration between the R&D institutions, universities and the private sector can result in better orientation of R&D activities towards economy needs. Thus, transforming existing knowledge into productivity gains and innovation can be considered as a major potential for future economic growth in Croatia.

Croatia has a low share of labour force dedicated to R&D activities, which are key for driving productivity improvements across the economy (Table 6 in PA Annex 1). The number of total researchers has decreased in the last decade by 22 percentage points (according to MSES database there were 9,443 researchers in 2012), while public sector employed over 80% of researchers (82.43% in 2012) and business sector only 17.4%, 2.7 times below the EU-27 average (Table 7 in PA Annex 1). Croatia needs to increase the scale and quality of the R&D workforce, particularly in the business sector. Croatian companies must have access to research skills that will enable them to move up the value chain and increase their competitiveness. Public sector research organisations, including universities, must have a sufficient research skills base to engage in world-class research and support their diverse roles in society, including productive contribution to the economy.

Compared to the EU and countries with similar income per capita, **Croatia has a low proportion of students and graduates in science, technology, engineering and mathematics fields (STEM)** (e.g. in 2012 approx. 60% of all students were in humanities and social sciences, faculties with low employability). Mismatch of education/skills of graduates and business needs exists within the education system, which is focused more on theoretical knowledge than on its practical application (see also in Chapter 1.1.4.8). Therefore, measures are needed both to increase the proportion of students and graduates in the STEM fields as well as to focus the education system on business needs and practical application of knowledge.

1.1.4.2 Entrepreneurship and the business environment

The non-financial business economy in Croatia was composed of over 153 thousand enterprises in 2011. These enterprises employed 1.03 million persons and generated EUR 20.5 billion of value added. 99.7% of those enterprises were small- and medium-sized enterprises (SMEs), employing 68.3% of persons and accounting for 54.5% of total value added (Table 8 in PA Annex 1), indicating that the **SME sector in Croatia is an important contributor to economic growth and a leader in job creation.**

Additionally, in 2011 SMEs accounted for 41% of all exports [REF #8]. These figures mirror the EU average. Between 2001 and 2010 the number of SMEs in Croatia grew by 71%, while the number of large enterprises decreased by one third. In terms of economic value the rise of the SME sector is even more significant. Nine out of ten enterprises in Croatia are micro and small enterprises, employing on average 5 workers. However, operating in difficult macroeconomic conditions, with a decline of the GDP (-1.2%), with relative exchange rate stability and inflation rate of 1.1%, the Croatian SME sector recorded a total HRK 1.7 billion loss for the first time in 2010. The start-up rate is lower than in most EU countries and the problem has worsened over time because of high rates of closing of trades. As a result, the overall size of the SME sector in Croatia is shrinking.

The bulk of SMEs in Croatia (52%) are operating in the service sector (NACE codes, G to N). Of that number 32% enterprises are active in wholesale, retail and motor vehicle repair, 16.1% in the professional, scientific and technical activities sector, followed by the information and communications sector (6.4%). Although not dominant with 13.1% of all enterprises in the manufacturing sector, which exceeds the equivalent figure for the EU 27 (9.8%), it remains extremely important to the Croatian economy, because of its employment contribution (28%). The employment rate in knowledge-intensive activities

in Croatia is 28.6%, which is lower than in the EU-27 (35.3%). In production, related to activities identified as high technology-based, the share of SMEs in Croatia is higher than in the EU-27 [REF #9].

SMEs are facing many problems in Croatia, from an unfavourable business environment, lack of appropriate financial resources throughout the growth cycle to inadequate and low value-added business support services. Access to new technologies, skilled labour, and logistics, adequate and professional SME support institutions at all levels and infrastructure are all-important in creating a competitive advantages for businesses.

According to the Doing Business Report 2014, which assesses the overall regulatory burden on business, Croatia is placed 89 out of 189 countries (change in rank from last year: -1). The report makes a note of reforms making it easier to do business particularly in the areas of: starting a business, paying taxes, trading across borders, enforcing contracts and resolving insolvency [REF #10]. The Global Entrepreneurship Monitor Croatia 2002-2011 study concludes that the public policies (priorities and support to entrepreneurship and simplification of regulatory framework) are among the most pressing issues for SMEs in Croatia, while SBA Fact review 2013 indicates that the improvement of business environment in respect of administrative and judicial weaknesses should be the main priorities. Therefore, the investment climate will need to increase in order to stimulate productivity growth, where some investments from TO 11 will make a contribution. Besides decreasing the administrative and regulatory burdens, increasing public administration efficiency and reinforcing judiciary efficiency, infrastructure, access to finance, technology, innovation, production renewal and skilled workforce are key components of increasing Croatia's economic growth.

The skills mismatches and skill shortages, especially related to high and specialized skills, on the labour market are particularly affecting businesses. Development of entrepreneurial skills (competences) is a precondition for boosting competitiveness of Croatian SMEs, also as a way to increase the number of opportunity driven start-ups as well as commercialisation of technology.

The ability to start, develop and run competitive businesses is essential for employment. Since 2008, employment in the SME sector in Croatia has dropped by over 70,000. The issue of unemployment is particularly severe in the case of the youth and could be reduced by fostering entrepreneurship. Although Croatia is among the leading EU Member States in self-employment [REF #11], it is witnessing the largest gap between inclination towards self-employment and probability of self-employment, which will be tackled by investments in TO 8.

Access to all forms of finance for SMEs, particularly access to capital for start-up technology-based businesses, is limited. This is a very important obstacle correlated with the increase in competitiveness and the achievement of economic growth. On the national level, Croatia has mature development finance institutions, which are comparable to those in some other EU countries. These institutions are however undercapitalised and/or offer insufficient programmes. Their experience, knowledge of the market and capacities can serve as solid basis for further improvements in the area. On local and county level there are also financial instruments schemes and organisational networks, but are rather weak, fragmented and financially constrained. Due to an

undeveloped capital market, the main sources of funding for companies in Croatia are banks, which are highly averse to risk and where long-term loans are, in principle, not available. Loans are mostly used for purchase of land and equipment (as much as 50%); therefore incentives taking the form of credit guarantees are also of high importance for 54% of small business entities. Options to finance technology-based businesses in Croatia are even scarcer. So far Croatia's Private Equity/Venture Capital capitalisation in relation to GDP of 0.07% almost equals the EU average of 0.08%, but it is chiefly private equity and not developmental venture capital. Although it can be assumed that most SMEs in Croatia would prefer debt to equity financing, often bank lending products are out of reach because of the few tangible assets that the companies' possess and which banks typically require as collateral. Taking all of the above into consideration, there is obvious need to ensure adequate access to finance for SMEs, since it represents one of the major obstacles in SMEs business growth and success, particularly for start-up enterprises which are negatively affected by the economic decline in the country, observed credit crunch and risk aversion manifested by financial institutions' sector, substantiated by the second draft of the ex-ante assessment for financial instruments and identified as one of the main strategic weaknesses and impediments for future growth.

Given the size of domestic market, **Croatian enterprises have to boost competitiveness and be able to offer and sell products on international markets.** Increasing competitiveness assumes a number of different things, among which are overcoming barriers and limitations posed by the regulatory framework and administration, minimizing production costs, increasing productivity and adopting new technologies. In 2011, the share of SMEs' exports in total exports was only 41%, which points to the fact that SMEs need to be more competitive in order to remain present in, develop or enter new markets, including domestic and foreign ones. Goods account for around half of Croatia's exports, with sizeable shares for machinery, electrical, chemical and mineral products, which have been concurrently also recognized among the key focus areas of Smart Specialisation, while in terms of services, tourism takes the lead and presents about two thirds of total services exports. Export oriented companies in Croatia have good abilities to recognize, adopt and commercialize new technologies, compared to non-export firms. 66% of exporters have acquired a new technology in the past three years (nearly twice as many as non-exporters) [REF #12]. It is also interesting that Croatian companies that do use innovations seem to perform better than their EU counterparts when it comes to converting products into sales revenues. However, according to available data, only around one third of Croatian SMEs implement some form of innovation (as opposed to 79% of large enterprises) [REF #13]. The structure of innovation activity shows that Croatian small businesses do not invest enough in R&D and innovation activities in order to introduce new products and services onto the market. Furthermore, data indicate that the share of high-tech exports in total exports of Croatia is well below the EU average (Table 9 in PA Annex 1).

Croatia's export-competitiveness is closely related to the renewal of its productive structure, particularly those sectors producing tradable goods and services. While the lack of cost-competitiveness and product upgrade has certainly affected the expansion and the survival of exports in mature markets, it is the narrow base of exportable goods that is hindering a broad diversification and sustained growth of Croatia's exports. The structural transformation in Croatia's production space over the past two decades has been very modest when compared to the productive renewal that occurred in other EU Member States. A bold renewal of the productive system in Croatia requires, in turn, and

enterprise sector capable to innovate, compete and grow in global markets and a business environment that promotes new business ideas, rewards risk-taking and promotes entrepreneurship.

The tourism sector represents one of the important drivers of the Croatian economy and contributes to the overall economic and social development of Croatia. In 2013 the share of tourism in the overall economy was estimated at 16.5%, while permanent employees in tourism sector numbered 6.3% of total employed persons in Croatia [REF #14]. Tourism is a cross-cutting horizontal sector which generates particularly strong multiplying effects spilling over to the other business sectors such as agriculture, food production and processing, construction, textile, etc. Thus, it may represent an economic platform for the overall development of the country, as recognized in the Tourism Development Strategy 2020. SMEs in tourism struggle to overcome two fundamental problems that need to be addressed: seasonality (80 % of tourist traffic takes place within the period of three summer months) and the lack of diversified tourism products (resulting in low average consumption). Absence of seasonal complementarities with other industries also causes significant volatility in the labour market. Substantial lengthening of the season on the coast and development of tourism offer in parts of Croatia other than the coast could only be pursued with significant investments and sustained efforts over longer periods of time, for which SMEs in tourism sector lack financing.

Differences in entrepreneurial activity and entrepreneurial success vary between regions. Continental Croatia (NUTS II) has 61.42% of small businesses and 66.87% of employment, while the Adriatic Region notes 38.58% of small businesses and 33.13% of employment. When looking at the county level (NUTS III), in Continental Croatia, besides City of Zagreb which is exceeding the average (with 23.6% enterprises and 28.16% of employment), highest entrepreneurial activity is in Zagreb County (6.59% enterprises and 6.33% of employment) and Osijek-Baranja County (5.37% of enterprises and 5.49% of employment), while the entrepreneurial activity is significantly lower in the rest of this region (lowest in Požeško-slavonska County with 1.24% of enterprises and 1.22% of employment). Similar situation is in the Adriatic Region where entrepreneurial activity is high in the Split-Dalmatia County (10.41% small businesses and 9.66% employment), Istria and Primorje-Gorski kotar County (8.93% small businesses and 8.14% employment) and the lowest in Lika-Senj County (0.98% small businesses and 0.85% employment). Regions in Northwest Croatia also dominate in the number of innovative enterprises (city of Zagreb, Istria and Varaždin County) and counties like Požega-Slavonia, Vukovar-Srijem and Lika-Senj County are lagging far behind [REF #15]. Distribution and activity of small enterprises in Croatia is unbalanced, both inter- and intra-regionally, and this is one of the main factors contributing to uneven economic development of Croatian regions. However, all ten counties with the lowest competitiveness rank in Croatia also have the lowest Development index (below 75% of the average of Croatia). This correlation suggests that the causes of their poor development are, for the most part, also the causes of their poor competitiveness.

At local, regional and the national level institutions have been established for provision of different forms of support to entrepreneurs and foremost SMEs (i.e. national development and investment agencies, chambers, regional and local development agencies, entrepreneurial centres and business incubators). At present, **business support organisations (BSOs) provide general and low value-added support services and**

advice to entrepreneurs. There is a need for these organisations to develop and deliver products and services, which are appropriate to enterprises consistent with their position in the growth cycle. Further, business support organisations have difficulty in meeting the demand from entrepreneurs and managers for specific and high value added services, including quality management, marketing plans, investment and project appraisal and support, support in relation to intellectual property rights, support related to innovation and product development. Systemic and long-term support should be given to these organisations in order to build their capacities for providing higher value added services to entrepreneurs, as well as to help them towards sustainability. Regarding the sheer number of BSOs, in 2014 there was a total of 95 BSOs in Croatia, comprised of 45 regional and local development agencies, 1 entrepreneurial learning organisation, 27 business incubators, 3 technology parks and 18 business centres. Although these numbers might not seem so small, from a geographic, county-level distribution point of view, they are distributed unequally; whereby 1 to 2 BSOs are located in each of the 8 less developed counties, while the main concentration of BSOs is in counties that gravitate to the largest cities in Croatia. SMEs need to have access to highly specialised support, which is at times quite difficult to obtain in Croatia, since most such providers of services tend to cover as wide a market as possible, due to the limited size of the overall economy, whereby specialization has been up to now perceived as rather limiting in terms of acquiring sufficient amount of work in general.

1.1.4.3 ICT networks, production and usage

The current level of deployment and usage of modern telecommunication networks needs to be increased as a prerequisite for development of ICT. Croatia has achieved good fixed basic broadband coverage (97% of population in 2013), while in the same year, 64% of households in Croatia had broadband Internet access (EU average in 2013 was 76%). Fixed broadband penetration rate (subscriptions as a % of population) was 21.7% in January 2014 (EU average was 29.8% in 2014). In regards to Next Generation Access (NGA) technologies, Croatia is considerably lagging behind in coverage (33% in 2013), compared to EU average (62% in 2013).

Penetration of broadband connections in population amounted to 21,7% in 2013, which is significantly lower than EU average of 29.8% in the same year. The density of broadband connections is unevenly distributed across the Croatian territory. Zagreb has the highest broadband penetration (27.1%), followed by counties where large urban centres are located (Primorje-Gorski kotar, Istria, Dubrovnik-Neretva, Split-Dalmatia and Zadar counties), which all have the penetration above national average. All other counties, mainly containing rural areas, have penetration below national average, with Virovitica-Podravina and Požega-Slavonia counties having the lowest penetration of 14.9% and 14.4%, respectively [REF #16].

Considering the network infrastructure, Croatia has already achieved relatively good fixed basic broadband coverage (97.1% of the households in Croatia in 2013). Only 1,9% of Croatian population do not have access to any fixed or mobile broadband network (i.e. basic broadband white spots), located mostly in settlements in war-affected areas, mountain areas and islands. In terms of available technologies, coverage of most technologies falls behind the EU average, with the exception of DSL, which is slightly above (94.1% in Croatia vs. 92.9% in the EU-27 in 2012). This domination of one type of technology and access related to the existing copper network, which satisfies the

existing capacity but does not permit more significant progress in broadband availability and access speeds towards NGA networks.

One of the reasons that inhibit increase of broadband connections penetration and wider usage of broadband Internet access and services is insufficient and uneven deployment of modern next generation network (NGN) broadband infrastructure. Total NGA network coverage in Croatia amounted to 33.3% in 2013, which positioned Croatia far behind EU's average NGA coverage of 61,8% in the same year. Furthermore, the current level of NGA coverage, which is achieved by investments taken by operators in the electronic communications market, is mainly concentrated on few densely populated urban areas of Croatia (in rural areas less than 0.04% of households had access to NGA services at the end of 2013). Therefore significant number of households, public administration institutions and sites, educational and healthcare institutions, as well as SMEs which are located outside large urban areas, are unable to access the high-speed broadband networks and use advanced IT services and applications, thus hindering uniform regional development in Croatia and exploiting of socio-economic benefits related to the availability of NGA broadband networks. In 2013, only 1% of all broadband connections in Croatia were next generation access (NGA) connections.

There is a need to target white spots (un-served areas) and ensure synergies with other funding priorities in order to achieve maximum benefit. According to the technical and economic analyses provided in “The Study on funding models and support for investment in broadband infrastructure” in 2012, at least 60% of Croatian population will not be covered by NGN infrastructure, due to poor profitability prospects for NGN investments in areas with lower population density (mostly settlements in suburban and rural areas). Many of these settlements are located in assisted areas (according to the classification by the Law on Regional Development).

ICT literacy of individuals is low in Croatia. Intermediate and advanced levels of computer skills are present among 45% of Croatian citizens (2012), below the EU-27 average (51% for the same year) [REF #17]. Similar lags can be observed when comparing Internet usage, employment of ICT professionals in companies and acquiring ICT skills through education between Croatia and EU average. Based on Eurostat's computer skills in the EU data, 4% of Croatia's tertiary education (first and second stage) graduates in 2012 majored in computer sciences (the EU-27 average being 3.4% for the same year), showing potential for ICT usage among young people.

The level of provision and use of e-public services is also relatively low. Croatia is lagging behind in almost all indicators related to the provision and take-up of e-Government services (e.g. general online government availability in Croatia amounts to 57 average across all Life Events, compared with the 74 EU-27 average, and online usability is 63 vs. 70 EU-27 average [REF #18]). The percentage of individuals using the Internet for interaction with public authorities was only 25% in 2013 (vs. 42% in the EU-27). For enterprises this indicator was 63% (in 2010) vs. 76% in the EU-27 [REF #19].

Public e-services in Croatia are to a greater extent provided to companies than to citizens. 50% of basic public services have since 2010 been available to Croatian citizens via the Internet (compared to 81% as the EU-27 average). A significant number of households, public administration and judiciary institutions, businesses, educational, healthcare and cultural institutions and other entities do not or are not able to join to the networks, access the data and exchange the information, to provide and to receive e-

services. At the same time, the deployment of ICT solutions is becoming a critical element for better delivery of policy objectives, by enabling government to service citizens and businesses in a more timely, effective and cost efficient way. There is a clear need to boost the provision and take-up of e-services solutions by citizens and businesses.

In 2010 in the EU-27, the ICT sector (both ICT manufacturing and ICT services) accounted for 4.38% of GDP, 2.53% of employment and 15.9% of value added [REF #20]. There are no comparable statistics available for Croatia. However, data from 2011 available on Eurostat show that the IT sector in Croatia appears to be relatively productive, when comparing created share of value added at factor cost (8,23%) versus share of number of persons employed (3,75%). Thus, it can be concluded that **ICT production and usage can have a positive impact on the Croatian economy.**

1.1.4.4 Energy consumption and efficiency

Emission levels in Croatia have been growing steadily between mid- 1990s and 2008 (at average rate of 3% per year), when they started to decrease mainly due to the collapse of the industry and the economic crisis. The total emission of greenhouse gasses (GHG) in Croatia in 2011 amounted to 26,6mil/t CO₂eq, which is a 17% decrease compared to the 1990. In terms of sectoral contribution to the GHG emissions it remained relatively steady over the period with the largest share being attributed to the carbon dioxide (CO₂) emissions at 75% followed by methane (CH₄) at 12% and nitrous oxide (N₂O) at 12%. The largest sectoral contributors to GHG emission in 2011 in Croatia were energy industries and the transport sector, followed by agriculture (Table 10 in PA Annex 1).

The overall characteristics of the Croatian **energy system** are:

- A decreasing trend of both total primary energy supply and in the final energy consumption between 2008-2012, by 11 and 8 percentage points respectively [REF #21];
- Energy intensity/efficiency of the economy above the EU-28 average (157% of EU-28 in 2012 [REF # 22]); and
- Relatively high-energy dependence (53.6% in 2012) [REF #23] with dominance of carbon sources (i.e. oil, gas) covering two thirds of the final energy consumption in 2012 [REF #24].

The largest sectoral contributors to the final energy consumption are the general consumption sectors, mainly households and services including public sector infrastructure, with 4% share and transport (34%), while the industry sector amounts to 17% [REF #25]. On the contrary to the overall decreasing trend of energy consumption in the recent years, the building sector sustains a relatively stable level of energy consumption between 2008-2012. The building sector, including residential housing, public and commercial buildings, is the single largest energy consumer, with the 43% share in the final energy consumption in 2012 (49% if the service sector is contributed as well). Out of that figure 2/3 is attached to the residential sector while 1/3 can be attributed to the public and commercial sectors. It is important to note that almost 70% of energy spent in the building sector is attached to cooling/heating purposes. Also, besides being old and inefficient the district heating systems are of very low coverage (just some 10% of the households). When it comes to transport, despite a relative (small)

decrease in the past years, it is the fastest growing sector in terms of energy consumption in Croatia, increasing its share from 21% to 34% between 1991 and 2012 [REF # 26].

The energy intensity/efficiency in Croatia is higher than the EU average, and although primary and final energy consumption is decreasing continually this is not attributable to increased efficiency of energy management, but primarily to the overall decrease in the energy consumption due to the overall economic conditions.

The final energy consumption in the 2008-2012 period decreased for 8% while in the same period energy intensity of the economy remained at the practically same level. Looking at the energy efficiency index (ODEX) the following trends can be observed in the 2007-2012 period: (i) the ODEX is steadily decreasing (which implies more efficient use of energy) but not as sharp as the consumption; even more it can be noticed that total energy supply is decreasing faster (decrease in 2011 for 6.8% compared to 2010) than consumption (decrease in 2011 for 2.5% compared to 2010) at the same time which implies limited effect of energy efficiency measures; (ii) besides being the biggest energy consumer the households sector is well above global ODEX (of all sectors) being relatively energy inefficient with average energy consumption per household (in terms of kWh/m²) higher than in neighbouring EU countries which implies that the biggest potential for savings in the building sector; and (iii) ODEX for the transport sector is even increasing thus making it an additional priority for targeting through energy efficiency measures [REF #27]. With respect to the industry, the ODEX is falling rapidly, but it is more likely that such trends are due to economic turmoil in the given period than to the implementation of energy efficiency (EE) measures on a larger scale.

In terms of production of energy from **renewable energy sources** (RES), Croatia is above the EU average (overall share of 16.8% in final energy consumption compared to 14.1% EU-28 average in 2012) [REF #28]. In terms of sectors as set by the Directive 2009/28/EC, in 2011 over 34% of the gross electricity consumption was generated from RES, while the share of RES in the energy consumption of the heating/cooling and transport sectors was much lower and amounted to 12.8% and 1.4% respectively [REF #29]. However even when it comes to the large share of RES in electricity production, the percentage is primarily attributable to Croatia's large hydro power plants (94%), while other sources of RES (small hydro power plants, wind, solar, biomass etc.) contributed with only 6% [REF #30]. Therefore, although the overall level of RES production is relatively good, it is characterised by larger facilities (i.e. large hydro power plants) on the contrary to the underdeveloped system of smaller scale RES generation aiming at consuming energy at the place of generation (thus not just contributing to the reduction of emissions but also providing for security of energy supply), but also with underdeveloped usage of RES more suitable to the local conditions (primary biomass and solar) that can contribute to the development of the local economies as well. A short description of RES development trends and the main potentials is given in the Annex 3 of the PA.

Croatia is relying dominantly on the (imported) carbon-based fuels, consumption of which is predicted to grow in the future, while local oil and natural gas production will likely decrease due to exhaustion of deposits. Therefore, Croatia must strive towards alleviating its dependence on energy imports primarily by increasing efficiency of energy consumption and further usage of RES. Importantly, in Croatia, the administrative capacities for energy planning and management are weak, with potential investments being accompanied by a relatively complicated administrative procedure. The general

status of the energy distribution/management infrastructure is not satisfactory, with limited spread of individual metering and billing and practically negligible share of smart metering and smart grids penetration.

1.1.4.5 Environment, resource efficiency and climate change

According to The Sixth National Report to the UNFCCC, **clear marks of climate change in Croatia could be observed during the time period between 1961-2010** [REF #31]. The same Report provides scenarios of climate change impacts in the future (2011-2040) by envisaging: a) a further increase in the average temperatures (0.8°C to 1°C) affecting the whole territory, especially coastal areas and islands, b) unequal trend in the precipitation level (8-12% decrease in average), however with strongest decrease once again in the coastal area, and c) an additional increase in the number of dry days in the autumn (for 1% to 4%). Thus **Croatia is considered highly sensitive in terms of climate change impacts**, both in terms of natural ecosystems (hydrology, soil, biodiversity) and main economic activities (tourism, forestry and agriculture), primarily in the coastal zones and forests. Croatia was mostly dealing so far with the mitigation of climate change effects and far less with the adaptation to climate change. Croatia currently has insufficient in depth knowledge on the actual effects of climate change on environment and economy as well as underdeveloped capacities for combating climate changes on all levels. The National Strategy and Action Plan for Adaptation to Climate Change that is to be completed in 2016 will provide a comprehensive approach for tackling these issues. These documents will also include a strategy and measures for addressing territorial climate change hot spots.

In terms of the specific (natural) risks, in the 1995-2012 period EUR 3.5 billion of damages were reported, out of which only 5% were compensated from the state budget. Increasing level of damages observed during that period amounted to around EUR 200-300 millions of direct damages per year and there these are just direct financial damages (i.e. not including environmental damages) [REF #32]. **Most serious damages are related to floods, droughts and fires, with around 70% of damages being on agricultural land** (in particular caused by droughts) [REF #33]. As regards floods functionality of the flood protection system is at around 75%, while significant part of the territory (53%) is designated as areas of potentially significant flood risks without any or with limited protection by preliminary flood risk assessment from 2013. More so, recent floods indicated that the floods occur in areas where they are not considered to be highly probable, with recorded water levels and discharges with extremely long return periods [REF #34]. In the 2005–2012 period, 2,488 forest fires were reported in which almost 80,000 ha of forests were affected, with large parts located in the coastal region, both in terms of number of fires and affected area [REF #35]. The current disaster management system is relatively undeveloped both in terms of infrastructure and necessary human and technical capacities with a view to reduce disaster risks and to improve prevention, preparedness and response to disasters. Disaster Risk Assessment is being developed (to be completed by end 2015), which will provide the basis for improvement of the overall disaster management system, specifically by prioritising specific risks and measures that require mitigation.

The state of the environment in Croatia is relatively good, however the sectorial assessments reveal various development and improvement needs. In terms of (municipal) **waste management** Croatia recorded lower per capita municipal waste generation than is

the EU-27 average (Table 11 in PA Annex 1), with quite a high collection coverage rate (99% in 2012). However, the waste management performance indicators are lower than the EU-28 average in 2012 in terms of level of material recycling of municipal waste (51 kg/per capita vs. 130 kg/per capita respectively) and subsequently share of municipal waste land filled (323 kg/per capita vs. 160 kg/per capita respectively) [REF #36]. Around 83% of the municipal waste in Croatia is the being land filled, whereas the EU average is around 40% (Table 11 in PA Annex 1). As for the biodegradable waste approximately 83% of generated BDW was land filled in 2012 [REF #37]. Such situation is on the one hand creating environmental burden and hazard and on the other hand making the whole waste management system resource inefficient and missing the potential for development of complementary economic activities.

The situation is somewhat better with special categories of waste, which are subject to specific legally prescribed modes of separate collection and reuse (they are also financially subsidized), with a rate of collection and reuse varying from 35% (for electrical and electronic waste) up to 85% (for packaging waste) [REF #38]. In terms of landfills, in 2012 a total 107 municipal waste landfills were remediated and closed with 48 being in the process of remediation and 146 still being in use mainly for the purpose of land filling municipal waste. In parallel the new WM centres comprising modern waste management and landfilling infrastructure are envisaged to be established/constructed by 2018, with three of them currently being in the process of establishment. In addition to the official waste landfills, there are an estimated 3,000 unregulated landfills (wild dumps), out of which around 750 were remediated so far. There are also 13 locations highly polluted by waste (“hot spots”), i.e. sites created by long-term inappropriate management of industrial (technological) waste, out of which 4 have been remediated.

Croatia does not have in place a functional system for hazardous waste (HW) management, which is in fact mainly (up to 70%) not even being reported. Just 60.000 tons of HW is reported produced, while the estimated yearly generation amounts to 213,000 tonnes. There is no separate landfill facility for HW in Croatia. One third of the reported quantities of HW are being exported while the remaining part is collected and processed by licensed companies [REF #39].

In the **water sector**, there are differences in performance indicators between Croatia and the EU. Table 12 in PA Annex 1 provides data on key water infrastructure indicators from selected countries, since data on EU average does not exist.

Limited official data is available that would allow detailed comparison between Croatia and the average EU Member states connection level. However, from the available information it can be concluded that **accessibility to the public infrastructure in the water sector is lower in Croatia than in the EU**, particular for wastewater collection and treatment. Additionally, significant spatial differences exist in water supply in terms of connection rates between the Black Sea basin (77%) and Adriatic basin (91%), and of sewerage systems. Even more significantly, these differences relate to the size of the settlements with an average 74% connection rate in the agglomerations above 150,000 p.e. and around 4% in the settlements with below 2,000 p.e. [REF #40].

The public water system in Croatia is encountering extremely high losses (around 45%) and some 6% of the population that is not connected to the public water supply system uses water that does not comply with microbiological standards [REF #41].

In accordance with the water framework directive Croatia prepared its first River Basin Management Plan (RBMP) for the 2013-2015 period, while the second one, covering the period 2016-2021 is under preparation. The RBMP sets the main goals related to the achieving and/or maintaining good status of the water bodies and compliance with all the requirements for the quality of water in sensitive areas. The Programme of measures (as part of the RBMP) envisaged several measures with the main one relating to the protection of water from pollution (through investments in sewerage collection and treatment) and more efficient water management (in terms of abstraction and protection).

The current situation (as stipulated above) in terms of the **aquis compliance-based obligations** within the waste and water managements sectors that Croatia commitment to fulfil as per provisions of the Accession treaty (compliance with the provisions of Directive on the landfill of waste, Urban Waste Water Directive, Directive on the quality of water intended for human consumption) clearly indicate that the significant, primarily infrastructure, investments are required in the forthcoming period to achieve agreed deadlines.

In addition, **improvements in the communal sector are necessary since the current institutional system for waste and water managements is fragmented and inefficient** (with more than 150 companies are dealing with water and more than 200 with municipal waste). Therefore consolidation primarily refers to the reorganization of communal sector i.e. increasing efficiency of the service providers and it will include capacity building measures, organizational support to new / existing communal service providers, alignment with Directives requirements, providing capacity thus enabling / supporting management of infrastructure after project completion. Consolidation is needed in order to secure adequate availability of services across Croatia, provide basic prerequisites for a more balanced regional development and secure efficient management of resources, as well as the protection of the natural environment.

Croatia is rich in terms of well-preserved natural resources and biodiversity, with 40,000 identified taxa (total estimate is 50,000 to 100,000) [REF #42]. According to the diversity of plant species (0.080 species/km² or 0.088 species/km² including subspecies) Croatia occupies third place in Europe, with the genetic potential being valuable especially from the point of the biodiversity and the need to adapt living and economic conditions to the climate change. However, a trend of biological and landscape diversity loss can be observed mainly due to over (inefficient) usage of natural resources, loss of habitats, intake of alien species, pollution and pressures from economic activities (primarily from infrastructure development and agriculture [REF #43]). Those issues, along with the need for improved knowledge and information on biodiversity and ecosystems and their services, adequate management framework for Natura 2000 network and degradation of forest habitats contaminated with land mines, are the main problems.

There are almost 3,000 species from 16 different taxonomic groups assessed within Croatian Red List, out of which more than 45% taxa are threatened [REF #44]. Protected areas cover 8.56% of total Croatian territory (12.20% on the mainland and 1.94% of

internal waters and territorial sea) in total 419 sites [REF #45] in 9 categories of spatial protection [REF #46], whereas nature parks cover 50% of total area under protection. Croatian ecological network Natura 2000 covers 36.67% of land surface and 16.39% of sea surface (in total 29.38%) including all the national and nature parks [REF #47]. Biodiversity restoration and preservation is of particular importance for the different ecosystem types particularly forest areas since forests cover about 48% of the land surface in Croatia. The consequences of the Homeland War, in the form of **leftover minefields** can still be found in the nature protected areas in Croatia, including the Natura 2000 sites, thus not allowing optimal solution of their long-term development. According to the Croatian Mine Action Centre, the total amount of Mine Suspected Areas within nature protected sites cover 324 km² with majority relating to the mine contamination of forests and forestland that prevents sustainable forest management. Out of the total mine suspected territory in Croatia (613.6 square km) forests make up 81% and agricultural land 19%. It is estimated that half of the entire mine suspected territory is actually mine polluted.

Croatia has over 8,000 items on the list of protected cultural heritage, dominantly immovable such as historical and archaeological sites followed by movable (preserved in museums) and intangible heritage, with 7 items on the UNESCO world heritage list and 14 items on the UNESCO intangible cultural heritage list [REF #48]. In addition Croatia is exceptionally rich in valuable landscape characteristics that are results of climate and relief diversity as well as in traditional heritage. When it comes to the contribution of the cultural sectors, exact data is not available to determine its share in the overall business activities, however it can be safely assumed as a growing sector.

Such richness in terms of natural & cultural heritage put ahead two main goals: first one related to the achievement of adequate level of preservation and sustainability of heritage in parallel and secondly to tap the contribution of such potential to the development and employment purposes mainly via linkages with the tourism sector [REF #49].

The global trend of **urbanization**, present also in Croatia, brings up specific environmental and resources management issues. On the one hand there are particular urban environment challenges, primarily ambient air quality which in Croatia is assessed to be inadequate in 6 urban areas (Zagreb, Sisak, Kutina, Rijeka, Osijek and Split) that are on a temporary basis exposed to inadequate air composition due to the pollution from industry and/or heavy traffic, while on the other hand there is existing potential in developable 'brownfield land' arising from abandoned infrastructure and state-owned facilities such as ex-military and industrial sites not being adequately valorised. Just in central state ownership there are around 300 ex-military objects (although not all in urban areas) [REF #50], proving options for economic and social development purposes without burdening (using) additional physical and natural resources.

Although there are many poor and deprived communities living in Croatia's urban areas, these are rarely concentrated in poor neighbourhoods in big cities as is the case in Western Europe. The spatially concentration of people who are unemployed or otherwise vulnerable tends to be in rural and degraded small towns and settlements.

Weak and underdeveloped capacities at all levels in terms of number of employees, organizational issues, technical equipment and modernization are key issues that need to be addressed in order for Croatia to be able to fully and adequately tackle the

challenges and obligations related to energy and environment. Current situation characterised with underdeveloped institutional and administrative capacities, limited investment in management development and equipping, results with inefficiency through the system as such but also with the inefficient management of resources (both natural and handmade). The capacity building issue is horizontal and diversified, and it includes various activities such as training, formal education, promotion etc., which should be addressed in parallel with the sector-specific needs and challenges described above.

1.1.4.6 Transport infrastructure

Croatia's specific configuration with a total area of 56,594 square km indicates vital importance of transport infrastructure for the countries' overall development. Due to its geographical position, transit transport has high significance in terms of connecting Central Europe with the countries of South-East Europe. **Key sections of TEN-t network transport routes are passing through Croatia and their transit potential could be used in supporting the sustainable development of the country.** Core corridor, crossing the country from West to East and connecting south-east of EU with central and west Europe (ex pan-European Corridor X), is an important corridor for the whole European transport system, and is largely and more than others used for transit traffic. Also, most important railway line on the network in the country is settled on the Mediterranean core corridor connecting the major Croatian Port of Rijeka with the hinterland, the economic centre of Croatia – Zagreb, and the whole area of central Europe (ex pan-European Corridor V branch B). In the context of connecting sea lines to the east European hinterland it is worth also to mention comprehensive network corridor connecting port Ploče with Budapest and core Rhine-Danube Corridor via Bosnia and Herzegovina (ex pan-European Corridor V branch C).

A basic network of transport infrastructure in Croatia consists of roads (29,038 km), railways (2,722 km), seaports of European and national interest, inland waterways, airports and terminals for combined transport. Since the country suffered significant war damage between 1991 and 1995, it received loans from The World Bank and the European Bank for Reconstruction and Development (EBRD) to improve roads, railroads and air-traffic control. The focus of investments in the past decade has been on the building of 4-lane high-speed motorways. All other modes of transport, particularly railways, require quality improvements, and there are issues of interoperability, connectivity/accessibility, pollution and safety, which are critical not only to realise regional economic potential, but also lift the overall quality of life.

Croatia's accession to the EU has put the country in the position to take the leading role for freight connections in/to South-East Europe. European policies require especially developed freight corridors, which are attractive for the market thanks to their reliability, limited congestion and low operating and administrative costs. Those corridors must also be conceived with an attention to optimise use of energy and limiting environmental impacts (such as pollutants emissions).

The railways are an underdeveloped form of transport. This is reflected in the shortcomings in the Croatian railway sector, which is far from being comprehensive, high quality and interoperable, and which lacks in connectivity with neighbouring countries. Although Croatia in terms of network density exceeds the EU average (considering the total area or population [REF #51]), the Croatian railway network has

long sections which are not electrified or which are in single track [REF #52]. European Rail Traffic Management System is not deployed along the main lines to ensure interoperability with neighbouring countries. Due to the poor condition of the infrastructure, railway performance is significantly reduced, as manifested by the rather low commercial speeds on selected sections and recurrent train cancellations and delays. The average conventional speed of trains is 61.8 km/h and average commercial speed of trains is 36 km/h. In 2013, 24.2 million of passengers and 10.6 million tonnes of goods were transported, which represents a decrease in relation to figures from 2008 [REF #53]. Considering the number of electromotor and diesel motor trains, passenger wagons and locomotives, the current railway rolling stock capacity is unsatisfactory, with a high number of inactive wagons demanding large financial investments and motor trains for local and commuter transport being old, inadequately comfortable and of low level of reliability.

Croatia has more than 364 old industrial line railways with a total length of 500 km that are not operational. After the war, great damage inflicted on the railway infrastructure, investment in railway lines of regional importance was modest so that the functional capacity of these lines continually reduced. The most critical and completely dilapidated sections of railway lines of local importance were only repaired, predominantly with re-used material. The level of investment was insufficient given the age and dilapidated state of railway infrastructure.

Bad condition and partially obsolete railway infrastructure leads to continuous loss of share in modal split (Tables 13 and 14 in PA Annex 1) and contributes to larger fuel consumption and emissions, as most transport occurs on roads. Railway (and inland waterway, for that matter) infrastructure improvements would work in favour of a more balanced modal split of passenger and freight transport and would lead to increased competitiveness. The existing lines need to be upgraded and new ones built, where necessary. Particular attention is to be paid to creating multimodal interconnections. Together with modernising the railway lines along TEN-T, broadening that type of activities along the non-TEN-T lines of regional importance is vital, since the dominant part of traffic is actually taken by passenger and especially commuter rail traffic. Considering poor infrastructure, obsolete rolling stock, and outdated equipment for signalling and communication, most measures in terms of connection and mobility must aim at exploiting the potential of railways in developing a multimodal transport system and facilitating the use of a generally more environmentally friendly and safer means of transport.

Further development of TEN-T railway routes represents only a part of the challenge in supporting a Single European Transport Area and promoting Croatia as one of major transport routes for Europe. **Modernisation and filling missing gaps of main road transport infrastructure lines which form part of the TEN-T network**, will have significant influence over international connectivity, but also on development of individual regions, promoting their integration both into the EU internal market and global economy.

Croatia is equipped with over 1,400 km long highly developed motorway network. Nevertheless, additional sections are still under construction and/or in need of environmental modernisation. Main drawbacks of the road transport infrastructure are low connectivity to neighbouring countries and insufficient or lacking connections of

regional centres to motorways and thus TEN-T. One particularly significant case of the latter is Dubrovnik and its wider area of South Dalmatia suffer from the bottleneck on the TEN-T connection to the mainland Croatia via Bosnia Herzegovina's access corridor to the Adriatic Sea. The issue will be made even more relevant when Croatia joins the Schengen area, thus implying a higher level of controls at the border.

Croatia has a low share of environment-friendly transport, which requires putting further efforts into developing intelligent, sustainable and integrated low carbon public transport and urban and sub-urban mobility systems. Public transportation is unreliable, slow, uncomfortable, and full of bottlenecks and air pollution (urban transport is responsible for about a quarter of CO₂ emissions from transport). Public transport is conducted only in the areas of the major cities: Zagreb, Rijeka, Osijek, Split and their agglomerations, as well as Varaždin, Karlovac, Zadar and Pula and is heavily orientated on bus transportation (only Zagreb and Osijek have tram networks). In addition, public transport is not integrated, as there are no joint timetables or tickets for different modes of transport. Intermodal terminals, which enable transit from one mode of public transport to another, do not exist or are extremely rare. This sector is also defined by low accessibility, increase of individual transport in cities and insufficient use of alternative forms of urban transport. There is an obvious need for improved mobility within cities by developing intelligent, sustainable, integrated low-carbon public transport systems (urban and suburban regional mobility - daily migrations areas), and for decreasing negative environmental impact by removing obstructions and bottlenecks which are causing pollution and congestion on existing road infrastructure, decarbonisation of public transport sector and promoting clean transport, including management and surveillance, infrastructure and rolling stock for all forms of urban transport.

Insufficient accessibility and low connectivity of islands in the context of suburban and daily-migration areas is another specific challenge in Croatia. The particular morphology of the Croatian territory, with a high number of inhabited islands (50), implies an extra constraint in order to assure the territorial cohesion and balanced development of the country. Problems such as outdated infrastructure, high maintenance costs, weak links among islands and between the mainland and islands, seasonality of traffic and insufficient capacity of existing transport infrastructure are resulting in poor accessibility of regions and are the cause of increasing depopulation on a large share of Croatian islands. The port traffic infrastructure is inadequate as well as the transport infrastructure that connects the port with hinterland. Due to that, it is necessary to improve passenger accessibility to, from and between the islands. In this sense, the main transport mode is the maritime transport but it is also very important to provide proper accessibility to the ports on the land side and consequently plan the road network and the related public transport services and other facilities of coastal cities with important passenger ports, taking into account the extra requirements of passengers to/from the islands.

A relevant node is also the **Dubrovnik airport**, which should become increasingly the main traffic generator (attractor) due to its role in medium to long-distance accessibility to this area. Currently, access to Dubrovnik via air is restrained by the quality of the facilities and the significant difference in passengers between high and low season (i.e. the difference in passenger traffic between August 2013 and January 2013 exceeds 1500%) and capacity of the existing airport does not allow for further growth in

passenger air traffic. Furthermore, the safety and environmental outlook of the airport is significantly pressurised by the passenger growth.

An important element of the connectivity and thus the general development is also **road safety**. Total length of roads in Croatia is 29,410 km of which national roads are 6,843 km, county roads 10,967 km and local roads 10,346 km [REF #54]. Roads are split in 5 categories: very good, good, acceptable, bad, and very bad. Only 18% of national roads are in good condition, 34% are in an acceptable condition 24% are in bad condition and 23% are in very bad condition [REF #55]. Due to limited investments in the modernisation of non-motorway roads, and since the improvement of safety conditions on the roads did not follow the increase of 58% in the transport of goods registered between 2000-2010, they are in poor condition and lack adequate road infrastructure facilities. Insufficient investment to the renewal of roads due to high cost of maintenance has led to a number of traffic accidents above the EU average, which unquestionably makes traffic safety issues highly relevant. By reconstructing a part of the network, the cost of road maintenance will be reduced and safety will be increased.

Croatia has high incidence of road fatalities compared to the EU (86 dead per million inhabitants compared to the EU average of 52) and traffic accidents are above the EU average. The majority of road traffic accidents and fatalities in Croatia take place in urban areas (80% of the accidents happen inside urban agglomerations vs. 68% which is the EU average; and 59% of fatalities vs. 39% EU average). However, since 2008 Croatia has succeeded in achieving a large reduction of the number of road fatalities, and has further committed to reducing the number of fatalities by half by 2020 through the **National Road Safety Programme 2011–2020**. Within the Programme, road infrastructure quality is only one aspect of safety, enforcement of traffic laws (speeding, drinking and driving, fines and penalty points), vehicle safety standards (standards inspections), pedestrian safety, emergency services (emergency number, equipment, rescue and health services) and road safety management (including fact based and results based actions, monitoring and data systems supporting proper diagnosis and reaction) are also addressed.

As regards to IWW, the total length of navigable **inland waterways** within Croatia's borders is 740.2 km and the main river ports situated along these inland waterways are Osijek, Sisak, Slavonski Brod and Vukovar (all classified as TEN-T ports). IWW in Croatia is part of Rhine-Danube Core Corridor. Although the total network density amounts to 18 km per 1,000 km², which is relatively dense compared to the average density of the EU inland waterway network of 9.4 km to 1,000 km², rivers in Croatia have been rather underused as transport corridors. The number of navigable days is very low, while the current IWW classification allows navigation of relatively small vessels and thus further limits the competitiveness of IWW. The sector is challenged also with outdated port infrastructure.

The new Transport Development Strategy is developed that will provide guidance for the development of the transport sector, especially in view of regional and public transport because it, for the first time, introduces urban and public transport subsector in general as a part of national policy and introduces the concept of functional transport regions.

In summary, the existing physical infrastructure is a good starting point for future development of the transport sector in Croatia [REF #56]. The investments in

transport infrastructure should contribute to the rise of the level and quality of transport services that would lead to increased volume of passenger and goods traffic in general. There is also good potential for logistics development and particularly for further water transport development, both sea and inland.

Main challenges for Croatia can be summarised and prioritised in the following order: (1) There is a strong need to **ensure structural changes to enable rail to compete effectively** and take a significantly greater proportion of medium and long distance freight. Rail development is strongly connected to the seaports that could have a major role as logistics centres and thus require efficient hinterland connections. (2) Though motorway connections on the main corridors are more-or-less developed, some **regional areas are still lacking in accessibility to TEN-T network and parts of the proper road TEN-T network are inadequate**. (3) Public transport in connecting islands and in agglomerations is underdeveloped and underused. (4) Dubrovnik airport is challenged with the steep rise of passengers' numbers and seasonality of traffic. (5) Road safety is pretty low. (6) Inland waterways, where unused potential exists, have to play an increasing role in particular in moving goods to the hinterland and in linking the European seas.

Additionally, good employment potential in the transport sector and the existence of know-how and technologies for further development are Croatia's strong points.

The national and local transport network must be constantly developed in order to ensure access to markets and appropriate economic ties among regions of the country and connections with main TEN-T corridors. Modernisation and development of the transport infrastructure network will contribute considerably to the achievement of higher quality of business environment and more effective implementation of social cohesion objectives, increase labour force mobility and reduce regional disparities. Proper condition of transport infrastructure will help attract investments to settlements, small towns, municipalities and other administrative centres, ensure urban-rural mobility, and reduce unemployment rate. Also, Croatian business active in the transport sector can apply their experience and expertise, both in matters of infrastructure, vehicles and passengers to introduce best practices and innovative ideas in its future development.

1.1.4.7 Labour market participation and skills

The situation and trends on the Croatian labour market are severely unfavourable.

In the period 2008–2013 the unemployment rate doubled, from 8.4% to 17,3%, without certain signs of strong recovery in the upcoming medium-term period [REF #57]. The negative trends have been present since the beginning of the economic crisis in 2008 and are directly determined by the uncertainty of the economic environment and insufficient international competitiveness of Croatia. The employment rate of population aged 20 – 64 decreased from 62.9% in 2008 to 53,9% in 2013, positioning Croatia at the very end compared to all EU Member States [REF #58].

Although the employment rate has been revised upwards due to adequate weighting of Labour Force Survey (LFS) data (e.g. from 49,1% to 52,7% for Q4/2013 for age group 15-64), and an upward annual employment rate change has been identified in Q1/2014 (52,8%, vs. 50,7% in Q1/2013, all using revised weights) [REF #59] signalling start of recovery, in the period until 2020 there is a strong necessity for significant efforts to be made to reduce the gap in employment rates, based on the Industrial strategy and

comprehensive activation-oriented reforms in field of education and skills, labour market institutions, pension and social benefits system among the lines presented in NRP, as well as targeted labour market interventions.

From a broader perspective, today's labour market situation in Croatia is a consequence of a wider set of socioeconomic developments in the last two decades, indicating that the current labour market imbalance is of structural nature, urging for a structural reform. The opportunity costs of transition from planned economy to market economy, accompanied by significant deindustrialization, and coupled with persistently low participation in lifelong learning (about 2,2-2,4% of population 25-64), have caused structural imbalances on the labour market, high rate of labour market exit towards disability and early retirement and consequently low employment rate of older workers (36,5% in 2013) as well as very short and stagnant expected duration of working life (about 31.1-31.4 years). In the recent years, the structural problems re-emerged in the economic crisis, resulting in higher redundancy in restructuring sectors (both LFS and administrative data on legal entities demonstrate that compared to the outset of crisis, the employment has most notably declined in construction, wholesale and retail, manufacturing (both low and high-tech), publishing and media, which all shed more than one sixth of the workforce). While early exit to disability pensions has been stemmed recently (from 30-34% of all entries in retirement in 2007-2009 period down to 7% in 2013), this led to considerable increase in number of discouraged workers who would like to work but are not seeking employment, which has increased from 3,4% of working age population in 2008 up to 6,5% in 2013, and require appropriate activation.

In its key strategic documents, the Croatian Government stressed the objectives of reducing unemployment, addressing the skills mismatches and shortages, preserving jobs and preventing further unemployment spells. With the support of ESI Funds, Croatia is looking to increase the employment rate from the current 55,4% (2013) to 62,9% in 2020.

Structural causes and long cyclical downturn led to steep increase of **long-term unemployment**. In the crisis period 2008 - 2013, the annual average of long-term unemployment rate increased from 5.3% to 11.0% (about two third of all unemployed) [REF #60]. Long-term unemployed make up 63.7% of all unemployed. This risk is especially high among unemployed with less than upper secondary education, older unemployed and unemployed persons with no prior employment experience, women and young. The group of people who are long-term unemployed are exposed to the risk of poverty and social exclusion, since the time lag and the obsolescence of knowledge and skills makes them less competitive on the labour market.

One of the main challenges of the employment policy in Croatia in the next medium-term period remains to fully implement **labour market reform** in close consultations with social partners that will reduce the rigidity of the labour market, increase the employability of the working-age population, reduce the share of undeclared work and thereby contribute to the increase of employment and productivity of the labour force. The envisaged measures needed in the employment policy are also linked to other policies related to achieving strategic goals of the Croatian economy, such as improving the quality of education system, effectively encouraging life-long learning, modernizing the social services and enhancing competitiveness by increasing the allocations for

research and development and relying on modern technologies in line with smart specialization framework.

The lack of effective interaction of labour market and education system negatively affects the employability of the working-age population, outlining a constant need to match the labour market skills supply and demand. Therefore, the success of improving the labour market situation through the implementation of the reform processes lies in the simultaneity of the education reform (especially through the implementation of the CROQF and the science and innovation system reform). This includes life-long entrepreneurial learning and entrepreneurial skills/competences development, as a precondition for boosting competitiveness of SMEs and increasing number of opportunity driven start-ups. The potential of well-educated labour force and life-long learning could be utilized more effectively to ensure that the acquisition of competences are in line with the labour market needs, especially given the fact that there exists a growing demand for highly skilled workers in sectors marked by industrial strategy and knowledge-intensive services, in particular hi-tech knowledge intensive services (e.g. ICT).

In addition, the **level of self-employment remains inadequate to contribute to the improvement of labour market situation**. In the period 2008–2013, the share of self-employed persons in the total number of employed aged 20–64 decreased from 17.6% to 15.8% [REF #61]. On the one hand, the negative trend reflects the lack of effective measures to develop the competences needed to support self-employment, and on the other hand, it reflects the lack of access to finances and administrative obstacles being detrimental development of micro-businesses in particular. Significant growth potential lies in the creation of new flexible jobs and working conditions, capable to adapt to changing economic environment. The role of self-employment is particularly important and could contribute to improving the labour market situation, thus it's potential is to be further developed to target all the unemployed, with a special attention to the people in disadvantaged situations on the labour market.

The public labour market institutions need further improvement in order to efficiently fulfil their role of the intermediary between labour supply and demand, in order to address national, regional and local labour market disparities. Local labour markets also play a crucial role with the aim of reducing regional disparities. Currently, there is a persistent and substantive variation in unemployment rates among Croatia counties (NUTS 3 level) ranging from 9.5% (City of Zagreb) to 34.7% (Vukovar-Srijem county) in 2013. Disparities extend to industrial structure, level of economic development, income and education, composition of population and available human resources. Main economic activity is focused around several major cities, as are the most job vacancies [REF #62]. Significant disparities also indicate low mobility of population and limited accessibility of employment services.

The labour market situation portrayed above calls for stronger support for activation, employment and retention of people in disadvantaged situations in the labour market via Active labour market policy (ALMP) measures. Such measures were considerably expanded in scope between 2011 and 2013 (the ALMP measures were used by a total of 53,656 persons in 2013, the highest number on record). The measures are an instrument to achieve a more developed and competitive labour market and they present a direct intervention, which will considerably improve employment chances for target vulnerable

groups, while contributing modestly to total employment. For effective deployment of labour market reforms and measures, it is crucial to develop institutional capacities of labour market institutions. In particular, the Croatian Employment Service (CES) as the key actor on the labour market, needs to be reorganized and strengthened in order to better satisfy regional and local specific needs through sound implementation of targeted ALMP measures and provision of career guidance services and job matching, in partnership with local stakeholders. The ability to identify areas where policy interventions on the labour market are necessary is very dependent on a good evidence base, analytical capacity, reliable data collection instruments and integrated databases of all the relevant labour market institutions. Furthermore, there is a need to monitor implementation of policy measures and to have a system of evaluating policy impact in order to improve targeting, increase outreach and avoid dead weight and substitution effects.

Certain specific groups of population are especially affected by the negative economic situation and face severe labour market integration difficulties, making it necessary for further efforts to be made in order to increase employability of these vulnerable groups [REF #63]. **Persons without upper secondary education, young people, women and the older workers are particularly underrepresented in the labour market.** In terms of age groups, employment rates are extremely low for young people, as well as for people aged 50-64. War veterans are facing multiple disadvantages and set backs on the labour market, due to their age, educational structure and health issues. These groups face various challenges in the labour market participation, which emphasises the need to ensure direct support through ALMP, including support for self-employment, as well as a range of preventative and rapid reaction labour market measures

Young people are in a particularly unfavourable position on the labour market, with the unemployment rate in 15-29 age group rising from 15.8% in 2008 to 35.2% in 2013 while NEET rate in stood at 20.9%, considerably above EU average (15.9%). Several studies [REF #64] have identified a pattern of protracted and uncertain school to work transitions for youth in general, and severe challenges for youth who fail to complete upper secondary education, have limited or no family support, who face health or disability issues, or belong to Roma minority. According to the same research, 47% of youth their first job in occupation that was not compatible with their field of education, and similar findings were established in vocational sector profiles by using register data [REF #65]. As the young enter the labour market, they are affected more than older socio-demographic groups by a reduction in the volume of hiring. The **Youth Employment Initiative (YEI)** with a joint budget of EUR 3 billion at EU level was put in action to reinforce the measures, along with the main aim of supporting young people not in education, employment or training (NEET). Croatia strongly supports the Commission's Youth Employment Initiative (YEI) and commits itself to fully implement the Youth Guarantee Implementation Plan (YGIP) and use the ESI Funds complementary with national and other resources for sustainable integration of young people into the labour market. The YEI funds are to be used by Member States complementary to ESF and other national projects aiming to the (re)integrate into the labour market and/or the education system young NEETs. Within the Operational programme Efficient Human Resources, a specific objective is dedicated to YEI interventions, thus encompassing all of the YEI related initiatives, such as and directing support towards individuals (youth target group is up to 30 years of age). As the macroeconomic trends still foresee a slow recovery period, Croatia is dedicated to implementing the YGIP (submitted to the EC in

April 2014, together with the NRP), alongside developing career guidance services in both the educational and employment sectors, which would support the development of career management skills important for young people who find themselves excluded from the labour market. YGIP envisages a wide range of reforms and measures, covering all areas concerning youth's transition from education into the LM. The main areas in tackling high youth unemployment rate are implementation of curricular and apprenticeships reform, CES capacity building (which will serve as "one-stop shop" for quality guidance in job search and in career choice) and setting up a unified system of tracking persons in school and upon leaving school to be able to intervene before dropping into inactivity, as well as a set of other smaller-scale reforms and interventions. YGIP contains stronger involvement of the education system, in particular with respect to apprenticeships, linkages between education system and employers and establishing vocational curricula. Since not addressing youth unemployment in due time could have serious socio-economic consequences for our future perspectives, additional efforts and means are put to cover this burning issue by complementing and coordinating several resources, ESI Funds and national funds along with the mentioned particular EU policy instruments.

Labour market outcomes are consistent with **segmentation**, notably high youth unemployment, as well as high shares of long-term unemployment and long spells of unemployment. While the labour market reform goes in the direction of flexibilisation, increasing job security and competitiveness of the labour force, the young are particularly affected by the negative situation on the labour market. Preventing labour market segmentation, particularly for young people, shall be addressed in detail in the OP Efficient Human Resources.

Croatia has one of the biggest undeclared economies in the EU, estimated to amount to some 30% of the official GDP [REF #66]. Economic activities not declared to the authorities for tax, social security or labour law purposes, when they should be declared, have harmful impacts on both the functioning of the market economy as well as social inclusion. In the light of persisting high unemployment and economic recession, tackling **undeclared work** is a political priority in Croatia. According to the Eurobarometer report in 2014 [REF #67] lack of regular jobs on the labour market is the most common reason for entering into undeclared work in Croatia (61%), while the second is taxes and/or social security contributions being too high (14%), according to respondent of the survey included in the Report.

Demographic trends and aging of population in Croatia have negative impact on the labour market and the public finance sustainability, as the pool of working age population declines (population 55-64 in 2011 stood at 584 thousand while their replacement cohort 15-24 numbered only 505 thousand). According to most recent projections, working-age population (15-64) is about to decline by 5,7% between 2010 and 2020, and by as much as 27% by 2060. The inability of the older workers to find employment often results in moving to inactive population, into retirement or among discouraged workers. The Government is implementing a **pension system reform**, including measures to **reduce access to early retirement** (e.g. including improving vocational rehabilitation system, reform of pensions rights for arduous and hazardous professions, implementation of controls over the disability pensions, standardisation of expert evaluation criteria and harmonising criteria for special pensions of active military persons, police officers and authorised official persons). ESI Funds could add value to

the reform process, by supporting adaptation of workplaces and active and healthy ageing, which in turn would increase the participation of older workers in the labour market and discourage early retirement.

From the gender perspective, the gender gap is around the EU average and the employment rates are low for both women and men. In 2013, the employment rate for women aged 20–64 amounted to 49.7%, compared to 58.3% for men [REF #68]. Women often face difficulties in entering or remaining in the labour market due to insufficient childcare provision and inflexible working hours, as well as due to the gender discrimination in general, especially for women facing multiple discrimination (e.g. on the ground of ethnic origin and gender, like Roma women). The care responsibilities and the inflexibility of working time indicate the need for further efforts in reconciliation of work and private life. The LFS data showed that in 2010, only 9.5% of employed aged 15–64 stated that it is generally possible for them take the whole day off for family reasons, which is significantly lower than 33.1% of the same group of people in the EU-27 [REF #69].

Civil society organizations are important stakeholders on local level in the area of provision of community-based social services and also of provision of individual support and counselling for unemployed. Volunteering is still not adequately recognized as important catalyst for strengthening employability of people in disadvantaged situations on the labour market and therefore capacities of civil society organizations and other non-profit entities need to be further strengthened for organizing effective volunteer programs.

As for most of the other measures foreseen under this TO, the previous schemes and experience from the 2007 - 2013 human resource development programmes has been taken into account. Croatia has gained relevant experience in tackling employment issues through the project approach in the pre-accession period (through the IPA programme). Interventions were on the one hand aimed at different vulnerable groups on the labour market, including PWD, women, youth, and Roma, on the other hand dedicated to significant capacity building and development of structures, procedures and processes for improvement of service delivery. In the pre-accession period, 22 Local partnerships for employment were founded, the Labour Market Training Centre set up, preconditions for the functioning within the EURES network created, 7 LLCG centres established, accompanied with the improvement in life-long career guidance procedures and processes, and needs for infrastructural investments in PES examined. Many of the activities and developments initiated in the pre-accession period will continue into 2014-2020, leading to direct improvement of employment situation to certain target groups as well as increase in scope and quality of provided employment services, as reflected in the expected results.

1.1.4.8 Poverty and inequality

Croatia is among the EU countries with the highest at risk of poverty or social exclusion rate. High unemployment and low labour market participation, coupled with raising costs of living, have increased the share of population living at risk of poverty or social exclusion in Croatia to 32.3% in 2012 (1,370,000), significantly higher than the 24.8% EU-27 average. Older women are particularly vulnerable as 37.8% of women aged 65 or above were at risk of poverty or social exclusion in 2012 (compared with

26.9% of men of the same age); the figure rises to 43.2% for women aged 75 or above (31.8% for men). Regarding the Roma minority, constituting 0.4% of the population of Croatia, a survey conducted by the UNDP, the World Bank and EC in 2011 indicated that the employment rate amounted to 34.91% for the Roma compared to 77.13% for non-Roma, while the share of the unemployed rate reached 65.09% for the Roma and 22.87% for non-Roma. Furthermore, the material deprivation index suggested that 86.35% of the Roma were materially deprived as compared to 41.59% of the non-Roma population, with 66.01% of the Roma and 22.24% of non-Roma living in extreme material deprivation.

Since poverty has worsened during the economic crisis, increasing unemployment and hidden employment in the grey economy, vulnerable groups of the population are at more risk of falling below the poverty line and therefore in need of the stronger support for entering and staying in the labour market. In terms of employment, for people most effected by poverty and social exclusion it is necessary to establish preconditions for equal access to the labour market, providing activation and integration of support and temporary and targeted efforts in fostering social inclusion and mitigating social and personal consequences of unemployment, so as to strengthen their potential of equal participation on the open labour market. Aiming to prolong working lives and stimulate later retirement, the new Law on pension insurance has been adopted in 2013. The Law regulates a new way of determining early retirement benefits and is expanding the group of retired persons who can work and receive apart of pension. However, the pension system, in combination with the relatively short duration of working lives does not seem to ensure adequate protection in the old age and to address effectively the challenge of aging population.

At risk of poverty rate after social transfers in 2012 was 20.5% while the **highest rates** were registered **among** the following groups, taken into account their activity status: **unemployed** (42.9%), **economically inactive** (31.9%) **and retired** (21.8%). The risk of poverty rate in 2012 among the employed population was 6.1%. The Strategy for Combating Poverty and Social Exclusion 2014-2020 [REF #70] recognizes other groups of population that remain vulnerable to poverty, social exclusion, different forms of material deprivation and consequently discrimination. However, vulnerable groups such as social welfare rights beneficiaries, people with disabilities, long-term unemployed, youth, women, children and youth without adequate parental care and children and youth with behavioural disorders, elderly and infirm people, Croatian Homeland War veterans and victims of war and members of their families, returnees and displaced persons and ethnic minorities (mainly Roma and Serbs), migrants, homeless and smaller groups such as asylum seekers, victims of violence are identified as those in need of special support.

Material deprivation rate as the most common result of living in poverty and at risk of poverty is also well above the EU-27 average. In 2012 the rate of severe material deprivation in Croatia was 15.4% in comparison to 8.8% registered in EU-27. The expansion of population at risk of poverty and social exclusion in the recent years is followed by an **increase in the number of users of social benefits and growing demand for social services**. However, the total expenditure on social protection in 2011 was 20.6% of GDP, which represents a decrease by 0.2% and 0.4% in comparison to 2009 and 2010 respectively. For the same year EU-27 average was 29%. Measured against the results achieved in alleviating the risk of poverty, **the effectiveness of social transfers in Croatia is also below the EU-28 average**; social transfers, including

pensions, in 2012 reduced the risk of poverty rate by 55,1% in Croatia (from 45,7% to 20,5%) and by 61.5% in EU-28 (from 44,1% to 17%).

The Government considers that work is the best route out of poverty. It is committed to tackling poverty and dependency on social welfare benefits and helping unemployed people find work and support themselves and their families, while at the same time implementing reforms of the social benefits system in order to retarget benefits to the people most in need.

Additional impetus needs to be given to strengthening social economy and social entrepreneurship as a way of empowering socially excluded groups for more effective integration into the labour market. Some unofficial data gathered by networks of social entrepreneurs estimated around 70 organisations considered as social enterprises. Social enterprises experience major difficulties in establishing and doing business, due to the lack of financial capital access. That issue is a combination of several factors: lack of public recognition, lack of business skills and low level of institutional and legal support.

The social protection system is not efficient or transparent enough and targeting of benefits is not adequate. The measures to tackle these obstacles are based on three pillars of active inclusion and include: adequate income support, access to quality services, and inclusive labour markets, which are aimed at ensuring professional integration for those who can work, and social participation for those who cannot. The new Social Welfare Act (OG 175/13) introduced new social right, a guaranteed minimum allowance, which is supposed to prevent extreme poverty. The right to receive minimum allowance is connected with the activation measures, i.e. a person has to actively look for a job, accept educations/pre-qualifications offered by the employment office, participate in public works, etc. Also, a 44,45% of the social rights beneficiaries are work-able. In order to unify procedures for qualifying for various kinds of social benefits, to modernize the management information systems, reduce costs and increase efficiency, the Government is putting in place a Single Cash Centre, a reform measure for the administration of the guaranteed minimum allowance and other social benefits, which include 70 benefits provided by 8 ministries and 50 programmes on local level. These centres should be unique places where all benefits will be administrated, making them more accessible, transparent and reducing overlapping. However, better targeting of social assistance is still one of the main aims the social welfare system reform requires. The Government will produce an Action Plan for the consolidation of social benefits in 2015. The new Social Welfare Act aims improving the quality of social welfare services provision by encouraging the process of deinstitutionalisation and preventing institutionalisation, process of introducing quality standards of social services as well as system of certification of services and making it possible to develop innovative services on the local level that would target person in need. Ensuring minimum quality of services in regards to space, equipment, minimum content of services as well as minimum of number of expert and other workers is regulated by the Government regulation on minimum conditions for provision of social services (OJ 712/2014).

With support of The World Bank loan, a project “Modernisation of social protection system in Croatia” is being implemented. The aim of this project is to strengthen efficiency of social protection system in Croatia. With its implementation, the social protection system is to be standardized and social assistance system and administrating of cash benefits would be equalized. This includes: harmonisation of procedures of

administering rights and benefits for persons with disabilities, reducing the number of irregularities and fraud in system of social programmes, reducing the number of children and adults in institutional care, and improving measures of work activation of social welfare beneficiaries.

In order to prevent poverty, measures related to early identification of those at risk of poverty will be implemented through the Transition Facility, a temporary financial aid intended for the development and improvement of administrative and judiciary competencies for the implementation and application of EU legislation.

Quality, scope and delivery mechanism of social services provided to users most affected by poverty and social exclusion are not well adapted to their diversified needs and the changing environment, such as ageing of population, increased number of users, and different user profiles. The social welfare system is unequally developed at different levels where the services are provided and across the regions [REF #71], which leads to significant differences in access to services and reduces the effectiveness of service provision. It is often overloaded with requirements and does not dispose with sufficient capacity to provide personalized and integrated services especially for specific user groups (such as children without parental care, children and youth with behavioural disorders, and persons with disabilities), but also to offer them all the relevant information regarding their rights. Furthermore, due to all policy changes within social policy sector, the competences of experts are inadequate, especially in the areas of policy reforms implementation and monitoring. Significant limitations in the system are even more present in relation to availability of community-based services.

These challenges are being addressed by the **on-going reform of the social system**, outlined in the Strategy for Social Welfare System Development 2011-2016 leading to the modernization and adequacy of the system, on the one hand by aiming to increase its transparency, effectiveness and to allow for better targeting of social benefits and on the other, by addressing existing regional disparities in terms of quality and availability of social services, and community based support particularly for children, elderly, homeless, and persons with disabilities as well as other vulnerable groups should be encouraged at regional and local levels. Across Croatia, many people spend long years in institutional care. 62% of beneficiaries of social care are in some form of institutional care, which tends to segregate them from the community. Some of them have physical or intellectual disabilities and mental health problems. There are also over 1,000 children in institutions, both with disabilities and without. Deinstitutionalisation i.e. transition from institutional care to community-based alternatives, as described in the Governments' Plan for the Deinstitutionalization and Transformation of Social Welfare Homes and Other Legal Entities Performing Social Welfare Activities 2011-2016 (2018) [REF #72], is seen as a desirable solution for providing vulnerable persons with assistance, at the same time addressing dispersed services between the health and the social welfare systems, low coverage rates and formal care, high costs of provision and long waiting lists. The Plan refers to the process of shifting from institutional to community-based care for three groups of beneficiaries: persons with disabilities, children and youth without adequate parental care, children and youth with behavioural disorders. The deinstitutionalisation process will also be by local social planning, namely through development of Counties Social Plans [REF #73], aiming to support the development of services that are lacking in the community and ensuring the sustainability of the deinstitutionalization process. Further measures for the prevention of institutionalisation will decrease the pressure on

institutional care provided in retirement homes, especially taking into account that percentage of institutional capacities for elderly and infirm persons in Croatia is much lower than in other EU countries.

Areas most affected by poverty correlate primarily with those identified as war affected areas during the recent Homeland War that are legally **designated as the areas of special state concern** but also majority of them as the **assisted areas** based on the development index [REF #74]. This is indicated by the available statistics as the poverty rate in Croatia has not been measured and calculated at the regional and local level. They are characterized by higher unemployment rates, lower income and own source revenues per capita, lower education attainment rates, depopulation, lower living standard and poorer housing conditions which reflects slower economic and social development in these areas, less job and education opportunities, uneven transport connectivity, limited availability of basic infrastructure, physical degradation of urban structures and consequently results in increased vulnerability of the population to poverty in comparison to urban settlements.

Significant impact on increasing social exclusion is also generated from **different forms of discrimination** to which vulnerable groups are exposed in everyday life. Although the regulatory framework for equal treatment and provision of equal opportunities is in place, the rather limited implementation of various anti-discrimination measures [REF #75] is the result of lack of awareness, as is the involvement of civil society organisations in strengthening public debates and awareness raising and education of experts dealing with discrimination issues.

Very specific to Croatia is the fact of recent direct experience of war (1991-1996) which means Croatia is the only post-conflict Member State of the EU with multidimensional consequences of war regarding increased risk of social exclusion. In the Croatian Homeland War some 196,000 homes and estates and over 25% of the Croatian economy were destroyed and direct damage in Croatia amounted to EUR 32 billion. Some 400,000 Croatian citizens were displaced or refugees for duration of 6 years average [REF #76]. More than 21,000 lives were lost, 57,890 Croatian Veterans suffered organism damage greater than 20% and have determined status of Croatian Disabled War Veteran and 1,663 Veterans and civilians are still considered missing. Due to the specificities of this vulnerable group, special actions need to be developed primarily focusing on the psychosocial support for inclusion into the society.

Geographical concentration of physical degradation, social exclusion and poverty in Croatia is especially visible in a number of small towns affected by the war located in the areas with the lowest GDP per capita. This is the result brought on by a destructive recent Homeland War and various socio-economic factors. Although all citizens have been affected, the impact of these external events has fallen hardest upon refugees, returnees, IDPs and war veterans. In geographical terms the impact of the war and economic transition has disproportionately disadvantaged parts of Croatia now designated as the areas of special state concern as well as the assisted areas. Croatia also has a small Roma population. According to the 2011 census, there were 16,975 Roma – constituting 0.4% of the population. In common with Roma in other parts of Central and Eastern Europe, Croatia's Roma population are marginalised and suffer from a range of problems related to poverty and social exclusion. Although Croatia has twenty years of experience in rebuilding devastated towns and cities, it has never before implemented an integrated

area-based approach to regeneration. Some particular attempts on area-based regeneration have been undertaken but with limited effects.

The rural areas in Croatia, like many EU's rural areas, suffer from negative trends of economic and social development, often linked to problems of remoteness, ageing of population, lower quality of life in terms of access to public service and infrastructure, compared to urban area. Such trends can be linked to a lack of economic and social opportunities in rural areas, which especially affect the younger population.

1.1.4.9 Healthcare quality and access

The level of total health expenditure [REF #77] as % of GDP in 2011 remains lower in comparison to the EU average (7.8% and 10.1% respectively) while the majority of funding is invested from the public sources (84.7% in Croatia and 77.1% in the EU) [REF #78]. The share of expenditures for prevention in 2010 was also lower in Croatia than in the EU countries, and it amounted to only 0.68% of the total expenditures for health care, while in the EU countries that share was 2.68% [REF #79]. According to statistical data and the World Health Organisation, Croatia has relatively poor main public health indicators. The existing system of healthcare does not address comprehensively the arising challenges and **healthcare services provided do not target the needs of the population timely and in the most efficient way**. There are also significant regional differences in health indicators. However, the health insurance coverage of the population is very high (95%).

Availability of care is often limited and uneven across the country, especially in rural areas, on islands, and in small towns, due to the structural lack of healthcare workers and other barriers to access such as expense and distance. In 2011 there were 281 physicians per 100,000 inhabitants. The number has increased in the past 10 years but is still less than the EU average (320/100,000). The situation is the same with the number of nurses per 100,000 inhabitants, which in 2010 was 569 but is still below the EU average (782/100,000) [REF #80]. In the structure of permanently employed in 2011, the largest portion of healthcare workers has high school degree, amounting to 38% (29% of nurses and 9% of other workers), while medical doctors make up 17% [REF #81]. In the total number of healthcare workers, nurses also make up almost half of them (46%). Also, there is a clear need to support establishment and development of primary health care teams in areas where their lack is most severe and to support more efficient models of primary health care provision in order to increase access to health care (e.g. group practices, e-Health services).

Furthermore, **the healthcare system in general is characterized by inefficient and ineffective network of healthcare institutions, inappropriate distribution and mobilisation of capacities at different levels of care, underperforming system management including insufficient focus on quality standards, fragmentation, low level of ICT solutions in use, resulting in reduced financial sustainability of the system, inadequate communication and information connectivity between its different parts and finally in reduced access to services for the patients and unsatisfactory quality of healthcare provided**. Although the overall territorial distribution of hospitals is good (90% of the total population live within 50 km from a hospital), these problems become even more evident at county level where the lower

quality and limited access to services, as well as the inappropriateness of local health care infrastructure tend to be more emphasized in particular at the level of primary care.

Croatia also **lags behind in ensuring the shift from institutional to community-based healthcare services**, which predominantly for vulnerable groups, results in rather unsatisfactory level of care. Furthermore, in order to increase the efficiency and availability of healthcare, and to ensure the sustainability of the health system, there is a need for downshifting of the levels on which the healthcare is provided, with the reorganisation of hospital network focusing on the change in modality of care which will increase the productivity of hospitals which was identified as one of the priorities in the National Reform Programme 2014. Also, the involvement of the private sector and the civil society in the field is also quite unexploited. On-going functional and territorial rationalization of the healthcare system, as envisaged in the National Healthcare Development Strategy 2012–2020, is expected to provide the framework for the modernization of the system and to systematically address the identified key problems making the healthcare in Croatia more efficient and responsive to contemporary and future health care needs of population by equally focusing on the implementation of efficient investments into health care infrastructure and related services, and development of human resources.

1.1.4.10 Quality, relevance and accessibility of education

The education system in Croatia insufficiently reflects society's requirements of education and needs of the labour market. Every 5th unemployed person in Croatia belongs to the age group 15-24 years (19.1% of total unemployed). Close to 2/3 of all unemployed have a high-school diploma (62.8%), and 11.6% have completed college or university education (the fastest rising group in unemployment since 2008). Although the economy is in a serious downturn and a large number of jobs have been lost due to the recession, in Croatia there is a general mismatch between the type and level of education of the unemployed and the types and levels of education required by the job market or in creating new jobs. **Curricula and programmes are often outdated and poorly aligned with the demand of the labour market at all levels of education and most prominently in the vocational education and training (VET)** where as much as the majority of about 200 programmes is classified as such (those programmes dated back from 1996 and sporadic and non-systemic revision and partial modernisation has been undertaken in period 2003-2013). Number of programmes need to be rationalised since they overlap and do not represent sector's needs, horizontal permeability is difficult within and between sectors and between VET and other parts of education system. Yet at the same time large majority of regular secondary education students (ISCED 3 and 4) are enrolled in one of the VET programmes (70.7% in 2011) and the largest proportion of the unemployed are persons with secondary level education (around 62%). Sector Profiles developed under the IPA programme indicated certain weaknesses regarding qualifications mismatch – e.g. 47% of youth their first job in occupation that was not compatible with their field of education. A forecasting system will be developed based on a model of the Croatian economy which will facilitate understanding skill mismatch by sector, a specific type of analysis will use the new resources to simulate policy interventions, enable ex ante evaluations and to provide policy impact assessment, a new set of occupational standards, qualification standards and education programs will also be developed aimed at reducing the skill gaps on the labour market. Interventions in the area of further harmonization of education offer and the needs of labour market will use

methodologies and analytical tools developed in the framework of IPA (sector profile methodology, methodology for development of occupational standards and qualifications, methodology for development of curricula based on learning outcomes). In accordance to that, development of new VET/adult education system standards of qualifications, sectoral curricula or school curricula as well as further development of analytical background (sector profiles and occupational standards) will follow the procedures prescribed by the CROQF Act and provisions of accompanied bylaws. In that way a coherence of interventions will be ensured.

Education programmes lack opportunities for work-placements, apprenticeship schemes and engagement in practical activities outside schools and universities, which additionally leads to reduced employability of the newly educated and supplies the labour market with the work force possessing the knowledge, skills and attitudes that are not synchronised with the latest developments of the economy and trends on the labour market. Although certain system documents such as the National Curriculum Framework, clearly try to transform educational practice towards student-centred teaching, dominant teaching style in the classroom is still lecture- and teacher-centred which by its nature does not take into account individual differences and specific educational needs of students.

Croatia's education system performs well in terms of the number of early school leavers but **educational outcomes** both at primary and secondary level are relatively **weak in international comparison (PISA, TIMSS and PIRLS)**. The educational achievements of 15-year-old students in reading, mathematics and science literacy skills are significantly below OECD countries' average [REF #82]. This indicates that **primary and secondary level do not augur well for the quality of education** and reflect the need for substantial curricular reform accompanied by improved initial and continuous teacher education and training.

Application of learning outcomes approach at all levels is low. Institutions lack practical experience in defining qualification standards based on competences and learning outcomes, designing curricula, defining the role of teachers in the system based on learning outcomes and assessment of learning outcomes. Further limitations to the development of relevant and efficient education system arise from the fact that **knowledge, skills and competences acquired outside formal system of education remain inappropriately valued** for enabling individuals to obtain a qualification, facilitate progression in the labour market or continue further learning and obtain further qualification on the basis of validated non-formal and informal learning. To tackle this issue a system of Validation of Non-formal and Informal Learning has been developed based on the **Croatian Qualifications Framework (CROQF)**. Ordinance for recognition and validation of non-formal and informal learning is in process of drafting and is planned to be adopted in first quarter of 2015, while the IT system for the maintenance of the CROQF Register, in which the first qualifications standards and vocational standards will be entered, will be put in place in 2015. The Ordinance will for the first time set up a nation-wide system of recognition of non-formal and informal learning and will be closely connected to the Ordinance on the CROQF Register as only qualifications that will be included in the NQF will have the possibility to be acquired through non-formal and informal way. The on-going implementation of the CROQF is expected to significantly contribute to closing the existing mismatch between education and labour market and adjusting the education policy to the present and future needs of the labour

market by regulating the system of acquiring and certifying learning outcomes in Croatia and by setting up a system for monitoring and analysing the labour market needs as the basis for the adoption of policies on employment, education and economic development and the adjustment of the curricula to the identified needs. This will also provide a clear direction in which the on-going curriculum reform will be continued in order to reflect the changes in the economy, reduce the existing skills gap, provide the students the possibility to obtain the qualifications, through different pathways, that will enable them to actively participate in the labour market. Development of relevant and targeted education programmes is also highly dependent on the cooperation between the education sector, research and businesses and greater involvement of economic (e.g. chambers) and social partners in the process, which currently remains weak.

Low rates are registered also in relation to the **participation in early education**. In 2012 in Croatia, 71.1% of children between 4 years of age and the starting age of compulsory education participated in pre-primary and other early childhood care and education programmes. The average of EU-27 for the same year was 93.2% and is expected to increase to 95% by 2020 [REF #83]. Furthermore, some form of preschool education covers only 48% of 6 years-old Roma pupils. The reasons for this range from lack of awareness of the importance of preschool education through a shortage of finances in local governmental budgets and the insufficient capacity of kindergartens, to the lack of long-term planning of Roma community inclusion at the local level. Within the previous funding period, available EU funding was used to support social inclusion of students at a disadvantage. However, most of these efforts have been too narrow or isolated, through independent projects and programmes, and although the results of analysis of the undertaken activities demonstrate their efficiency, there is still no wider or systematic implementation of them. Exceptionally large regional differences in the coverage of children by preschool programmes, in the indicators of their quality as well as lack of specialized educational staff (i.e. psychologists, educational specialists) important for early detection of learning difficulties still exist in Croatia.

Primary and secondary schools in Croatia are significantly lagging behind in the process of informatisation compared to the European standards. Only 17% of all schools in Croatia are connected to very fast Internet. Furthermore, even those that are connected often are not able to exploit fully the potential it provides due to the outdated ICT equipment as well as inadequate number of computers/laptops/tablets per pupil [REF #84]. Opportunities to improve quality, access and equity in education and training, arising from the application of new technologies, informatisation of learning, teaching and administration processes at all levels of education, and practicing ICT oriented teaching techniques and methods, especially in the implementation of practical skills training in schools' workshops, are insufficiently explored. The same applies for the availability of ICT oriented teaching at tertiary level.

Students that leave school early and without the relevant skills have fewer prospects in life. Education failure also imposes high costs on the budget (besides high costs of education, lower attainment levels increase risks of unemployment and dependency on the social welfare system). EU2020 national targets are to decrease early school drop-out rates to 4% and increase the tertiary attainment rate to 35%, therefore adequate measures need to be taken regarding widening access to pre-tertiary education and higher education as well as increasing completion rates.

Although the progress has been achieved in terms of tertiary education attainment rate in the recent years, **the rate of population aged 30-34 with a tertiary level education** of 24.5% in 2012 is still significantly **below the EU average** of 35.8% for the same year [REF #85]. The unemployment rate of those with HE qualifications is relatively high (11.6%). Croatia faces a horizontal gap for those aged 25-34 who are most prevalent in social sciences, economics and law (56% in 2009), while the number of students enrolled in STEM and ICT or in the field of health and social care is lower than in the EU. In the academic year 2012/2013 only 59% of students successfully continued the second year of their studies in the STEM and ICT fields. **Tertiary education attainment remains challenging for certain groups of students, namely students with socio-economically unfavourable backgrounds, disadvantaged learners** and non-traditional students since the opportunities for their inclusion and effective participation in education are limited. The provision of scholarships is also quite low compared to other EU countries. Only a minority of students receives state funded grants (4.5%) and there are no loans, tax benefits for parents or family allowances [REF #86]. Furthermore, the students have very little or no access at all to academic and career guidance services, since they are generally not included in the standard provision of HEIs. In addition, a significant number of students must travel out of their hometown to enrol in higher education and the living costs for such students are high (an estimated 80% higher if living out of student dormitories). The current dormitory capacities are insufficient. According to the Croatian Bureau of Statistics data from 2013/2014, there are 10.536 places in dormitories and 161 911 students (not counting postgraduate students). The percentage of 6.69% shows the ratio of available accommodation capacity and the number of students (2012), as compared to 17% in the EU. Several studies have suggested that only 59% of total students enrolled in HEIs in Croatia successfully complete their studies, while 41% of students drop out of studies, mostly in the early stages of study [REF #87]. Preliminary analysis shows that one of the main reasons for dropping out is insufficient resources to study [REF #88, 89].

The higher education system is also insufficiently internationalized and characterized by low output and input mobility (students and teachers, only 1.8%). There are just a few programmes provided in foreign languages at the HEIs in Croatia, while programmes offering joint degrees are almost non-existent.

Limited participation of the adult population in education and training, as well as unsatisfactory level of quality and relevance of available programmes, poses an additional obstacle to improving the employability and the qualification level of the labour force. The share of adults participating in lifelong learning is among the lowest in EU-27; in Croatia in 2012 2.4% of population between 25 and 64 years of age participated in education and training, while the participation rate of 9% was registered in EU-27 [REF #90]. The key problem is the lack of motivation due to limited supply side of LLL measures, flexibility and lack of successful learning experience.

Due to the economic crisis and cutbacks, investments in R&D have somewhat decreased during the last few years. Croatia is also among the countries in which the number of researchers employed by the public sector surpasses private sector R&D employment, which goes contrary to the ratio in most EU countries. As already discussed under the sub-heading *Research and innovation*, around 80% of researchers are concentrated in the public sector, while the business enterprise sector employs only 19% of researchers. In addition to that, existing doctoral studies are insufficiently performance oriented which is

especially seen in lack of participation of Croatian research institutions and research teams in different international associations.

Insufficient focus on the quality of education, reflected in the general lack of comprehensive and efficient quality assurance system currently lacking at all levels, poses an additional obstacle for ensuring flexibility of the education system, enhancing the quality of teaching and learning and improving education governance. Establishment of a comprehensive and effective system of quality assurance of education at all levels, including external evaluation and self-evaluation of educational institutions remains priority and special emphasis will be on further development of Quality assurance (QA) in VET. Quality assurance was one of main objectives of VET System Development Strategy 2008 – 2013 and is one of main areas of interventions in VET in last several years. As of school year 2012/2013 all 302 VET schools in Croatia are implementing self-assessment process using the developed Self-assessment handbook and supported by web-based tool called E-kvaliteta (“E-quality” which is located on the Agency's web page). In preparation is Regulation on quality assurance in VET that will encompass indicators of QA in VET and all measures linked with QA in IVET and CVET. Plan is in near future to link process of self-assessment of VET schools and external monitoring more closely.

The education system in terms of education and training infrastructure (including all levels - early childhood, pre-school, primary, secondary, and tertiary) is unequally developed at regional and local levels. The analysis of the current network of schools, programmes and student housing clearly indicates their suboptimal organisation and distribution which does not necessarily fit neither the needs of the students nor geographical, economical and demographical particularities of the territory of Croatia. Therefore, recently initiated restructuring of the network of schools and programmes, aims to design the guidelines for its functional and rational transformation.

Employability skills are the traits and talents that make a person an attractive candidate for a job. Considering the wide mismatch between the supply and demand of skilled workers on the labour market in Croatia, the Government considers improving employability skills through education, training and practical applications a priority. And while high unemployment certainly cannot be attributed to mismatching skills alone (it is rather a result of a retracting economy), long-term solutions lie in aligning the education system (i.e. modernizing outcome-based curricula and development of key and transversal competencies, which are at the heart of the recent educational reform) to current and future needs of the labour markets.

1.1.4.11 Public governance and administration

The public administration and judiciary in Croatia are lagging behind in terms of efficiency, effectiveness, transparency and accountability in provision of public services. Inefficient public governance on central and local levels with burdensome regulatory framework, unsatisfactory implementation of public policies and delivery of quality public services are major challenges that Croatia still faces despite a variety of administrative and regulatory reforms that have taken place in recent years. Public administration is complex, given the large number of budgetary and extra-budgetary users, its organization and a large number of local and regional self-government units. A comparison with EU-27 indicates a lag in efficiency and effectiveness of public services

delivery as well as regulatory quality (Tables 15-16 in PA Annex 1). Considering the fact that public administration plays a major role in social and economic development through reallocation of resources, regulation and service delivery, strengthening its capacities and efficiency are prerequisites for successful implementation of reforms and effective investments.

Croatia has a **burdensome regulatory framework and complicated administrative procedures**, which limit stronger economic development and competitiveness, burden foreign investments and doing business, and decreases people's confidence in public administration and judiciary's effectiveness and efficiency. The quality of public administration in Croatia (70% in 2011) lags behind the EU-27 average (85%) and the EU-10 (81%). The demand for effective public administration is increased as it has a strong impact on various aspects of economic and social development. The EU Council encourages Croatia in further progress on addressing the low efficiency of the judiciary, burdensome business regulation and implementing prevention mechanisms to fight corruption in the public sector. In terms of effectiveness of the public sector in ensuring simple and stimulating business conditions Croatia lags behind the EU countries. The government effectiveness ratings in Croatia (69%) are still below EU-27 (82%) and EU-10 (75%) average. According to the Corruption Perceptions Index of Transparency International in the year 2012 (CPI 2012) Croatia was rated poorly, although some improvements on the rating scale have been noticed during past few years (Table 17 in PA Annex 1). Regulatory quality is still not at the satisfactory level. The indicator of the quality regulation of The World Bank reflects the perceptions and attitudes about the ability of government in the formulation and implementation of those policies and legislation that allow and encourage private sector activities. In addition to abovementioned areas for improvement, there are two important components that impede improvement of public administration efficiency: complexity of public administration structures and processes, and a lack of mature system of motivation and management of human resources in public administration and judiciary. Low trust in public administration, low transparency rate, comparatively high perception of corruption rate and not fully efficient judicial system impede the investment climate and increase uncertainty for citizens. For improving public administration structure, effectiveness, management style, transparency and quality of regulation, it is further needed to strengthen public administration IT capacities, human resources and public services with aim to achieve smart public administration.

The objective of the new Strategy of Development of Public Administration 2014-2020 (first draft of the Strategy was published on the web in October 2014 for the purpose of public consultations) is to improve the capacity of public administration and to improve its organizational structure. The draft Strategy covers: (i) Development of human resources in the public administration (evaluation systems, rewards and promotion in the civil service), ethics and specific objectives of the human resources reform, and (ii) System of public administration, planning the mutual relations between public authorities and specific objectives of the reform in this area. The Croatian Government is determined to develop public administration in 3 main directions:

- Simplification and modernization of administrative procedures, as well as providing reliable and prompt support of the public administration to citizens and businesses, mainly through implementing projects of e-governance;

- Improvement of the system development and management of human resources in order to create modern public services; and
- The reform of the administrative system in accordance with best practices and experiences of good governance by European standards.

Ultimately, the results of the implementation of this Strategy should be measured by:

- The number and quality of services provided by public administration adapted to their actual needs;
- The process of providing public services is maximally simplified and requires minimal user involvement;
- Number of employees in public administration and their competencies are aligned with pre-defined quality standards of the relevant service; and
- The system of public administration is a clear and realistic framework in which to place procedures to provide services with the appropriate number and competence of staff for their timely, efficient and quality execution.

Despite numerous changes, **human resources management system in the civil service is an area with significant room for improvements at all levels because many of its elements are either non-existent or insufficiently developed.** Some of the main areas identified for improvement within the human resources management system are: recruitment process, competency system for given jobs, methodology for validation of competence of civil servants, the system of assessment and monitoring of civil servants based on monitoring the efficiency of their work and connection of that evaluation to the system of career development and progress. Emphasis is especially put on the need for more objective selection of the most competent candidates for promotion to management positions, opening wider range of options for different ways of career development with the aim to decrease turnover within and outside the civil service. In order to retain highly competent and motivated employees, it is necessary to develop and implement the reform of the system of rewards and promotion, which should be more functional and more applicable to the needs of modern public administration. Changing the perception of the role and duties of public servants and the awareness that their primary task is to provide fast and efficient customer service in order to build confidence in the public administration, are essential elements of public administration reform defined in the Programme of the Government of the Republic of Croatia, 2011-2015. It is necessary to raise the expertise of employees in the public administration, to stimulate changes in their behaviour and ways of doing business.

It is expected that additional needs will arise for support in building-up of an efficient system of national coordination for EU-related jobs, e.g. in order to strengthen capacities of public officials to take part in EU-related affairs at various EU institutions and those involved in the process of formulating national positions in the EU legislative process, the process of coordination of *acquis* transposition, infringement procedure and litigation. Particular emphasis will have to be on further building up the capacities of the State School for Public Administration whose goals is to supporting establishment, development and coordination of education and training in the public administration.

One of the key elements for effective and efficient public administration and judiciary are flexible, motivated and high-competent human resources. **Croatia faces weak institutional capacities at all levels of governance and unsatisfactory human**

resources management of public administration and judiciary. Public administration and judiciary are predominantly processes oriented with narrow sectorial approach procedures. Therefore, it is necessary to shape the system towards more result orientation and better coordination by enhancing its administrative capacities. Professionalism in public administration and judiciary is a precondition of better implementation of public policies and delivery of quality public services to all the citizens and business entities. Therefore, professional and result oriented public administration and judiciary should be further supported and enhanced on all levels of governance in order to strengthen the overall efficiency and effectiveness. Also, stimulation of professionalism helps to increase people's confidence in public administration and judiciary.

More vigorous establishment of the rule of law implies among other things enforced regulatory framework, more effective functioning of judiciary, and efficient protection of property rights, financial stability and discipline and control of corruption. All these elements positively affect the overall social and economic development and should therefore be given particular attention. In these areas further improvements are needed In Croatia in order to strengthen the rule of law, to encourage the entrepreneurship and to increase overall people's trust in the government. Length of judicial proceedings in civil, commercial and administrative matters and case backlog is still one of the biggest deficiencies of Croatian judiciary. Despite the reforms implemented during pre-accession period and despite the significant progress that is made there is still need to do more to achieve an efficient judiciary. Within pre-accession funds Croatia has ensured substantial funding, among others, for development and implementation of IT applications for case management on Courts, State Attorney Offices and Ministry of Justice. These applications (as Case tracking System (CTS) for State Attorney Offices, Integrated Case Management System (ICMS) for Municipal, County and Commercial Courts and Joint Case Management System (JCMS) for Misdemeanour Courts) contributed to acceleration of business process and greater efficiency of judiciary. In the coming period, further improvement of IT infrastructure, development of the new e-applications and standardization of business processes are planned aiming to reduce costs and reach higher efficiency of judiciary in Croatia. Efficient judiciary encourages economic and social development of the country by stimulating creation of business-friendly environment and diminishing the uncertainty for its citizens. The Croatian justice system comprises of a number of institutions including the Ministry of Justice, which has responsibilities in reforming the entire system [REF #91]. Currently there are 208 judicial bodies, of which: 67 municipal courts (34 of which have the criminal jurisdiction), 61 Misdemeanour Courts, 33 municipal State Attorney's offices (they follow the network of Municipal Courts which have criminal jurisdiction). At the beginning of 2014 further steps related to the optimization of judicial and state attorneys network have been taken with the aim to set up a network consisting of 95 judicial bodies [REF #92]. Rationalization of the court network, which started in 2008, has significantly reduced the number of courts in Croatia from 255 in 2008 to 158 courts at the end of 2012. In 2008 there were 5.8 courts per 100,000 inhabitants and in 2010 this number was reduced to 3.5. According to the CEPEJ 2012 Report, Croatia had 42.8 judges per 100,000 inhabitants (2010, Table 18 in the PA Annex 1). For these reasons, it is important to continue to support the rationalization of the court network and judicial system reorganization.

Croatia has established an **institutional framework for promoting social dialogue**, comprising of the tripartite Economic Social Council (ESC) and its working bodies,

serving as an advisory body to the Croatian Government. The ESC's committees deal with the issues of wage policy, tax system, social policy, employment, education and legislation pertinent to the issues of labour, employment, industry etc. The tripartite social dialogue that began at the national level has since progressed to the regional level through founding regional ESC's at each county level. At the level of companies, institutions and industry branches, social dialogue is developed through the activities of the trade unions and employers' associations, in concluding collective agreements and facilitating trade union activities in companies, workers' councils and supervisory boards. Social partners are also included in the drafting of legislation through their participation in various governmental working groups and serve as members of the governing boards of the Health Insurance Fund, Pension Insurance Fund, Croatian Employment Service and other public institutions.

Still, there is weak involvement of civil society organizations (NGOs and social partners) in development and implementation of public policies in Croatia. The role of social partners and their impact on decision-making process has increased in importance during the EU negotiations and accession process. The enlargement process brought about new understanding of social dialogue as a tool of participative governance. The current flux of European economy crisis following the enlargement strategy imposed a new model of labour relations, one that will have to assume more active role in the policy-making process, not only on national but also on the EU level. Due to the on-going decline of the national economy, the present threat to the existing level of social dialogue lays in radicalization and further polarization of the social partners' positions. Imminent public sector downsizing, pension system reforms and changes to the labour legislation intended to further relax the labour market combined with weak market potential, high unemployment rate and enforced tax discipline somewhat impaired the degree of cohesion amongst the social partners. National economic difficulties notwithstanding, most of the social partners' organizations are not adequately prepared to fully participate in the social dialogue on the EU level. Institutional capacity of social partners is essential to designing the labour market policies in particular. Their active participation is necessary in order to adjust the legislative framework aimed to strengthen the balance between employers' competitiveness, decent work for workers, and the financial possibilities of the state. The on-going decline of national economy also affected social partner's organizations causing staff downsizing or blocking new necessary recruitment. As a consequence, most social partners' organizations face continuous constraints with their human resources, which hinder their ability to engage on legislative and policy issues to the extent they would need to.

In order to strengthen social dialogue and policy making and implementation, it is necessary to improve the capacities of CSOs and to help them to become actively involved in policy-making and policy-delivery processes at all levels of government (local, regional and national). Involvement of stakeholders in those processes has an incentive influence on the increase of transparency and trust in public administration and judiciary and their inclusiveness, openness, and efficiency. For that reason further efforts should be made in order to strengthen the coordination between them. In order to increase contribution of CSOs to the development and implementation of public policies at local, regional and national levels additional investments are needed to strengthened their capacities and create an environment for more open, inclusive and effective governance models. During the pre-accessions period, most investments from CARDS, PHARE and IPA I component were focused on capacity building of the CSOs in the

fields of anticorruption, antidiscrimination, social services delivery and environmental protection. The main goal of these projects funded under the pre-accession programmes contributed to strengthening the role of CSOs as important stakeholders, and was a preparation of CSOs for making them equal actors to the public bodies in the policy making process in Croatia. One of the lessons learned from pre-accession period is that the durability of reforms in key policy areas related to socio-economic growth and the sustainability of CSOs' activities largely depends on the continuity of investments in strengthening capacities of CSOs, but also in building solid structures for policy implementation.

In summary, CSOs in Croatia still face numerous challenges due to the lack of human and financial resources, insufficient capacities for policy analysis and reuse of public data, undeveloped potential for mobilizing citizens and volunteers in policy development processes, lack of sustainable structures for open dialogue with national and local authorities, and still rather low level of recognition of civil society as valuable partners in shaping and implementing policies at all levels of administration. As emphasized in the National Strategy for the Creation of an Enabling Environment for Civil Society Development, strengthening capacities of CSOs active in local communities should be combined with training programs for civil servants and officials on conducting timely and effective multi-stakeholders policy dialogue.

1.1.4.12 Agriculture, food processing and forestry

The economic importance of agriculture is relatively high in Croatia. Despite a declining trend in recent years, the agriculture sector accounts for 5.5% of GDP and 13.8% of total labour force [REF #93]. A high share of population depends on agriculture and related activities for their livelihood. Despite favourable agriculture and climate conditions, Croatia is still a net importer of food. A key challenge for Croatia here is to make its agricultural sector more productive and more sustainable.

One of the reasons underlying the inefficiency of agricultural production is the current structure of agricultural holdings. Relatively high number of registered agricultural holdings (233,280) is engaged in agricultural activities, but they utilise only approximately 1,316,010 ha of agricultural land. As a consequence, the average size of Croatian farms (5.6 ha) is considerably less than the average of per holding across the EU-27 (14.4 ha) [REF #94]. Indeed, about one half (52.5%) of all holdings in Croatia are less than 2 ha in size, with the vast majority (89.4%) being less than 10 ha.

The average agricultural holding sizes and structure consequently point to the question their economic viability. The average economic size of an agricultural holding calculated on the basis of total production value expressed as standard output (SO) is EUR 9,064 per holding. Based on the total production value of an agricultural holding, about 89,480 (38.3%) of agricultural holdings belong to the economic size class below EUR 2,000 [REF #95]. However, small agricultural holdings are also important from the standpoint of population size in rural areas, conservation and environmental protection, national cultural and traditional heritage of rural communities and the production of local products and those elements should be taken in account for planned interventions. The data on structure, average holding size, and standard output (SO) of a holding indicate a low level of investment potential, and therefore a low level of technical and technological equipment. In order to improve competitiveness and economic viability of agricultural

holdings, further technical and technological modernisation of agricultural holdings, and an increase of labour force productivity as well as its education level are essential.

The negative economic trends that characterised Croatia's economy in recent years due to the financial crisis also affected agricultural production. The value of agricultural production in Croatia in 2012 was HRK 20.91 billion, which is a 1.76 % decline from the previous year [REF #96]. The agricultural labour input in this period increased by 1.2%. The productivity of Croatian agriculture measured as a ratio of gross value added and labour input, as an average for the 2010-2012 period, was 6,368 EUR/AWU which is 58.2 % less than the average productivity of EU agriculture (15,223 EUR/AWU) [REF #97].

The share of **crop production** in the total value of agricultural production was 59.6% in 2012 [REF #98]. The productivity of crop production is relatively low and the yields of basic crops are below European levels. **One of the key problems in crop production is insufficient irrigation, which, in addition to increasingly frequent droughts on average every three to five years, results with significant damage to crop production and depending on their intensity and duration, can reduce crop yields by 20-70%.** Currently the irrigation infrastructure is undeveloped with only 1.1% of the agricultural land being irrigated with most of the farmers not having the possibilities for investments in on-farm irrigation, and this risk is particularly evident during summer months [REF #99]. The increasing dry seasons categorically translate to less rainfall and thus droughts have implications for crop production, but also cause huge pressure on the safety of its food chain in terms of mycotoxin contamination and degradation of soil conditions, including lowered groundwater levels. Climate change models forecast higher average temperatures that will cause crop-growing seasons to become hotter and drier. On-going climate change could additionally increase moisture deficits across the country, with the largest deficits in the South and East parts of Croatia. Despite it, water use opportunities in Croatia are favourable. The available quantities of water are 15,000 m³/person/year on the average from rainfall, more than 7,000 m³/person/year from renewable reserves of groundwater and over 30,000 m³/person/year from rivers, which flow into Croatian territory from the neighbouring countries.

Presence of mined and mine-suspected areas in war-affected parts of Croatia present specific damage to the agricultural potential in Croatia, since 19.1% of the total mined suspected territory is attribute to the agriculture land [REF #100]. Average yields are lower than those of EU countries due to outdated technologies and frequent droughts. Due to this condition, the foreign trade balance of Croatia is negative, and the country is a major importer of fruit and vegetables. This state of the fruit and vegetables sector indicates there is a need for investments in technical and technological modernisation, for the introduction of new technologies of production, storage, and preparation of products for the market, and for the promotion of production and market organisation of producers, all with the common aim of improving overall productivity of the sector.

The share of **livestock production** in the total value of agricultural production was 35.8% in 2012, which, in comparison to the EU-27 where this share is 40.8%, suggests that the structure of agricultural production in Croatia is unfavourable. The fact that in 2012 there were 0.62 livestock units (LSU) per 1 ha of used agricultural land, and in relation to the total available agricultural land this ratio was even lower, illustrates that the level of development of livestock production is still unsatisfactory. There are 0.78

livestock units per 1 ha of used agricultural land in the EU-27 and 0.89 LSU per 1 ha in the EU-15 [REF #101].

The most prominent shortcoming of livestock production is a large number of small unspecialised family farms which have an unfavourable age structure, knowledge level, and technological equipment, in addition to unorganised and difficult market access, all of which impacts their competitiveness and causes their numbers to dwindle. It is necessary to provide appropriate measures in the coming period, which will preventively act against further decline of their efficacy and existence. With Croatia's accession to the EU, this situation became even more difficult because the farms are not sufficiently adapted to meet the new Community requirements regarding animal health and welfare and environmental protection, which only adds more pressure regarding investments in this sector.

Apart from economic viability and structural problems of Croatian agriculture other socio-economic aspect should be taken into account as well. Farming in Croatia is predominantly a family business. In 2012, 93.2% of the agricultural labour forces were farmers and/or members of their families what is considerable more than the EU-27 average (76.6%) [REF #102]. Furthermore, according to the farm structure survey carried out in 2010, a total of 513,680 people worked regularly in the Croatian agricultural industry. Many of these people were family members helping out on the farm, but having their main employment elsewhere. Taking into account the actual work performed on the farm, it is estimated that some 179,290 people work fulltime as regular agricultural labour force.

Data from the 2010 Research on the Structure of Agricultural Holdings in the Republic of Croatia indicate an extremely **unfavourable educational structure of farm holders**. Only 4.96% of farm holders in Croatia have attained agricultural education, while the EU-27 average is 29.59%. In Croatia, agricultural education is provided through formal education institutions at two levels: high schools and at college/university level. The existent developed formal educational infrastructure is accompanied by a lack of programmes offering non-formal education and vocational training.

The agricultural sector is one of the major sources of greenhouse gases in the atmosphere, mainly from energy consumption (carbon dioxide, CO₂), intestinal fermentation of livestock waste and manure management (methane, CH₄) and from consumption of mineral fertilizers (nitrous oxide, N₂O). In 2011, GHG emissions from agriculture amounted to 3,318,52 Gg CO₂-eq, which represents 11.75% of total national emissions [REF #103 and #104]. This is a slight decrease in relation to 2010, but also the continuation of a trend of reducing emissions from the agricultural sector caused by the reduction of livestock and the consumption of mineral fertilizers and more intensive introduction of good practices on agricultural holdings. Investments in more efficient and more environment friendly agriculture are anticipated, especially in organic and integrated agriculture and specific agri-environment-climate measures to reduce emission of greenhouse gasses and to protect the environment. The importance of organic agriculture for rural development has been recognised at national level, attested by the adoption of the Action Plan for Development of Organic Agriculture in Croatia 2011-2016 and agricultural land under organic production has tripled in the last five years. The share of land used for integrated agricultural production, with a balanced application of

agro-technical measures with a minimal use of agrochemicals, in relation to the total utilized agricultural land is 7.46%.

The Rural Development Programme envisages specific agri-environmental measures/incentives that can make a significant contribution to biodiversity. Areas of selected CLC classes are combined with internationally and nationally important areas for biodiversity, including areas important for birds and butterflies and Natura 2000 sites. As a specificity of Croatia, HNV farmland – representing 54.4% of the country - also includes freshwater ponds of great natural value. As the abandonment or intensification of agricultural production in these areas has a negative impact on biodiversity, it is necessary to encourage and maintain appropriate means of management. Fostering knowledge and innovation, by means of vocational training, demonstration actions and specific advisory services will contribute to the protection of biodiversity and landscape value.

Due to severe climate conditions or unfavourable soil properties in some parts of Croatia, agricultural producers have reduced their agricultural activity or even abandoned it altogether, given the higher production costs and lower yields compared to other rural areas. The negative effects of land abandonment are reflected in the loss of biodiversity, erosion and neglected surfaces, thus increasing the risk of forest fires. It is necessary to foster the continuation of agricultural production in these areas with natural and specific constraints, which are crucial for the maintenance of biodiversity and the preservation of highly valuable landscapes.

In the food processing industry as a very important counterpart of agriculture sector, there are more than 1,200 business entities registered, which employ about 49,000 workers, of which 70% work in companies that belong to the category of medium-sized and large companies. Only 3% of business entities are in the category of large companies, however they have about 70% of the market share in total income of the food-processing industry. In that regard, more than 90% of subjects are small companies (<50 employees). Such structure causes poor competitiveness. The global crisis has also negatively affected the sector (in 2009 there was a major decrease in production, increase of costs and decrease of investments) [REF #105].

According to the groups of food products, the largest proportion (25.3%) goes to processing of all types of meat and meat products, then (19.1%) to mill, bakery and pastry products, cakes, biscuits and pasta, while (17.3%) goes to milk, cheese and dairy products. Most of the drinks (43.8%) were soft drinks and water, then (33.2%) beer production, while wine made from grapes amounts to (13.8%) of production value.

Competitiveness of Croatia's food processing industry in relation to EU-27 is very low [REF #106], as evident from the following indicators:

- Small proportion of the value of domestic production (*0.5% of the value of production, 0.5% of turnover, 0.6% of value added and 0.6% of gross operating surplus in relation to EU-27*)
- Lower value of domestic production efficiency (*-61.2% in turnover per employee and -55.2% in labour productivity compared to the level of EU-27 average*)
- Lower levels of investment (*-49.3% in relation to average levels of EU-27*),
- Higher costs per employee (*23.5% in relation to EU-27 average*) [REF #107].

Therefore there is a strong need to focus on technological modernisation and technological renewal, including investments in new technologies and process control, fostering a more efficient use of raw materials, aimed at improving production efficiency for better competitiveness, as well as improving energy efficiency and reducing the environmental impact of food-processing.

Forestry has a significant influence on the development of rural areas, although its share in the national GDP is only 1.11%. The total area of forests and forestland in Croatia is 2,688.688 ha, accounting for 48% of the total land area, with 78% of forests and forestland owned by the state, while 22% is privately owned. Sustainable forest management in Croatia has a centuries-old tradition of preserving and improving the protection of biodiversity and beneficial functions of forests (forest ecosystem services) and as the result, 76% of forest areas in Croatia are FSC certified [REF #108].

Similar to agriculture, the forestry sector has significant structural problems, especially privately owned forests. The average size of private forest holdings is only 0.43 ha due to fragmentation and continuous size degradation [REF #109]. 60% of privately owned forests do not have forest management plans developed. To remedy the current situation it is necessary to raise the quality of forests, to construct and restore forest roads (current forest road density: 6.5 km / 1,000 ha), regulate the market of wood products and biomass, consolidate forest ownership, develop forest management plans, increase investments in resilience, environmental and economic value of forests [REF #110].

On the other hand, forest fires and mine contamination of forest soil represent the biggest threat to forest ecosystems and are one of the biggest obstacles for sustainable management of forests and further development of the sector. In Croatia about 90,000 hectares of forests and forestland have been affected by fire in the past ten years, which is an average of 9,000 ha per year [REF #111]. According to data obtained by the Croatian Mine Action Centre, 501,51 square km of forest and forestland are mined and mine-suspected areas preventing their sustainable management and causing degradation of forests.

One of the opportunities for the forest sector is to increase the utilization potential of forest biomass. According to the goal set in the Energy Strategy of the Republic of Croatia, energy consumption from renewable energy resources should raise to 20% by 2020. The potential to generate biomass is 2,75 million m³ in forests and 1,5 million m³ in wood processing industry [REF #112].

Wood processing and furniture production are important counterparts of the forestry sector [REF #113], whose structure is dominated by small business entities [REF #114]. Promoting the use of wood as renewable and environmentally friendly material in the construction industry and small and traditional crafts is prerequisite for the survival and development of rural areas. Wood processing is characterized by low productivity, profitability and level of finalization and lag in technological development due to the lack of investment in new, more efficient and environmentally friendly technologies. In 1990 there were 35,060 employees working in wood processing industry, while in 2011 that number dropped to 10,839 employees [REF #115].

1.1.4.13 Maritime, fisheries and related coastal development

The fisheries sector is very important to Croatia. Despite its small share of GDP, it contributes to the positive foreign trade balance and it is significant in terms of employment opportunities on the coastal areas and islands, where fishery sector is one of the rare activities that provide a source of income throughout the year. Estimates of direct share of fisheries in GDP vary between 0.2% and 0.7% [REF #116]. However, the contribution of fisheries has to be analyzed taking into account the share of GDP of all activities somehow linked to the sector (construction and servicing of vessels, production of fishing gears and equipment, transport, storage and related logistics, port activities related to fisheries and to a certain extent some forms of tourism). **The main strategic objective in the fisheries sector is to achieve a competitive, modern and dynamic fisheries and aquaculture sector through sustainable exploitation of resources.**

The total length of the Adriatic coastline is 5,835 km (mainland 1,777 km and islands 4,058 km). Croatia has 1,246 islands of which 48 are inhabited (according to data from Statistical annual for 2011 based on Census from 2001). The Croatian Fishing fleet consists of 7,791 vessels (out of which 3,500 vessels were transferred from the non-commercial category of subsistence fishery into the commercial one after accession). The largest percentage of fleet (81.29%) includes vessels less than 12 meters in length. Total strength and tonnage of the commercial fishing fleet in Croatia was 326,987 kW and 44,998 GT in 2011 [REF #117]. The largest number of vessels is registered as multi-purpose (45.24% of the fleet). These vessels are typical for Mediterranean fisheries where there are no clearly defined target species and in which fishermen change gear during the year. In 2011 the total catch by purse seines was 64,389 tons achieved by 226 purse seiners. In the same year, 562 vessels were active in bottom trawling, catching a total of 4,275 tons of marine organisms [REF #118].

Stock assessment is implemented for commercially most important species in the catch, within the framework of the international project FAO AdriaMed, and lately also within the SG MED, and the results are presented at GFCM. Italy, Croatia and Slovenia conduct joint stock assessment for the area GSA 17. Main pelagic stocks are sardine and anchovy, representing 80-85% of the total catch. In the past few years, stock assessment shows fluctuations, and status of the stocks is most often graded as “full exploited”, followed by the recommendation „do not increase fishing mortality”. Within GFCM, a multiannual management plan for small pelagic fish has been drafted for the Adriatic Sea, in which methods and reference values for description of the status, as well as recommendations for the sustainable management of pelagic stocks have been worked out in detail. Stock assessment for highly migratory species, such as Bluefin tuna, is conducted at the regional level within ICCAT and management is implemented by quotas. Croatia, as a former member of ICCAT, after accession to the EU, is represented by the EC in ICCAT (as are other Member States involved in tuna fisheries). Catches of demersal species show high fluctuations, and stock assessment has been conducted for red mullet and sole. Both species are overfished and it is recommended to decrease fishing effort in order to reach MSY. Demersal species show high disproportion in the level of exploitation and status of resources between east and west coast.

By Croatia joining the EU and by establishing a unique methodology for data collection in fisheries within the DCF, there is a new possibility to make future assessments and establish appropriate measures of fisheries management and protection for all stocks at the level of GSA 17.

The average age of Croatian fishing fleet is more than 30 years, but it is not equally distributed among all fleet segments. Average active trawlers are older than active purse seines, and the trawlers are among the oldest active vessels. It needs to be highlighted that most of the vessels are poorly equipped in terms of energy efficiency (old engines with high fuel consumption), product quality (lack of ice machines and adequate storage and cooling facilities on board) as well as equipment related to improvement of working conditions and safety on board. Through implementation of fleet measures, including investments in fleet modernisation, temporary and permanent cessation, discard ban and implementation of measures aimed at achieving higher selectivity as well as measures of designation of specially regulated areas, Croatia intends to reach the goals of the CFP in the next period. Through these measures, it is envisaged that the MSY shall be achieved for key stocks and for those that are considered critical. Development potential exist for the sector through adoption of new technologies, new product development, diversification and introduction of a system of marking (labelling and branding), which can, using the existing strengths of the sector, guarantee the development of high-value products for the demanding niche markets. Close cooperation with scientific institutions and support of RDI is needed for supporting these development possibilities.

A particular opportunity lies in possibilities for further development of aquaculture, both marine and freshwater, as a backbone for development of the entire sector, for which Croatia already has capacities. Total water area used for freshwater aquaculture is 9,721 ha of ponds and 61,361 m² of raceways. Croatia has registered 28 warm water farms and 27 cold-water farms with production of 6,283 tons of freshwater fish. Registered number of farms for marine fishes is 64 and 254 shellfish farms with 3 marine hatcheries. Total production for marine aquaculture is 6,845 tons of marine fish and 438 tons of mussels and oysters [REF #119]. Croatia sees the opportunity for further growth and development of its aquaculture in the growing market demand for high quality fish and other fisheries products as well as in excellent prerequisites in terms of spatial and climatic conditions. The same applies to freshwater and marine aquaculture. Croatia has many quality sites for fish farming, both at sea and on land, particularly in terms of environmental standards, which creates a good foundation for the development of the entire industry.

Basic challenges for further development of this industry in Croatia are the placement of this activity within the coastal area and the fact that national production is not competitive. One of the priorities will be, *inter alia*, improving the system of spatial planning especially in terms of integrated coastal zone management in the context of which the aquaculture will be appropriately positioned in an area where there is great competition between different activities, taking into account not only the locations of the maritime area, but also the provision of sufficient space on land so as to accommodate the necessary infrastructure. Significant potential for labelling of fishery products as well as for development of tourist and recreational activities related to preservation of biodiversity, could be found in fishponds, which are part of the Natura 2000 ecological network. The importance of investing in these activities is recognized, as well as the need to ensure the conditions for increasing of competitiveness of this activity on the domestic market, on the European market as well as on the markets of third countries. Consequently, is important to enable investment in establishing new, as well as developing the existing aquaculture farms. With regards to the investments in existing farms, there is a need to introduce innovative technologies and development of new

products as well as innovative approaches in management and production-related processes. An important component of the planned development of aquaculture will be introduction of new species, diversification of product range, but also the diversification of revenue and adding value to primary products, which is particularly interesting from the aspect of linking aquaculture as a primary production to processing. Also, it is necessary to in an appropriate manner include aquaculture elements in the development of an integrated maritime policy.

Tourism on the coast and islands represents an economically significant activity, especially with seasonal openings of additional market for different products, where fisheries products have a significant role. Additionally, fisheries in conjunction with tourism offer also an added value to the tourist service. According to the national strategic guidelines related to tourism development, the objective is to develop tourism offer through high value- added services. Also, it is important to emphasize that most of the mariculture segment is directly linked to the islands, and that it positively effects the development and sustainability of sensitive island communities. Areas and communities which traditionally depend on fishing and which even today have characteristics of "fishing villages" in Croatia, especially on islands, represent also a significant asset in terms of developing the tourism offer in general. Also, fisheries are one of the most important economic sectors for very delicate island communities, providing the basic or additional source of income all year around, in all of its segments - catch, farming and processing. At the same time, fisheries have a significant traditional cultural value, and as such is part of the identity of the islands' population.

With the improvement of the existing ports, landing sites, shelters, facilities and product storage, the fisheries sector has the opportunity to develop. Also, the opportunity for development is in need of organizing the sector (cooperatives and producer organizations). Port infrastructure currently does not fully meet all the requirements in terms of ensuring the necessary capacity (equipped landing sites with different facilities). Investing in port infrastructure as one of the key elements for positioning the national sector, and to generally ensure the implementation of measures of CFP. Improvement of landing facilities, as well as of cooling facilities shall increase energy efficiency and contribution to environmental protection, improved working conditions and quality of product landed. Improvement of ports and landing sites are needed to support the obligation to land all catches as one of the priorities under CFP. Finally, all of the above could increase the consumption per capita of fishery products together with awareness for sustainably fisheries.

Emphasis should be placed on importance of inspection and control measures, as well as data collection. Croatia has already established the key and necessary mechanisms and structures, and in the area of inspection and control and data collection, it has already benefited from the positive assessment by the EC on co-financing of the Croatian Multi-Annual programme for Collection of Fisheries Data (2013). Given the importance of these measures in support and implementation of the CFP is necessary to provide adequate framework which shall guarantee continuity and possibility of funding of relevant activities. Croatia is aware of the need for exchange of information and enhanced cooperation between maritime supervisory authorities in the Member States to achieve synergies in the maritime control. In Croatia, maritime surveillance and CiSE was entrusted to the Ministry of Maritime Affairs, Transport and Infrastructure.

There is also potential for further development of the organisation of the sector (i.e. association in aquaculture and fisheries and producer organizations), which would allow them to act together at all levels, both in production level and on the market, as well as linking the aquaculture and the fisheries with processing industry. Sales of fisheries products through forms of association (cooperatives and producers organisations) and increase in their prices due to their strengthening market position lead to the overall sustainability of fisheries.

The Integrated Maritime Policy within which the integration of different activities may contribute to the overall blue growth. While planning further development of marine aquaculture, Croatia has defined specific criteria for aquaculture zones in order to avoid possible conflicts within sensitive coastal area. Several coastal counties have developed these zones based on the integrated coastal management principles (ICZM) and the intention is to apply this tool in all coastal physical plans. Croatia recognizes the importance of protecting the marine environment, particularly its biological diversity including ecological network Natura 2000 and other elements of the implementation of the Integrated Maritime Policy.

1.1.5 Specific territorial challenges

Croatia is divided in two NUTS 2 regions (Continental Croatia and Adriatic Croatia). There are 21 regional self-government units (i.e. counties) at the NUTS 3 level, 14 in Continental Croatia and 7 in Adriatic Croatia. In addition, at the local level there are 556 local administrative units (LAU level 2, i.e. municipalities and towns). The basic socio-economic indicators show that differences in development of the two NUTS 2 regions are negligible (e.g. GDP per inhabitant, in purchasing power standard (PPS) in 2010 compared to EU-27 average amounted to 58 in Adriatic and 59 in Continental Croatia) [REF #120]. However, differences at lower levels (NUTS level 3 and LAU level 2) are significant and require special attention and policy measures. Dispersion of regional GDP at NUTS 3 in Croatia is high in comparison to other EU Member States (36.7 in 2010, which was the sixth highest number for that year [REF #121]).

Internal regional disparities (NUTS level 3) have been a persistent characteristic of the Croatian territory for a long time. Differences in the development level of Croatian regions are partially due to differences in the physical and geographical characteristics (in terms of for e.g. transportation and location advantages for development), but also reflect neglect of potential opportunities. The regional differences were intensified during the transition period and the war in the 1990ies, the consequences of which are still very much present on Croatian territory along the Croatian border to Bosnia Herzegovina and Serbia (now outside border of the EU). Delayed construction of transportation links and other infrastructure, along with the consequences of war, all have caused slower growth and backwardness of many Croatian regions especially in the eastern and middle part of the country.

Because of the diversified geography in Croatia there are lots of possibilities to identify different areas with specific development barriers and potentials, which therefore deserve special focus of public policies. Some of these areas have been recognized in the national legislation: **areas of special state concern** (mostly areas affected by the war), **islands, hilly and mountainous areas** and **assisted areas**. The assisted areas in Republic of Croatia are defined at local and regional level (LAU level 2 and NUTS level 3) based on

calculation of development index [REF #122] (i.e. local and regional units with value of development index below 75% compared to the national average. The basic socio-economic indicators at NUTS 3 are presented in Table 19 in the PA Annex 1.

The correlation between the population distribution and polarization of economic activities is visible through comparing the development level with basic demographical data such as the population density, growth/decrease of population etc. In 2011, 8 Croatian counties recorded population density below 50 inhabitants per km² and can be considered as sparsely populated areas. **Low population density** is characteristic of many local administrative units situated along the border with Bosnia Herzegovina, in the mountains (most evident in Lika and Gorski kotar), Dalmatian hinterland and in Western Slavonia.

The most economically advanced part of Croatia is the capital city Zagreb and its surroundings. The second concentration of the most developed areas is situated in the northern part of the Adriatic Coast. In contrast, counties in the middle and eastern part of Continental Croatia are lagging behind according to most socio-economic indicators (Table 20 in the PA Annex 1). The main reasons for this are related to the consequences of war, which has affected both availability of basic infrastructure and services and economic activities. In most cases underdeveloped counties also have a significant share of traditional sectors in the total economy, for example counties in the East often recorded agriculture, forestry and fishing as a significant part in GVA (Virovitica-Podravina 19.0%, Bjelovar-Bilogora 18.1%, Vukovar-Sirmium 15.5% in 2010), while in some other cases in less developed counties, even in the vicinity of Zagreb, the share of manufacturing is still very high (Sisak-Moslavina 37.1%, Koprivnica-Križevci 35.7%).

Comparison of revenues of individual counties also shows significant differences in their capacity for development. Even if Zagreb [REF #123], is excluded from comparison due to its specific role and status, the differences are still huge (Lika-Senj with HRK 14.1 million in 2012, Virovitica-Podravina 28.6 million on one side, on the other Split-Dalmatia with 198.2, County of Zagreb with 176.7 million). In 2012 the revenues of 25 local administrative units (distributed all over the Croatian territory) was under HRK 1 million, which clearly limits their development possibilities [REF # 124].

In order to assure recognition of main challenges and potentials, each county is obligated to prepare its County Development Strategy according to the unified methodology and respecting the partnership principle. The existing strategies are valid until the end of 2014, and the new ones will be prepared during 2014 and 2015, for the period from 2015 beyond. At the same time the Strategy for Regional Development is to be prepared at the national level.

The North-West part of Croatia, including Zagreb and its surrounding, has a strong competitive potential due to the availability of human resources and strong economic base, which could be linked with research and innovation potentials in the area. Likewise, this part of the country has a good potential for tourism development, in both, urban and rural areas because of its rich cultural heritage.

Eastern part of Continental Croatia still faces war consequences and relies mainly on traditional sectors such as agriculture. Further improvement and creation of still insufficiently developed infrastructure and basic services, as well as stimulation of

entrepreneurship and strengthening the capacity of human resources represent main preconditions for further development of this region.

Due to its position on the coastline and rich cultural and natural heritage, the Adriatic Croatia has great potential for maritime activities and tourism development (as described under the heading *Maritime, Fisheries and Related Coastal Development*). Proper valorisation of those resources implies natural heritage protection and sustainable development of resources that would enable economic development.

In some parts of the country such as the islands, but also hilly-mountainous areas and individual areas near the border, accessibility and connectivity requires special attention.

1.1.5.1 Urban development

Croatia has a historically developed polycentric structure of urban settlements, although in the same time there is a limited number of cities and urban areas having significant economic and social weight in the European context. Croatia has **four urban centres with more than 100,000 inhabitants (Zagreb, Osijek, Rijeka and Split)**, which, together with their surroundings, form urban agglomerations. Jointly, they are inhabited by 1.2 million people [REF #125] (28% of Croatia's total population). Outside of these agglomerations there are 3 more large urban centres with more than 50,000 inhabitants in central settlements (Zadar, Slavonski Brod and Pula) as well as a number of smaller cities situated on the Adriatic coast, and in the wider surroundings of Zagreb and Osijek. In general, the concentration in urban agglomerations is not so advanced as in many other European countries. Basic socio-economic indicators related to development level of largest urban centres are provided in Table 19 in PA Annex 1.

The largest urban centre by far is the city of Zagreb (LAU level 2). The urban area of Zagreb is considered to be the most competitive international growth centre populated by around 790,000 citizens, which is about 1/5 of Croatia's population and where more than 1/3 of total GDP is produced. As a capital city, Zagreb is an administrative, economic, educational, tourism and healthcare centre that attracts population from the whole Croatian territory. The city recorded a 1.4% population growth between 2001 and 2011, but at the same time the city experiences some negative demographical trends such as population ageing, natural decrease etc. High growth of population is also recorded in the surrounding towns (e.g. Samobor, Zaprešić and Dugo Selo). The number of daily commuters (estimated at 80,000 of workers plus 20,000 other) creates significant pressure to the existing infrastructure and raises the need for further development of a complex and sustainable urban transport system. Urban transport, as well as most basic public services must be designed in a way to satisfy not only the needs of the local population, but also the needs of the whole functional area. Long lasting development of the urban area, has resulted in degraded and unused spaces (even in the city centre), which could be reutilized. Also, individual city quarters (especially in the eastern part of the city) recorded a significantly higher share of social allowance beneficiaries and necessity for physical regeneration. A significant part of Croatia's research capacity is located in Zagreb. Additionally, most of Croatian students are enrolled at the University of Zagreb (more than 70,000 students and about 80% of all postgraduate students in Croatia) the facilities of which are scattered in different parts of the urban area.

The second largest urban centre is the **City of Split** (LAU level 2), situated on the Adriatic coast, with a population of 178,000. Demographic and economic indicators indicate that the city is facing serious challenges such as a 5% population decrease in ten years (accompanied by significant growth of population in surrounding local units) and unemployment above the national average. The port of Split is the most significant passenger port in Croatia providing connection with most important Central Dalmatian islands (total of 4.2 million passengers in 2012, of which 2.8 used ferry to travel to the island). However, the urban transport network, links between urban and suburban area and connections to main corridor contain gaps limiting both, everyday life and tourism development. After the Second World War the population grew rapidly and the city went through significant changes, which included centrally controlled development of traditional industries, but also caused uncontrolled development of some neighbourhoods. As a consequence of both, some areas along the coast and in the eastern part of the city now require major improvements (e.g. regarding communal infrastructure and road network). Lack of available space for development is of major challenges for Split and rapid expansion of the urban agglomeration across neighbouring towns has taken place in recent year. Also, air quality in the city (based on the measuring NO₂ and SO₂) in some periods reached unsatisfactory levels. Split also has a high potential for innovation, technological and business development, which relies on several research institutes, the university and private companies located in the city.

The **City of Rijeka** (LAU level 2) is the third largest urban area. With a population of 129,000 it represents a strong economic centre in the northern part of the Adriatic coast. Historical development, as well as the existing development potential of the city is closely related to the port of Rijeka, the most important port in Croatia. Being an important port strongly influenced on development of industries, which caused environmental damages (e.g. 1 million of m³ of ballast water discharges in the port of Rijeka every year) [REF #126]. Decline in industrial development led to dereliction of certain areas, however, their regeneration has already started and is to be continued. Even though Rijeka faced serious decline of population between Censuses (also accompanied by significant growth of population in surrounding local units), its economic position is much better compared to Split. A strong potential for development is shown also through the high development index of local units around the city, County of Primorje-Gorski Kotar as such, as well as neighbouring County of Istria. Technological potential and innovations are recognized by the City authority as a great opportunity so future actions will, among other; focus on (re)construction of facilities for the university (with more than 16,000 students) [REF #127] and business areas in the suburbs. Due to the fact that the area of the city is surrounded by mountainous area on the North and sea on the South, the spatial expansion of the city is rather limited (as a consequence the City of Rijeka has the highest population density in Croatia with 2,968 persons per km²). These constrains have had a strong influence on development of the transport network within the city demanding for more complex traffic solutions.

The fourth biggest Croatian urban centre, the **City of Osijek** (LAU level 2), with 108,000 inhabitants (5.7% less than in 2001), has more limited development prospects mostly due to a less favourable location in the East of the country, which is much poorer, affected by the war and bordering non-EU countries. Population density in the city is lower than in other big cities, unemployment is high, and education level lower in comparison to other cities and the surrounding is mostly relying on agriculture. Although the limitation of space is not as severe as in urban centres on the Adriatic coast, Osijek also attempt to

reuse abandoned military and industrial sites. During the last decade, the city authorities have been involved in a significant number of EU funded projects with the aim of improving cross-border cooperation and economic development. Further investments in business and employment growth are recognised as a priority of the City. University situated in the City also has need for enlarging existing capacities, especially related to dormitories.

The next largest urban centre, City of **Zadar** with 75,000 inhabitants, faces very similar development challenges as all above mentioned urban areas. The city is very active in solving urban transport challenges including development of intelligent solutions and improvement connectivity of the islands forming part of its' administrative territory. Similar as many other urban centres, especially those on the Adriatic coast (e.g. Split and Pula), Zadar has been developed through many centuries which can be seen through concentration of cultural heritage.

Similar to Zagreb and Rijeka, although smaller, **Pula** with 57,000 inhabitants, is one of the most developed cities in Croatia. Pula is also situated in the developed surrounding, with long term focus on tourism, which strongly raises general development potential of the city. Besides tourism, the city is oriented to some extent also to manufacturing (including shipbuilding).

Unlike that, **Slavonski Brod** (59,000 inhabitants) is situated in one of the less developed counties and is lagging compared to national average in many basic indicators (e.g. lower income per capita, high unemployment). Lying on the banks of river Sava near the border with Bosnia Herzegovina, the city experienced serious damages during the war. As in the case of Osijek, Slavonski Brod is a centre of agricultural surrounding and therefore further development can be based on promoting businesses and services needed by the proximate rural areas. Development prospect are also related to strategic positioning of the related road, railway and inland waterway transport networks. In addition to the above-described urban centres, there are a number of smaller towns with different development prospects.

As the engines of growth in their regions the largest Croatian cities, but also other cities and towns, have significant influences over a wider area and functional labour market. The importance of the cities and towns is especially high when it comes to ensuring access to services and adequate transport linkages to the surrounding suburban and rural areas. In the same time largest cities are locations with high concentration of social challenges (measured in absolute numbers). Although the unemployment rate is not always as high as in some other parts of country, total number of unemployed persons in 7 largest urban centres exceeded 90,000 in 2012, from which more than 40,000 was recorded in City of Zagreb. Similar to this, number of persons older than 75 years [REF #128] according to the Census 2011 in these urban centres reached almost 110,000 persons, 60,000 of which in Croatian Capital. The same logic applies to total number of young people not in employment, education or training, total number of users of social benefits etc.

1.1.5.2 Rural development

Rural settlements or rural areas are currently not explicitly defined by any law or administrative definition in Croatia. Multiple approaches to data collection methodology

and differentiation of areas to urban or rural are used. Although Croatia has a long tradition of formal differentiation of types of settlements in censuses (in the population census of 1961 all the settlements were, for the first time, differentiated in urban, rural and mixed on the basis of expert-based criteria: the size of the settlement expressed by number of residents and share of non-agricultural population [REF #129]), there is a need for a complete and overall definition of rural areas of Croatia. For the preparation of Rural Development Programme 2014-2020 (RDP) several methodologies for the definition of the rural area were elaborated. For the purposes of implementing the RDP, the rural area is defined at programme level as the whole territory of Croatia with the exclusion of the administrative centres of four cities (Zagreb, Split, Rijeka and Osijek). A total of 3,217,117 inhabitants (75.08% of total population) and 56,164 km² of the rural area (99.24% of total territory) are covered by this definition.

Today, Croatia is a country of highly branched network of settlements with a large proportion of small settlements (96.7% the settlement has up to 2,000 inhabitants and in them lives 38.8% of the total population).

Many of the EU's rural areas face common challenges, as their capacity to create high-quality, sustainable jobs has fallen behind that of urban areas. Generally, incomes are lower in rural regions than in towns or cities and there are fewer job opportunities and those jobs that are available tend to be in a narrower range of economic activities. These differences between regions have, in some cases, resulted in land abandonment and considerable outward flows of rural populations, as well as higher vulnerability to poverty that is primarily associated with rural areas where the poverty rate levels are significantly higher than in urban areas. The rural and intermediate areas of Croatia include villages, intermediate settlements and small and medium-sized towns - areas of a complex social and economic structure and mosaic landscape with many other types of activities and uses in addition to the main agricultural production and forestry. Whilst the share of agriculture, forestry and fisheries in rural economies has declined, the importance of diversification in rural economies has grown.

The process of **migration from rural to urban areas** in Croatia is durable and strengthens the urbanization thus generating even bigger gap between urban and rural areas (mostly in favour of regions containing urban centres). A consequence of migration from rural areas is deterioration of the living conditions for young families and the growing trend of relocation to urban centres or rural/tourist regions (which hold more promise for achieving a higher standard of living due to the availability of employment, public utilities, and general education). A larger share of rural population older than 64 years of age, 17.56% (2nd age structure), in comparison to the youth population under 15 years of age, and the employment rate of only 49.75% are indicators of **depopulation of rural areas and land abandonment**.

The education level in rural areas is, on average, much lower than in urban areas.

In rural areas, the share of persons aged 15 and over who have completed only elementary school education is twice as high than in urban areas, which helps illustrate regional differences. In the majority of counties, the percentage of those who live in rural areas and have completed primary school only (older than 15 years of age) varies between 20-35 %.

Rural areas are generally underserved when it comes to infrastructure, skills of inhabitants, level of entrepreneurship and access to public services exacerbated by underdeveloped local transport links, which are unevenly distributed and concentrated near large urban centres. In terms of access to basic public services, approximately 1,664,400 people have no access to public water supply systems in settlements under 2,000 inhabitants; the connection of the population to public sewage systems in settlements under 2,000 inhabitants is around 4%. The maintenance and construction of unclassified roads is financed by revenues from local taxes and utility contributions, which can significantly vary between LAUs. Due to the decentralised management of unclassified roads there is no consolidated official data on their length, density and condition. In Croatia there is a visible trend of unfavourable demographics, especially population ageing. According to the population census of 2011, the number of inhabitants aged 65 and over (17.7%) exceeded for the first time the number of the young under 14 (15.2%). Natural population growth is negative for the whole of Croatia, while in predominantly rural areas population decrease is even more visible due to internal migration. Due to depopulation, the impact of the war and the long-term economic crisis, there has been negligence in the provision and maintenance of local infrastructure and social and cultural facilities, resulting in a poor availability of basic services in rural areas. For example, an average 38.42% of children under 7 are included in the preschool education system (CBS data school year 2012/2013). Investments in basic services should be used proactively to address poverty and promote economic and social development in rural areas in line with the specific needs of the areas concerned. A particular focus is needed on general economic and social development in order to address the many-sided challenges facing these areas.

Access to high quality community-based social support and healthcare is limited especially in rural areas, on islands, and in small towns, due to the structural lack of healthcare workers and other barriers to access such as expense, distance or waiting lists. There are significant regional differences in access between urban and rural areas.

The importance of road transport in Croatia stems from the spatial expansion of the network and it being the most appropriate method of connecting users. Economic development is also lagging due to the underdeveloped local road infrastructure, which is unevenly distributed and concentrated along large urban centres. The indispensable improvements of regional and especially local transport will ensure accessibility and connectivity of remote rural settlements and enable them to utilise their economic potential and improve their overall quality of life.

1.1.5.3 Islands

In the Croatian part of the Adriatic there are 78 islands, 524 small islands and 642 islets, cliffs and reefs, or a total amount of 1,244 out of which only 59 are inhabited. Croatian islands encompass all islands in the East and Middle Adriatic and form second largest archipelago in Mediterranean. According to last Census, a total of 124,955 [REF #130] inhabitants live on the islands with population density of 37.9 inhabitants per km². Islands Krk, Pag, Vir, Murter, Čiovo (5 islands) are the only ones connected to the mainland by bridges. Even though the total number of inhabitants on islands increased between the last two Censuses, depopulation is evident when it comes to small and remote islands. Increase in total number of population can be recorded for almost half of Croatian islands, however only two of them (Vir and Čiovo, both connected by bridges)

also have positive natural growth. Long-term emigration from the islands resulted in low bio-reproductive potential. Decrease of birth rate and high mortality rate have been, in some cases, compensated by immigration during last decade, but immigrants are in most cases elderly and economically non-active. According to the last Census, population of islands connected to mainland by bridges was 42,245 (which is 10.3% increase compared to 2001), while the total population of all other islands amounted 82,710 (1.7% decrease compared to 2001).

Although islands can be classified in two groups according to their development level, all inhabited islands face similar challenges related to connectivity and availability of services and infrastructure. Limited accessibility (physical, but also virtual) raises the expenses for inhabitants and business and makes the islands less attractive for living from financial, but also other (e.g. social), aspects. Therefore, the issue of island connectivity (with mainland and among islands) is one of the basic island development priorities to be supported in the following period through set of specific measures. Former investments in this field have already shown some valuable results, however continuation of efforts is needed. Remote islands are very much affected by isolation – e.g. time travel to Island of Lastovo (the most distant among the islands with medium population density and negative demographical trends) is estimated to 5 hours.

Development potential of islands is also related to broadband network coverage, which can improve quality of life on islands. Accessibility of services can be improved through set of technological solutions and designing new models of services (e.g. related to health, education etc.) Good examples of reducing the distances in providing services can be found in e.g. establishment of distance learning, which has so far been introduced on 7 islands [REF #131].

Most of islands are less affected by ecological damages related to industrial development that can make them attractive for inhabitants if the access to basic services is available. There is also strong development potential in the field of energy, more precisely related to renewable energy sources (solar energy, energy of wind, water etc.), which so far hasn't been recognized to sufficient level as an investment opportunity.

1.1.6 Summary of the main challenges in relation to the Union strategy for smart, sustainable and inclusive growth as well as the Fund-specific missions pursuant to their Treaty-based objectives

Based on the analysis presented above, it is concluded that Croatia is facing **six main challenges** in relation to meeting the common goals of the EU for smart, sustainable and inclusive growth. These are:

1. Economic competitiveness
2. Environmental protection and resource efficiency
3. Development of sustainable and modern transport and network infrastructures
4. Labour market participation and quality of education
5. Poverty, inequality and discrimination
6. Efficiency of public administration

Chapter 1.3 explains how ESI Funds will be used to contribute to tackling these challenges and which results are expected. Table 21 in PA Annex 1 summarises the

contribution of ESI Funds to the main challenges by thematic objective (TO) and selected investment priority (IP).

Based on the commitments taken in the NRP and in implementation of CSRs, the Croatian Government has set-up medium-to-long term development plans to strengthen the competitiveness of the economy, increase employment and ensure growth based on the use of knowledge (contributing to the employment, RDI and education headline targets), reduce poverty and strengthen social inclusion (contributing to the poverty / social inclusion and education headline targets), and reduce regional disparities and ensure quality living conditions (contributing to the headline targets for climate change / energy and the Accession Treaty obligations, but also to the employment, poverty / social inclusion target and education headline targets). These plans are reflected in the main national strategic documents that are prepared or are in the course of preparation (Table 22 in PA Annex 1), some coinciding with the ex-ante conditionalities (EAC) for the use of the ESI Funds (see Chapter 2.3). *Note that not all documents that are related to the fulfilment of EACs are listed in Table 22 nor is this the intention.*

1.2. A summary of the ex-ante evaluations of the programmes or key findings of the ex-ante evaluations of the Partnership Agreement where the latter evaluation is undertaken by the Member State at its own initiative

No ex-ante evaluation of the PA has been initiated. The ex-ante evaluations of the four 2014-2020 programmes are ongoing, thus the key findings presented below differ substantially between the programmes, reflecting their different stages of preparation. For this reason it is also not possible to summarize them together. The aim of the ex-ante evaluations is to prospectively assess the four main components of programming: (i) programme strategy (rationale and consistency); (ii) system of monitoring and evaluation indicators; (iii) consistency of financial allocations; and (iv) contribution to Europe 2020 strategy (relevance, coherence), through an iterative and interactive process intended to facilitate improvements in the quality of the design of programmes based on the evaluation's recommendations.

Key findings of the ex-ante evaluation of the OP Competitiveness and Cohesion

The OP strategy has been modified and refined over time, taking into account points raised by the ex-ante expert. The OP draft sets out a robust 'intervention' logic. The strategy is well defined, with a logical structure, and clear objectives and priorities. The OP's overall vision draws on and articulates the aspirations and ambitions of the partners, based on the characteristics of Croatia, and set within the wider policy context. This is translated in to more concrete objectives, which address specific needs and opportunities in the region and focus on areas where the OP can add value through, including infrastructure investments, and deliver tangible results. Overall, the evaluation of the OP strategic approach is positive. The evaluation highlights a number of minor areas that could be improved. The priority axes are rooted in the analysis of the OP area's strengths and weaknesses. The priorities draw on key characteristics of the OP area and target many of the significant development challenges facing Croatia. The focus on selected development challenges in the OP area means that it has a strong focus on infrastructure development and strengthened economic and social and cohesion across the partners. The priority axes and specific objectives fit within relevant thematic objectives and

investment priorities. They also can work well together supporting complementary, but not overlapping, interventions. The OP sets out clear expectations for projects in terms of quality objectives, and in particular a focus on tangible outputs and results in the form of products and services. It also identifies clear target groups, aiming to extend its base across many policy sectors and secure the greater involvement of SMEs. The overall approach to integrating the horizontal themes has been carefully considered. The OP has looked beyond the regulatory requirements and considered the specific relevance of these principles. Horizontal principles have been drawn from the OP strategy and are referred to in priority axes and specific objectives. The OP has the potential to sit well within surrounding policies and strategic frameworks. There is a good fit between well-established areas of activity, EU 2020 and the Cohesion policy regulations. There is a thematic overlap in a number of areas within the activities. In terms of domestic policy, an ongoing focus on structural reform and raising competitiveness would keep the OP firmly aligned with domestic policy interventions and arrangements. The evaluation team noted the significant challenges in establishing sensitive, reliable indicator framework for the OP. The aim in developing the indicator and performance frameworks has been to balance rigor and realism. The indicator structure has been refined during the preparation work, which has resulted in a pragmatic and principled framework of indicators. The decision to identify results indicators which are close to the specific objectives, even though no data are available, is considered by the ex ante team to be a good approach. Where possible, useful milestones and targets are already set and draw on a solid analysis of past experience, OP aims, and stakeholder input. Monitoring and evaluation will be dependent on quantitative data and qualitative research, to document the relevant indicators for the OP. It is also recognized that there will be considerable work to set methodologies, baselines and targets for the results indicators following OP submission. The establishment of rational, well-reasoned output and result indicators also means that the Programme establishes the final links in its interventional logics. The OP's Vision and Priorities were assessed for their conformity with the Europe 2020 Strategy and the EU Seventh Environmental Action Programme, demonstrating a clear compatibility between the EU policies and the programming document, and each Objective was assessed for its potential impacts on the strategic environmental issues. A broad scope was identified for significant positive effects, but attention was also given to the risks of creating significant negative environmental effects. It is the view of the ex ante evaluation team that the OP has all the fundamental elements for a well-designed intervention logic in place. This is reflected throughout the draft OP. The Programme is in line with Community guidelines and priorities, addresses a large number of particular development needs in Croatia, and is in a position deliver results for the Programme area and towards Europe 2020 targets.

State of play of the ex-ante evaluation of the OP Efficient Human Resources

The OP EHR is in the process of being fully developed and finalised. Specific comments of the ex-ante evaluation are being analysed and addressed in the revised OP. The evaluation is in progress and will be attached to the final OP EHR draft submitted to the EC for approval.

Key findings of the ex-ante evaluation of the Rural Development Programme 2014-2020

The ex-ante evaluation of the Rural Development Programme (RDP) has been carried out by independent ex-ante evaluators by assessing the sectoral analysis, SWOT and needs

assessment, the expected impacts and the proposed implementation arrangements, including monitoring, evaluation, and financial management. The strategic environmental assessment (SEA) was carried out parallel to the ex-ante evaluation by the same contractor. Qualitatively speaking, the ex-ante evaluation was conducted in three stages: bilateral meetings with employees of the Ministry of Agriculture regarding the RDP chapters and measures, and a programming workshop; collecting data and interviewing potential beneficiaries and other participants; and the periodic delivery of recommendations and reporting (including a presentation of the draft Report). With detailed recommendations, the evaluators significantly contributed to the quality of the submitted Programme. The main ex-ante recommendations identified are the following: enhancement of the analysis of the current situation with the core concepts such as competitiveness, farm viability, innovation etc.; ensuring an explicit link between the situation analysis and SWOT; and providing additional documentation and justification for the prioritization of interventions and financial breakdown through the situation analysis, SWOT and needs assessment. In the period from 13 June to 12 July 2014, a public consultation was organized on the SEA report in accordance with Article 6 of the SEA Directive. The final reports (Ex-ante Evaluation Report and SEA report) were delivered to the Ministry of Agriculture (MoA) in July 2014.

State of play of the ex-ante evaluation of the OP Fisheries 2014-2020

Directorate for Fisheries of the MoA as the managing authority (MA) for the EMFF programme has carried out an open procurement for ex-ante evaluation. As a result, the contractor was selected and the ex-ante evaluation for the EMFF programme is underway.

1.3. Selected thematic objectives, and for each of the selected thematic objectives a summary of the main results expected for each of the ESI Funds

The selection of thematic objectives and main priorities for investment has been shaped by the main developmental challenges that Croatia is facing, Europe 2020 Strategy, the National Reform Programme 2014 and the Croatian Government's overarching policy objectives to boost job creation, build a stronger economy and a fairer and inclusive society. The selected thematic objectives and the ESI Funds investments programmed under them shall contribute to the Union strategy for smart, sustainable and inclusive growth as well as the Fund-specific missions pursuant to their Treaty-based objectives, including economic, social and territorial cohesion, in the context that is specific to Croatia. In Chapter 1.1 Croatia's main challenges were identified. Below, it is described how the ESI Funds are programmed to contribute to tackling those challenges and what are the main expected results.

In order to tackle the **first challenge** (Economic competitiveness), an approach that uses mainly thematic objectives 1, 2 and 3 will be employed.

1.3.1 Thematic objective 1: Strengthening research, technological development and innovation

Europe 2020

3% of the EU's GDP should be invested in R&D

Croatia 2012 CURRENT: 0.75%

Croatia 2020 TARGET: 1.4 %

Priorities for investment under this thematic objective have been set with the aim to contribute to bringing the combined public and private investments in R&D to 1.4% of GDP by 2020.

Relevant Country Specific Recommendations

None

Priorities for investment

Priorities for investment under this TO are about developing an innovative business sector that is more capable of producing knowledge intensive products/services and a research sector that can act as an engine to economic growth supporting the creation and diffusion of knowledge and technology while supporting the growth of the economy. The main priority is to boost Croatia's growth potential related to Smart Growth, i.e. strengthen RDI and enterprises in sectors in which the country and regions hold competitive advantages through effective use of the Smart Specialisation approach, with the ultimate goal to create and sustain more and better jobs. The policy approach supported by ERDF under this TO will be in line with the business sector's needs and generate demand for R&D and non-R&D knowledge. This will be done in parallel to increasing the levels of research activity with enhanced industrial linkages, partnerships,

commercial exploitation and further development of R&D in areas relevant to technological competitiveness of Croatia.

Specifically, in this area the ESI Funds should:

- Strengthen RDI and enterprises in sectors in which the country and regions hold competitive advantages (linked to smart specialisation)
- Encourage greater levels of private investment in RDI, strengthen innovation capabilities in the business sector and upgrade the knowledge intensity of produced goods, services and production and organization processes
- Increase the levels of research activity with enhanced industrial linkages, partnerships and commercial exploitation of R&D
- Help in building scientific excellence and creative, ambitious and innovative research which is relevant to technological competitiveness of Croatia
- Increase the impact of research, technological development and innovation in more traditional sectors like agriculture and forestry

Approach to Smart Specialisation in Croatia

Vision: Croatia will be recognised as a knowledge-based country embracing creativity and innovation at all levels of society

Smart specialisation is a strategic approach to economic development through targeted support for research and innovation. It provides a direction how existing comparative advantages, both upstream and downstream (R&D and business and industry technology capacity), and assets should be used to maximize knowledge-based development potential. In the past, Croatian innovation policy focused on R&D-driven innovation and on instruments aimed to strengthen the commercialisation of science. Smart specialisation is an opportunity to broaden innovation policy in Croatia from an entirely R&D-focused support towards a wider set of measures which will improve not only R&D excellence, but also that will generate demand for domestic innovation, R&D and non-R&D knowledge. This is the approach Croatia has chosen to build S3. It must be understood that smart specialisation is not about picking winners and selecting technology areas and business sectors to be favoured by policy makers, it is rather “*a policy approach that involves letting and helping the regional economy to discover new activities with strong potential; making a sound analysis of potential and defining a process which will empower those actors most capable of realising the potential*” [REF # 146].

The overall vision for Smart Specialisation in Croatia is translated into the following main strategic objectives:

- Modernizing and diversifying Croatian economy through increasing private R&D and non-R&D investment
- Raising the level of scientific excellence in the Croatian science base and ensuring a steady stream of top class research, to upgrade Croatian current and future competitiveness especially equipped to meet present and future economic and societal challenges.
- Overcoming the fragmentation of innovation value chain and the gap between research and productive systems

- Upgrading in global value chain and promoting internationalization of Croatian enterprises
- Working in partnership to address societal challenges
- Creating smart skills - upgrading the qualifications of existing and new work force for Smart Specialisation.

Prospective economic areas are currently being discussed within the scope of Smart specialisation that Croatia might focus on in the context of smart, sustainable and inclusive growth. These are: (i) health and quality of life, (ii) energy and sustainable environment, (iii) transport and mobility, (iv) security and (v) agro-food and bio-economy. The Smart Specialisation Strategy (S3, in draft) also recognised several important cross cutting themes: key-enabling technologies (KET), ICT, engineering, tourism, creative and cultural industries. These areas show clear strengths in terms of competitiveness and R&D in Croatia, especially in relation to specific sub-areas, in which Croatia possesses clear competitive advantages in the international context, which should be fully exploited in order to bring benefits for the economy.

Strengthening research, technological development and innovation are not restricted to high tech, but include more traditional sectors like agriculture and forestry. Fostering innovation, cooperation and the development of the knowledge base in rural areas will be encouraged through promotion of co-operation between rural development and other actors with an interest in innovation and by strengthening the links of rural development actors with innovation and research sectors.

Expected results

ERDF should strengthen RDI and enterprises in sectors in which the country and regions hold competitive advantages (linked to smart specialisation). This should contribute to a shift to an innovation-based economy and lever substantially business R&D investments supporting the transfer of knowledge and research outputs to the wider economy, and positively impact technological competitiveness which is currently weak. The actions under selected investment priorities are expected to contribute to the national and EU headline target for R&D. Increased industry-led R&D investment shall bring a boost in BERD levels and result in improvement of technological capabilities in enterprises and more innovative businesses, which have a better chance of success on the market and overall drive economic development. An increase in the number of innovation and R&D active enterprises is expected.

The public research sector also needs to contribute more significantly to economic growth. Insufficient collaboration between the private and public sector R&D actors in Croatia is important obstacle to better innovation performance and competitiveness. ERDF shall be used to stimulate innovation and encourage scientific excellence and creative, ambitious and innovative research in priority areas identified through smart specialisation. This will be done by supporting teams of researchers to pursue top-quality research and develop capacity in areas where there are already distinctive strengths, e.g. through supporting development of Centres of Research Excellence. The interventions shall not be focused on building R&D infrastructure per se, but be geared towards improving organisation and focus of research, e.g. to provide critical mass needed to effectively contribute to the identified research challenge in response to the demands of the economy and society. ERDF shall support initiatives put in place to address

fundamental change in the scientific system (universities, research institutes, funding agencies and industry) where research excellence and contribution to prospective economic areas as recognised by Smart Specialisation are the fundamental criteria for gaining support. Competitive funding driving excellence, strong international networking and collaboration with enterprises will be in the focus of this support. Complementarity with Union programmes is foreseen, e.g. Horizon 2020. Strengthening research capabilities in areas that are relevant for Croatia's technological competitiveness (drawing from smart specialisation) and strengthened ability to successfully commercialize R&D should lead to increased number of concepts, patents, licences, products and services developed in the private sector.

Joint industry-research projects and platforms, networking and collaborations will be increased, especially in areas relevant to technological competitiveness of Croatia. Collaborative and contract research relevant to the business sector and competitiveness clusters aligned with Smart Specialisation will be supported. Key actions will be structured around large strategic RDI projects, innovation platforms, Competitiveness clusters, joint RDI activities between universities/PROs and industry (also involving SMEs) and creation of knowledge networks. Therefore, there should be an increase in the collaborations between enterprises, research institutions and public institutions and increased levels of research activity with enhanced industrial linkages, partnerships and commercial exploitation of R&D as a result of ERDF investments.

Small scale pilot investments will be set up in order to test new ideas and concepts that meet social needs supporting innovations that have a social purpose, i.e. social innovations, in more localized areas (e.g. related to community development, health, etc.).

Cooperation among different actors in the agriculture, forestry and food chain that contribute to achieving the objectives and priorities of the rural development policy, including producer groups, cooperatives and inter-branch organisations, creation of clusters and networks will be supported by **EAFRD** interventions. EAFRD shall support the establishment and operation of operational groups of the European Innovation Partnership for Agricultural Productivity and Sustainability to promote links between research institutions and the agricultural and food processing sectors for the funding of pilot projects and the development and implementation of new products, practices, processes and technologies in the agriculture, food and forestry sectors. Cooperation activities supported under EAFRD may be combined with other projects supported by Union funds but overcompensation and overlapping with other national or Union support instruments shall be avoided. Establishment and operation of operational groups of the European Innovation Partnership for Agricultural Productivity and sustainability and pilot projects for testing the commercial applicability of innovative technologies, techniques and practices in different contexts, shall result in increased impact of research, technological development and innovation in more traditional sectors like agriculture and forestry. The provision of knowledge transfer and advisory services for farmers, forest holders and SMEs in rural areas will be for the benefit of the agricultural, food and forestry sectors. Through cooperation in INTERREG Europe (thematic platforms) and other Territorial Cooperation programmes and thematic networks foreseen e.g. under Horizon 2020, knowledge exchange can better orientate R&D activities and improve innovation transfer in the rural areas in the technological, productive and organisational spheres, thereby enhancing competitiveness.

1.3.2 Thematic objective 2: Enhancing access to, and use and quality of, information and communication technologies

Europe 2020

The development of broadband access and e-services is of great importance for the economic development of Croatia and for achieving the common European targets set out in the Digital Agenda for Europe (DAE). Relevant DAE targets at the European level to which Croatia is looking to contribute: download rates of 30 Mbps for all citizens and at least 50% of European households subscribing to Internet connections above 100 Mbps by 2020.

Relevant Country Specific Recommendations

None

Priorities for investment

Extension of NGN broadband coverage and increased usage of e-applications is of priority to Croatia. Latest broadband services (e.g. education via the Internet, social and healthcare services, work from home, e-commerce) require adequate transmission capacity (> 30 Mbit/s), which can be achieved with the help of optical access infrastructure and related wireless technologies of the next generation networks (NGN). It is currently estimated that around 60% of the Croatian population would not benefit from NGN access, due to poor profitability prospects for investments by private operators in low population density areas. Therefore, the Government needs to address the funding gap and ensure that the opportunities for growth through digital connectivity are exploited. The Croatian Government is committed to delivering fast and ultra-fast broadband network to citizens, schools, hospitals, other public institutions and businesses in areas where the market has failed by increasing the total NGA broadband coverage in Croatia to > 50%, using ESI Funds to match national public and private funding.

Within the DAE, the EU Member States are also expected to promote deployment and usage of modern accessible online services (e.g. e-government, e-health, e-education), in order to ensure the benefits of digital society to all. There is, as well, a need to implement a national interoperability framework in line with the European Interoperability Framework. One of the identified problems influencing negatively the level of usage of public e-services in Croatia is inadequate and inefficiently managed ICT infrastructure in the public administration. In this context Croatia plans to support development of consolidated electronic communication infrastructure and equipment for e-Government, in a way that it addresses interoperability and security concerns, as well as to provide incentives to avoid fragmentation of investments in central and local administration.

Specifically, in this area the ESI Funds should:

- Extend NGN broadband coverage in Croatia to > 50%
- Support creation of an interconnected, inter-operable and cost-efficient ICT system within the government administration and development of e-services of selected public sectors (e.g. health), in order to increase efficiency and transparency and to reduce costs
- Increase E-government services usage by individuals

State aid and regulatory issues

Regulation measures are in place for ensuring effective competition as well as a broad availability of broadband access and for encouraging demand for broadband services and broadband access by citizens and business entities. A national broadband atlas is in operation to monitor broadband coverage in Croatia. State aid clearance for the two national state aid schemes (National Framework Programme for Access Broadband Networks and the National Programme for Backhaul Broadband Infrastructure for aggregation networks) is sought in parallel to the 2014–2020 programming process, as both are aligned with corresponding state aid principles for broadband networks in the EU and Croatia, which particularly relates to Guidelines for the application of State aid rules in relation to the rapid deployment of broadband networks [REF #147].

Expected results

In order to achieve ubiquitous access to e-services for all citizens and enterprises, the fundamental prerequisite is to ensure nation-wide coverage of NGA broadband for fast and ultra-fast access. Based on the investment projections, it is expected that **ERDF**, in addition to national funding will contribute to the extension of NGA coverage for 20% of the Croatian population (households) living in underserved areas (i.e. without sufficient commercial interest for investments in such infrastructure by operators in the electronic communications market), this should result overall in > 50% total broadband NGA coverage in Croatia by 2023. The corresponding actions include state aid measures aimed towards both local and regional communities as well as operators in the electronic market, in order to facilitate financial viability of necessary upgrades of existing infrastructure and/or build-out of new infrastructure in the areas concerned. The actions will be targeted towards the access part of the network (last-mile), as well as aggregation (backhaul) networks that connect access networks within communities with the national backbone network. Considering the competitive nature of the electronic communications market, all necessary actions will follow state aid rules, promoting openness of network for all communications providers and achieving maximum benefits for end users. Priority for investment shall be given to territories where multiplicative effects can be achieved combined with interventions under other funding priorities and/or related to higher demand prospects in those areas (e.g. smaller cities and towns that serve as regional and/or local centres of educational, healthcare, entrepreneurial and/or administrative activity for a wider catchment area). Thus, increased total NGA coverage by 20% (to > 50%) is the main expected result. It should have positive social and economic effects, particularly relating to job creation and GDP growth. These positive effects would come directly from the investments in broadband infrastructure. Broadly, further positive effects are expected as all citizens will have equal conditions to access Internet and corresponding e-services, which will contribute to a decrease of digital divide between more developed urban (and suburban) areas and rural areas. Nationwide access to NGA infrastructure for all enterprises will also increase competitiveness and productivity in enterprises.

Further results will include increased numbers of backhaul NGN connection points in areas without existing NGN broadband infrastructure and without sufficient commercial interest for investments in such infrastructure by operators in the electronic communications market, increased number of households taking up broadband subscriptions and increased online availability and online usage of e-applications by

individuals. The latter will be achieved by development of electronic communication infrastructure and equipment for e-Government (in a way that it addresses interoperability and security concerns, as well as to provide incentives to avoid fragmentation of investments in central and local administration) and development of targeted e-public services for citizens and businesses (also in connection to investments under other thematic objectives). Coordinated development and management of e-applications will enable creation of an interconnected, interoperable and cost efficient ICT system within the government administration. Support for putting in place the necessary strategic and technical capacities for the coordination of future services and the development of different e-applications/e-services is foreseen, in line with the National Digitalisation Strategy (under development) which will provide the framework for defining relevant and targeted applications. Further development within this area (e-applications) will be encouraged in connection with TO 9 (Health), TO 10 (Digital schools) and TO 11 (Efficiency of public administration and judiciary and enhancing ICT literacy) priorities, which are described under the respective TOs.

1.3.3 Thematic objective 3: Enhancing the competitiveness of small- and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)

Europe 2020

EU2020 includes key priorities such as support to entrepreneurship, innovation in the economy and availability of finance in order to return to normal lending to the economy (also through increased use of financial instruments to give SMEs more support and access to credits). Sustainable growth – promoting a more resource efficient, greener and more competitive economy – is one of the pillars of Europe 2020 Strategy. Sustainable growth means also development of new processes and technologies, reinforcing the competitive advantages of businesses, particularly in manufacturing and within SMEs. The EU target is to improve competitiveness through higher productivity.

Relevant Country Specific Recommendations

Take further measures to improve the business environment (*see also under TO 11*).

Priorities for investment

Enterprises play the largest role in creating jobs and boosting economic growth and are therefore placed at the centre of Croatia's strategy for the ESI Funds. Access to finance, new technologies, skilled labour and logistics, adequate and professional SME support institutions and business infrastructure are all-important in creating competitive advantages for businesses and represent priority investments from ESI funds. Support will aim at addressing the challenge of Croatian SMEs being less innovative than small and medium businesses in Europe and this is considered to be one of the main causes of low competitiveness of the economy. Businesses, both existing ones and start-ups, will be assisted in overcoming the challenges that hinder their potential to innovate and compete: limited financial capacities, technological capabilities, skills gap. Croatia intends to invest the ESI Funds to improve competitiveness and productivity of SMEs and particularly their performance in international (as well as domestic) markets. Improving efficiency-driven business growth (on the basis of stimulating efficient production processes, quality product improvements, well-organised logistics services

etc.) and innovation-driven growth (on the basis of stimulating new and/or improved products and services) are seen as equally important goals. SMEs need to be stimulated to grow and help diversify economic activity. They are flexible and can adapt quickly to changing market demand and supply situations, they can drive innovation and they make a significant contribution to exports and trade.

The agricultural sector is subject, more often than other sectors, to damage to its productive potential caused by natural disasters and adverse climate events. Furthermore, farmers are very often exposed to increasing economic and environmental risks as a consequence of increased price volatility of global agricultural markets and climate change. In order to mitigate those risks and help farm viability and competitiveness, support should be provided to help farmers restore agricultural potential, which has been damaged and farmers should be encouraged to use available risk management tools. Investments in order to improve the economic and environmental performance of agricultural holdings and rural enterprises, and to improve the efficiency of the agricultural products marketing and processing sector should contribute to the process of consolidation and adjustment of agri-food sector to common EU market competitiveness, and will be particularly targeted on restructuring needs of Croatian agriculture and food-processing industry in order to overcome current difficulties, e.g. in alignment with community standards regarding food quality and safety. Introduction of advanced technology will improve competitiveness of small- and medium-sized farm holdings in the agricultural sector on the market. Inter-generational change is a key priority for the agricultural sector in Croatia, evidenced by the ageing structure of farm holders. Moreover, young farmers compared with the older generation of farmers are more open to new ideas and for introducing innovations into their work and therefore support through EAFRD should be given to young farmers aiming for additional benefits related to generation renewal as one of the major goals of agriculture policy. Investment measures aimed at introducing innovations and energy efficiency in the agricultural, and food processing sectors and forestry products will be supported by knowledge transfer, demonstration actions, advisory services and cooperation measures, including supporting operational groups and fostering of short supply chains, ultimately contributing to higher competitiveness.

Under this TO, Croatia is planning to support technological development, innovation and knowledge transfer in aquaculture. In terms of promoting sustainable aquaculture in order to improve its competitiveness and supporting its development and innovation, Croatia plans to increase total aquaculture production, modernize or renovate the existing farms, establish systems for compensation in case of temporary cessation of fishing, develop and introduce new breeding technologies and recirculation systems of cultivation on the mainland, in order to ensure the sustainability of the protected areas, add new value through processing and diversification of activities, respecting the principles of economic, social and environmental sustainability. Additionally, Croatia wants to improve market organisation for fishery and aquaculture products, and encourage investment in the processing and marketing sectors in order to ensure the viability of fisheries and aquaculture. Particular attention will be paid to the promotion of operations which integrate producing, processing and marketing activities of the supply chain, or which consist of innovative processes or methods.

Priorities for boosting competitiveness of enterprises, including in the agricultural and fisheries sectors, will therefore focus on:

- Easing access to finance for SMEs by increasing the supply of funding where there is market failure and putting in place business support services that improve SMEs' ability to access finance
- Enhancing innovation and growth of SMEs
- Increasing the number of new businesses created (start-ups) and survival of existing businesses, particularly in sectors that have growth potential and are of national or regional/local significance
- Increasing competitiveness of agri-food sector through restructuring, modernisation and an increase in value added of agri-food products
- Fostering generational renewal in agriculture by increasing skilled young farmers
- Reducing the impact of droughts on agricultural production and promoting farm risk management
- Demining of rural/agricultural areas in order to restore agricultural competitiveness and potential (*complementary Cohesion Fund support under TO6 regarding the demining of protected areas*)
- Increasing competitiveness and viability of fisheries/aquaculture
- Improving market organisation for fisheries and aquaculture products

Use of financial instruments for supporting SMEs

The SME Financing Gap Analysis for Croatia from 2011 by EIF already provides valid arguments for establishment and/or strengthening of various financial instruments and delivery mechanisms, and shows a need for both higher capitalisation of already existing schemes as well as introduction of new innovative financing solutions. An Ex-ante Assessment of Access to Finance Market Gap containing details on current circumstances and scenarios on how to improve them is under preparation. Once completed, based on its findings more suitable and innovative financial instruments and delivery mechanisms will be selected and supported by ESI Funds, to enable the change sought in the market. Lending schemes for growth and expansion, micro-loans (including, especially for start-ups), guarantees and venture capital are being considered. The restructuring and modernisation of agriculture and food sectors, as well as specific financial schemes targeting young farmers, could be additionally supported by use of financial instruments, if such a need is recognized by a gap analysis and through assessment of feasibility for the delivery.

Expected results

The main change sought after with **ERDF** is strengthening entrepreneurship as the driving force behind employment, growth and innovation, through tackling the challenges and taking advantage of opportunities, mainly: easier access to finance, technological modernisation and evolution, better adaptation to changes in demand and supply, improvement of business organisation and better institutional support.

Enhanced investments in SME growth and competitiveness seek to address the identified structural weaknesses in the SME sector and in business and investment environment. ERDF interventions are expected to yield increases in SMEs' start-up and survival rates and overall improvement of SMEs' business results as well as creation of new job opportunities to kick-start the economy.

ERDF shall be directed to support new technologies and promote mid-to-high-tech sectors of economy, particularly those identified by Smart Specialisation Strategy, in which Croatia features significant strategic strengths and comparative advantages to other countries. These sectors and ventures are seen as key contributors to the increase of exports, GVA, net worth of intellectual property rights and productivity. At the same time, these sectors are exposed to relatively high risk associated with volatility of business and financial forecasts for individual projects and companies for which reason they are given specific consideration.

Actions are expected to result in increasing the number of SMEs introducing product, process, marketing and/or organisational innovation (which do not necessarily directly result from R&D). The enhanced capabilities of SMEs to innovate are expected to yield higher exports and overall sales, increase in the turnover enterprises create and stimulate the creation of new jobs and job opportunities. These, in turn, should contribute to the improved labour productivity and cost efficiency of Croatian SMEs. Support to new technologies, prime innovation and promotion of mid-to-high-tech sectors of economy shall also result in increased commercialisation of R&D works. Complementary to the TO 1 support to R&D activities, the support under TO 3 will be provided to SMEs for commercialisation of the R&D works results into business activity.

In addition to the support offered to SMEs in sectors in which the country has been traditionally competitive, sectors in which small adjustments can bring swift positive outcomes and/or are of particular significance to regional or local economies shall be supported by ESI Funds actions. These include services, exports of which can mitigate poorer performance in the exports of goods, new products with significant value added and, traditionally, tourism, whereby it will be strived to adequately address its seasonality which affects the SMEs and represents an impediment for their development. ICT, e-business solutions and green technologies can be singled out as particularly relevant in achieving the result of enhancing innovation and growth of SMEs [REF # 148].

In areas facing severe developmental challenges, special mechanisms to support entrepreneurship will be established (such as targeted calls for proposals, modulation of support/lower co-financing contributions required, and/or additional scoring points in the selection) in order to enable catching up, contributing from its part to the reduction of regional disparities in the country.

Provision of investment finance (financial instruments and investment grants) and supporting business support organisations (BSOs) for provision of new/upgraded services to SMEs and entrepreneurs on the overall, is expected to contribute to the ERDF results of easing access to finance, enhancing innovation and growth, and increasing the number of new businesses created and survival of existing businesses. To that end, Croatia's BSOs are expected to participate in addressing key weaknesses of the SME sector. They will work, with ESI Funds support, to improve their capabilities and capacities to deliver better quality services to businesses.

The skills mismatches and skills shortages (especially related to high and specialized skills) on the labour market that are particularly affecting businesses shall be addressed comprehensively under TOs 8 and 10, however the support offered by BSOs, but also that of the South Eastern European Centre for Entrepreneurial Learning (SEECCEL) training centre will also make a contribution.

The main expected results of **EAFRD** investments are improved competitiveness of the agri-food sector by adding value to agricultural products, increased food quality and safety and better integration into the agri-food chain, the technological renewal of the agri-food sector, the development of small farms and their transition to commercially viable and market oriented agricultural holdings and a generation renewal in the agriculture sector through entry of adequately skilled young farmers. Competitiveness shall be underpinned by improved farm risk prevention and management including the development of backbone and on-farm irrigation infrastructure for the increase of agriculture land under irrigation.

EAFRD investments in the restructuring of small farms shall foster economic viability and environmental sustainability of numerous family agricultural holdings on the verge of viability, which are oriented towards market production in accordance with market requirements. Thus, improved overall economic performance of farms through restructuring and modernisation is expected. Furthermore, EAFRD interventions in agriculture provide for an integrated approach for specific measures for support to meet the structural problems in the sector, targeted to specific needs in line with the Union and national priorities for rural development in order to achieve a more effective use of the aid. Support shall be appropriately targeted to priority sectors such as fruit and vegetable and livestock production to address the long-standing structural problems of Croatian agriculture and encourage the market organisation and cooperation of producers. Furthermore, selection criteria should prioritise support to the operations contributing to the sustainable management of natural resources and climate actions in line with national strategic objectives. EAFRD shall also provide support to agricultural holdings in compliance with Union standards for food quality and safety.

In order to place their products on market, farmers have to meet certain quantity and quality standards, which will be facilitated by supporting establishment of producer groups and organisations. In addition, the introduction of quality labels could have a positive influence on market access and the added value of these products. The integration of primary producers and support for short supply chains will directly influence economic profit.

Investments under the EAFRD for the food-processing sector shall be directed towards its modernisation and technological renewal, including investments in new technologies and process control, the more efficient use of raw materials, aimed at improving production efficiency for better competitiveness.

The agricultural sector is subject, more often than other sectors, to damage to its productive potential caused by natural disasters, adverse climatic events and catastrophic events. In order to help farm viability and competitiveness in the face of such disasters or events, EAFRD support under RDP will be provided to help farmers restore agricultural potential, which has been damaged. Furthermore, farmers are very often exposed to increasing economic and environmental risks as a consequence of increased price volatility of global agricultural markets and climate change. In order to mitigate those risks farmers should be encouraged to use available risk management tools.

Investments in irrigation systems and the extension of the irrigable agricultural area in Croatia in order to improve the economic and environmental performance of agricultural holdings can significantly mitigate the risks connected with increasingly frequent

droughts and sustain farm competitiveness. It will give an opportunity to farmers for adaptation to climate change connected with rising temperatures and unfavourable rainfall patterns. In October 2005, the Government adopted a national strategy for the development of irrigation (NAPNAV), with a target of 65,000 ha of irrigable land in Croatia by the end of 2020. Currently, more than six existing irrigation systems have been totally or partially repaired (3,800 ha) and five new systems built (1,200 ha). Total irrigable land has increased to around 15,000 ha in 2012. Its implementation has slackened due to the impact of the financial crisis, hence the EAFRD support shall contribute to achieving this target.

As part of a joint effort between EAFRD (TO 3) and Cohesion Fund (see under TO 6) demining of rural (agricultural) and protected (forest) areas is expected. The demining of agricultural land shall be concluded by the end of 2018, in order to respect the Ottawa convention in which Croatia committed to the removal of landmines by 2019.

EMFF will be used to help make the Croatian fisheries and aquaculture sector more competitive, nationally and internationally. This will be achieved mainly by expansion and diversification of products from marine and freshwater farms (reducing the need to catch wild fish), improvement of sanitary conditions, introduction of number new technologies and innovative production-related processes and products in fisheries, aquaculture and maritime industries, and further development of the market (e.g. certification, labelling, increased product quality, organic production, etc.). Strengthening of R&D, innovation and knowledge transfer in fisheries and aquaculture in particular, including processing, will also encourage development and introduction of new or improved fisheries production, new or improved processes and techniques, new or improved systems management and organization, including improved fishing techniques. Planned investments in existing ports, landing sites, shelters and facilities shall provide the necessary logistics for achieving the desired results.

Action under this TO shall build on the experiences of IPA and Structural Funds 2007-2013 (Regional Competitiveness Operational Programme 2007-2013) and the national programme for supporting entrepreneurship development “Entrepreneurial Impulse”, as well as previous measures implemented under IPARD.

In order to tackle the **second challenge** (Environmental protection and resource efficiency), an approach that uses mainly thematic objectives 4, 5 and 6 will be employed.

1.3.4 Thematic objective 4: Supporting the shift towards low carbon economy in all sectors

Europe 2020

Greenhouse gas emissions 20% (or even 30%, if the conditions are right) lower than in 1990. 20% of energy from renewables and 20% increase in energy efficiency.

Croatia Greenhouse gas emissions (Index 1990 = 100)

2012 CURRENT: 89.12

2020 TARGET: 106

Croatia Share of renewable energy in gross final energy consumption, %

2012 CURRENT: 16.8

2020 TARGET: 20

Croatia Primary energy consumption, 000 TOE

2012 CURRENT: 8.7*

2020 TARGET: 11.15*

Croatia Final energy consumption, 000 TOE

2012 CURRENT: 5.9*

2020 TARGET: 7.00*

* Third National Energy Efficiency Action Plan

Relevant Country Specific Recommendations

None

Priorities for investment

The EU and Croatia as its Member State, seek to reduce primary energy consumption by 20% by 2020. In Croatia, the building sector alone accounts for nearly one half of total primary energy consumption. The energy performance of buildings is generally poor (space heating, space cooling, and lighting being the dominant end uses, accounting for 2/3 of all energy consumed). While new buildings can be constructed with high performance levels, it is the older buildings (constructed mainly between 1940ies – 1970ies), representing the majority of the building stock, which are predominantly of low energy performance and in need of renovation. With their high potential to deliver energy savings (as well as CO2 savings), energy efficient buildings have a major role in our sustainable future. Due to the limited amount of the ESI Funds, contribution towards the low carbon economy shall be concentrated on improving the energy efficiency of residential and public buildings by deep renovation and increasing energy efficiency and the use of RES in manufacturing and service industries, in order to seize energy opportunities in areas where ESI Funds intervention can lever significant private and public sector investment (*the entrepreneurial opportunity in the low carbon economy will be exploited also under TO 3, through support for development and take up of new technologies and innovative solutions by small- and medium-sized businesses, as described under TO 3*). The public sector is expected to take an exemplary role and act as an important driver for more efficient products, buildings and services, and for promoting behavioural changes in energy consumption by citizens and enterprises.

The building sector will be the main priority. The primary focus will be on:

- Improving EE of public sector buildings (in order to respect the requirement set by the Energy Efficiency Directive which stipulates the need to renovate 3% of the total area of the central government building each year), and
- Investments in the heating/cooling, since they amount to almost half of the total energy consumption, through integration of energy efficiency (“deep retrofitting” concept) measures with small facilities for production of RES for individual purposes, i.e. to cover (part of) energy needs of buildings themselves.

Investments in the residential buildings (family houses and multi-residential buildings) will also be targeted, primarily in terms of the heating/cooling sector, with priority on buildings constructed before 1987 due to their extremely low energy characteristics. The use of financial instruments for supporting energy efficiency programmes funded from the ESI Funds in Croatia shall be considered (e.g. loans complemented by technical assistance packages).

Transition to a sustainable economy has to be seized also as an opportunity to strengthen competitiveness, thus Croatia seeks to support industrial energy efficiency and the use of RES, in manufacturing and service industries. Here, the focus will be on replacement of conventional fuel in the production processes with RES plants and in particular once again for the introduction of individual energy efficiency and RES measures (e.g. installation of solar collectors, heat pumps, high efficiency co-generation)

In order to enable fulfilment of the abovementioned energy-related goals, the necessary supporting (“soft”) measures need to be put in place as well. Those measures will primarily relate to administrative and capacity building on all levels (including awareness raising) in order for the various stakeholders (e.g. central and local government level, citizens, potential entrepreneurs) be able to adequately prepare and implement EE / RES measures and technical measures.

A small share of the ESI Funds shall be directed to improving the efficiency of the district heating system (DHS), introduction of smart metering and pilot investments in smart grids and improving the efficiency of the public lightning systems. This should contribute to efficient management of the overall energy system.

Taking into account the importance and share of agriculture and food-processing industry in Croatia, efficiency in energy use is important since the reduction of production costs through reduction of energy costs can positively affect the entire economy as well as contribute significantly to the national strategic objective for resource efficiency and climate resilience in the agricultural, food and forestry sectors. Also agriculture and forestry can be significant sources of renewable energy with support being targeted to exploitation of the considerable potential in Croatia for solar energy and agricultural and forestry biomass, and other agriculture and food processing by-products thereby contributing to the reducing dependence on energy import, achieving the national 2020 energy targets and reducing pollution of ground waters and the effect on climate, soil, air and water is immeasurable. Specifically, a more efficient use of energy from renewable sources and their application in the agriculture sector and food-processing industry will be targeted through EAFRD investment measures for the construction of facilities for the production of energy from renewable sources for use on agricultural holdings and for food processing. The programme shall foster the take-up of more energy-efficient and innovative technological solutions in the food-processing sector, such as the use of raw

by-pass products for the production of bio-energy for self-consumption. In the case of the forestry sector, actions shall be targeted for the technological renewal of the forest biomass sector and modernization of its collection, to exploit its significant potential in Croatia. Special attention should be also given to development and introduction of more energy efficient and innovative solutions, practices, processes and technologies as well as dissemination of information. Improving energy efficiency will also have a direct contribution towards the reduction of emission of greenhouse gasses, particularly carbon dioxide. Investment measures aimed at introducing innovations and energy efficiency in the agricultural, and food processing sectors and forestry products will be supported by knowledge transfer, demonstration actions, advisory services and cooperation measures, including supporting operational groups and the fostering of short supply chains, ultimately contribute to higher competitiveness.

The Croatian fisheries sector is also affected by climate changes. Mitigation of the impacts of climate change in order to achieve the highest level of sustainable use of the sea and coastline is needed. With support from EMFF, Croatia will mitigate the effects of climate change and increase energy efficiency in fisheries through investments in equipment on board, energy audits and schemes and studies. Furthermore, a better knowledge of the sea and exchange of information are essential for the sustainable growth of the sector and achieve a healthy and economically exploitable sea.

Expected results

The selected priorities for investment are expected to contribute to national and EU headline targets for energy efficiency and energy savings. The national targets are set in the National Energy Efficiency Plan and the RES Action Plan (reduction of final energy consumption by 22.76 PJ in 2020 and increasing share of RES in final energy consumption up to 20% by 2020). Expected results for **ERDF** include reduced energy consumption, combined with the increased use of low carbon and/or renewable energy sources to meet the remaining demands by e.g. improvement of average heating/cooling demands in public and residential buildings. Based on the 3rd NEEAP projections related to the necessary measures and their costs, it is estimated that approx. 50% of the overall goal (targets) of reduction of energy consumption in both manufacturing and service industry can be reached with the planned ERDF support by 2020. Additional benefits will result from the promotion of the use of locally available resources and technologies in order to increase the share of the RES in final energy consumption in terms of stimulating local economy and employment in relation to energy renovation and localised generation of energy from RES.

The main expected results with regard to **EAFRD** are increased efficiency in energy use in agriculture and food processing, increased use of renewable sources of energy, of by-products, wastes and residues and of other non-food raw material, for the purposes of the bio-economy, increased carbon conservation and sequestration in agriculture and forestry, reduced GHG and ammonia emissions from agriculture and increased production of forest biomass.

The main expected results with regard to **EMFF** are increased energy efficiency of maritime and fisheries activities and deployment of low-carbon technologies and reduced emission of pollutants and/or green-house gases and increased energy efficiency of fishing vessels.

1.3.5 Thematic objective 5: Promoting climate change adaptation and risk prevention

Europe 2020

Preventing dangerous climate change and reducing greenhouse gas emissions to 20% below 1990 levels are strategic priorities for the EU.

Priorities for ESI funding will contribute to the Sustainable growth priority of the Europe 2020 Strategy, which stipulates the creation of climate resilient economy including disaster risk reduction and prevention as a priority within the “Resource efficient Europe” flagship initiative.

Relevant Country Specific Recommendations

None

Priorities for investment

Croatia needs to shift from a re-active to a pro-active approach with respect to climate change, meaning strengthen emergency preparedness and improve resilience to climate change effects. Significant sensitivity in terms of climate change impacts with corresponding expected increase in the occurrence rate of naturally caused risks implies the need for preparation and implementation of the adaptation measures as well as risk prevention and protection measures. In terms of adaptation and improving resilience to climate change effects, as a first step Croatia needs to develop a National Strategy and Action Plan for Adaptation to Climate Change that will determine precise objectives as well as concrete and priority investments in terms of adaptation and prevention of climate change adverse effects. The ESI Funds will be used to tackle the identified needs (e.g. data collection, sectoral integration, capacity building) in support and in line with the National Adaptation Strategy that is due by the end of 2016. In terms of disaster risk management and strengthening emergency preparedness, in line with the development of the Disaster risk assessment (that is due by the end of 2015), the main objective of the ESI Funds will be to improve the disaster management system both in terms of infrastructure and necessary human and technical capacities. Disaster risk reduction will enable Croatia to put in use and manage more efficiently its resources, but it will also help establish conditions for their sustainable long-term use.

Establishment of the investment strategy within this TO is influenced by the fact that the main strategic documents (National Strategy and Action plans for Adaptation to Climate change as well as Disaster Risk Assessment and Disaster Risk Reduction Strategy) that should identify the final list of priorities and main activities are still to be finalised, but on the other hand by real and threatening recurrence of floods. Frequent extreme hydrological conditions have been recorded in the last 15 years on the major part of Croatia’s territory, causing occurrence of severe floods resulting in significant damages in the agricultural sector and affecting human settlements. The catastrophic flood on the Lower Sava River in May 2014 caused direct damages estimated at EUR 300 million. As regards floods it is evident that they are no longer a risk with periodical, but rather a regular occurrence rate, and they can occur in places that are not necessarily considered as being at great risk. The growing trend in the frequency and magnitude of flood events can be attributed to the effects of climate changes and socio-economic growth in flood

prone areas. Thus, it is one of the key priorities for Croatia to invest in monitoring and tackling flood risk, in order to reduce flooding risks to the population, heritage, economy and the environment in accordance with the Floods Directive and the Croatian Flood Risk Management Plan. The needed (priority) projects that will be prepared stem from the preliminary flood risk assessment (PFRA), developed by Croatia in 2013 as a first step in the preparation of Flood Risk Management Plan (due by the end of 2015). That means that only projects / measures contributing to the reduction of flood risk in priority areas of potentially significant flood risks as defined by the preliminary flood risk assessment will be selected for preparation and implementation. In addition, for the needs of preparation of specific projects or groups of projects, river basin flood risk management studies with feasibility studies for subprojects will be carried out, initially focusing on river basins with most significant flood risks according to the PFRA.

Even though the highest damages are attributable to floods and droughts, fires and other natural disasters also pose significant risks. A comprehensive Disaster risk assessment, including mapping and ranking of risks is under preparation (due by end 2015), which is a pre-requisite that will, inter alia, identify and determine priority risks which Croatia will address partly through ESI Funds. The other part of the ESI Funds investment will concern capacity building measures in the climate change adaptation and disasters risk sectors, meaning establishment of the system for climate change monitoring, forecasting and planning of climate change adaptation measures, and strengthening administrative and technical capacities all disaster protection and management organisations via educational activities, equipping and awareness rising.

Furthermore, Croatia is rich in natural, unpolluted water resources that must be protected from pollution by means of constant supervision and adapting of agricultural production activities. This can be achieved by encouraging various agro-technical practices, which reduce possible negative effects of intensive agriculture. Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors are complementary with non-productive investment linked to achievement of agri-environment-climate objectives supported under TO 6.

The appropriate application of agro-technical measures in agriculture will influence the reduction of excessive and unnecessary soil treatment, the result of which will be the improved quality of the soil, reduction of erosion and less organic matter lost. Inadequate fertilization and improper manure storage are the main ground water nitrate polluters. The EAFRD will support the construction or reconstruction of storage capacity for manure and application of specific agricultural machinery as well as the technological modernization of barns and construction compost bins. The adoption of balanced multiannual fertilization plans shall be fostered, corresponding to the real needs of the crop, so optimum rather than the maximum amount of fertilizers is used. Farmers shall receive training and demonstration actions on the use and disposal of fertilizers, and the responsible use of pesticides and disposal of waste, as well as knowledge on agricultural practices and methods that reduce the negative environmental impact of agriculture, including the introduction of wide crop rotation, terrace maintenance, tilling and sowing on the terrain with slope for arable annual plants to reduce the negative effects of erosion or prevent erosion and organic and integrated farming which shall be supported by the EAFRD and ultimately contribute to reducing the impact of agriculture on climate change. Sustainable agricultural production includes investments in the EAFRD to reduce nitrate pollution of waters. Investments in modern technologies in the agriculture

and forestry sector will influence the quality of water resources. This is particularly important for vulnerable areas declared as areas of special importance for Croatia. Investments for the development and improvement of the viability of forests are aimed at the adaptation of forest ecosystems to climate change. The restoration of the degraded forms of forest stands will improve forest ecosystem services, thereby contributing to mitigate climate change.

Expected results

The main expected results of **ERDF** contribution concern integration of the climate change adaptation aspect in all investment plans and targets, enhancement of relevant scientific research, data gathering and development of modelling tools that will contribute to better planning of adaptation measures. The results of the ESI Funds/ERDF interventions will ensure that 100% of the Croatian territory is covered by regular monitoring and impact of climate change impacts, as well as by modelling tools for assessment of climate change impact and effect of potential adaptation measures.

Specifically, with respect to monitoring and tackling flood risks, improved operational capacities and performance of the disasters risk related institutions on national and local level is expected as a result of ERDF-supported interventions, as well as the specific results already mentioned under the priorities for investment. Other important results concern raising capacities and knowledge, including public awareness on resilience and adaptation.

The main expected results related to **EAFRD** investments relate to improved use of fertilisers and pesticides management, improved quality of the soil, decreased soil erosion and preserved organic matter in soil resulting from introduction of soil management practices in the agriculture sector and restoration of degraded forests.

1.3.6 Thematic objective 6: Protecting the environment and promoting sustainable use of resources

Europe 2020

Preservation of the natural environment, “Polluter should pay” principle.

The planned investment framework under this thematic objective derives directly from the Europe 2020 Strategy priority related to the overarching targeted of the EU - promotion of Sustainable Growth (i.e. economic growth linked with more efficient use of resources). Furthermore the Europe 2020 Strategy sets the need for achieving biodiversity targets, covered by the EU 2020 Biodiversity Strategy and in overall relating to the reversing biodiversity loss and speeding up the EU's transition towards a (natural) resource efficient economy.

Relevant Country Specific Recommendations

None

Priorities for investment

By acceding the EU, Croatia has undertaken the commitment to implement transitional measures related to implementation of EU legislation requirements in, inter alia, water and waste management. Currently, the performance indicators of the two sectors in Croatia are well below EU requirements and standards with just 44% and 27% of population connection rates to sewerage systems and (at least secondary) wastewater treatment systems respectively, while the municipal waste is still mainly being land filled (83%) and there is a significant number of official landfills and wild dumps used that do not conform to technical and environmental requirements. This does not just result with inefficient and thus expensive resource management, but also presents environment and health hazards. Thus, it is considered a priority to meet EU standards in the management of waste and water, mainly by:

- Securing gradual reduction of biodegradable waste being land filled (to 35% of 1997 levels by end 2020),
- Ensuring compliance of all existing landfills with the EU directives by the end of 2018, with gradual reduction of waste land filled in existing non-compliant landfills in the 2013-2018 period,
- Securing compliance in terms of wastewater collection and treatment by 2023 (with intermediary deadlines for 2018 and 2020 depending on the size of agglomerations and sensitivity of the recipient), and
- Ensuring compliance in the microbiological parameters and indicators of the water intended for human consumption by the end of 2018.

While preparing and implementing priority investments in the waste and water sectors due care must be given to the institutional strengthening of the two sectors including necessary re-organisational measures (such as consolidation of the water communal companies as envisaged by the Decree on the Water Service Areas, REF #149), and the affordability level since the compliance-related investments and corresponding application of cost recovery principles will pose a significant burden on end users.

Another priority area is related to preservation of biodiversity and management of Natura 2000. Since Croatia has a vast diversity of habitats, in terms of nature protection the priority investments, in line with the EU 2020 Biodiversity Strategy, will cover measures related to:

- Conservation and restoration of the biodiversity (i.e. maintenance and enhancement of ecosystems and their services),
- Prevention and halting biodiversity loss (including diminishing negative impacts e.g. IAS, landmines), and
- Ensuring sustainability of natural resources (i.e. incorporating biodiversity conservation measures into sectoral plans and programmes).

Within mentioned priorities and having in mind that Croatia has recently proclaimed Natura 2000 network one of the main priorities will be setting up and implementation of an adequate management framework for Natura 2000 network, including additional research activities, mapping of marine habitats and species and establishment of monitoring framework. Also, actions are aimed at restoration of habitats, including those caused by long-standing contamination of soil with mines and unexploded ordinance in forests and forestland, as the prerequisite for sustainable management. Utilisation of natural and cultural resources with tourism potential in a sustainable manner in order to

support development and deliver economic benefit to regions, which includes enhanced management of protected areas (primarily, national and nature parks) will also be carried out with ESI Funds support. The two are linked because adequate management of natural heritage will ensure its preservation and protection of natural assets and value, which can then be used as catalysts for local and regional development and employment, primarily related to tourism.

Part of the investments (on a much smaller scale than above) are planned in order to contribute to the integrated and sustainable urban development and enhance the urban environment. Actions will aim to secure adequate monitoring and improvement of the air quality and supporting usage of already existing physical resources through regeneration and re-usage of brown fields (ex-military and industrial complex) for the economic and social development. The latter will be implemented through the ITI mechanism.

Croatia will address the preservation of biodiversity of agricultural and forestry ecosystems through EAFRD. Over a long period of time the depopulation and changes in the local economy, the intensification of agriculture where such activity is still present and changes in traditional practices, have changed the landscape characteristics and threaten biodiversity and ecosystems, which is particularly serious in the Karst and mountainous areas where shrubs suppress the valuable grassland species. Croatia has many indigenous breeds of farm animals and plant varieties, which have adapted to specific life conditions in different parts of Croatia. More sustainable land use is needed for the preservation of high levels of biodiversity farmland especially High Nature Value (HNV) farmland, which in the case of Croatia covers 54.4% of the country. The abandonment or intensification of agricultural production in these areas has a negative impact on biodiversity and it is necessary to encourage appropriate means of management and maintain traditional varieties and practices even if not economical in order to preserve biodiversity. Various agri-environmental measures can make a significant contribution to the biodiversity and farmers shall also be supported by special payments to maintain agriculture land in mountain areas, areas with natural or other specific constraints. Such compensation helps farmers continue the use of unfavourable agricultural land and maintain the existing ecosystems.

Special attention under EAFRD interventions are foreseen for maintenance and conversion to Organic farming, thus answering society's demand for the use of environmentally friendly farm practices and in order to support the positive trend regarding organic farming practices in Croatia.

Concerning EMFF, Croatia has as a main objective the sustainable resource management. Furthermore, the goal shall be to reach the MSY (in accordance with the scientific advice) and implementation of the discard ban (including through investments in ports and landing sites to facilitate compliance with the obligation to land all catches). In terms of inspection and control, specific attention shall be given to the issues related to the implementation of the discard ban, as well as the control of IUU issues in general. Also, freshwater ponds, which are mostly located in the area of Natura 2000 sites require special attention and will be investing in them to achieve results that will have an impact not only on production but also environmental protection and conservation of important habitat. In order to protect marine biodiversity, Croatia is planning to support clean up of the sea, i.e. collecting marine waste and marine litter. It is necessary to define the actual

status of Natura 2000 areas established for Posidonia beds, maerle and coralline communities, and to implement continuous monitoring and protection of these areas. It is also necessary to define potential harmful effects of all human activities (traffic, tourism, etc.) to these areas. Key growth and spawning areas should be determined, in order to implement monitoring and protection. Development of selective fishing techniques should be stimulated, in order to reduce discards and substitute non-selective techniques with selective ones. The Common Information Sharing Environment (CISE) should also be supported to enhance data sharing for the purpose of Maritime Surveillance and increase sea safety and marine environment protection.

Expected results

Significant **Cohesion Fund** resources should contribute to meeting EU standards in the management of water and waste. The prioritization of measures in terms of financing is set up in accordance with the transitional period deadlines (set in the Croatian Accession Treaty) for both sectors. Use of the Cohesion Fund in the water sector will result in bringing Croatia closer to EU Water Framework Directive and relevant drinking and wastewater directives compliance by:

- Ensuring provision of sufficient quantities of good quality of drinking water and increasing connection rate of population to the public drinking water supply system, increasing efficiency of water supply by reduction of losses from the water supply system by 20% by 2023; and
- Increasing population's connection rate to the public sewerage systems and increasing amount of wastewater treated at appropriate level of treatment after being collected.

Implementation of those measures supports also the objective of Water Framework Directive that includes the key element of the River Basin Management Plans (RBMPs) for Danube and Adriatic River Basins with incorporated Programmes of Measures to be implemented at basin level and aimed at achieving a good status of water bodies.

For the waste sector, the Cohesion Fund interventions shall result in the decrease in the amount of total and biodegradable municipal waste going to landfills, in terms of progress towards achieving full compliance with EU Landfill Directive. An increase in the amount of waste treated by waste management sites as a result of improved waste treatment and management facilities and waste recycle increase are expected. In addition, selected locations will be rehabilitated which have been previously polluted by waste (including both municipal landfills that need to be remediated and closed, as well as "hot spots", i.e. locations highly polluted mainly by industrial waste).

In relation to preventing loss of biodiversity the expected results are to complete the establishment of the Natura 2000 and ensure its adequate management. In connection to EAFRD investments under TO 3, here also Croatia considers demining a priority for restoring economic potential and effective management of protected areas. The goal is to reduce mine suspected areas by 140 square km (14,000 hectares) using ESI Funds support (EAFRD under TO 3, as described previously, and the Cohesion Fund under TO 6, described here). Demining is also considered as a horizontal objective and preparatory action under each TO of the 2014-2020 programmes where related projects have been identified with the goal of contributing to local economic development.

The main expected results for **ERDF** relate to ensuring contribution of natural and cultural heritage to regional economies in terms of job creation, new entrepreneurship opportunities, economic diversification and innovation (mainly related to tourism). Therefore, further economic benefits are expected from enhancing the cultural & natural environment. With respect to urban regeneration / brownfield re-development, the main expected results related to ERDF are new public content developed in the urban located brownfields for various public purposes. This will be implemented through the ITI mechanism and as such allowing best possible integration of the rehabilitating brownfields with results expected under other TOs which will provide services and content within the rehabilitated brownfield sites. Also, expected results related to ERDF concern the upgrade of the air quality management and monitoring system primarily in urban areas.

The main expected results related to **EAFRD** are to halt biodiversity loss due to negative impact of unsustainable agriculture or land abandonment, to be achieved primarily by supporting areas facing natural or other specific constraints, fostering organic farming and promoting sustainable farming practices, in order to maintain the state of landscapes and ecosystems.

The main expected results related to **EMFF** investments relate to reduced impacts of fishing on the environment, more sustainable use of marine biological resources, which will be achieved through the implementation of conservation measures under the Common Fisheries Policy and fisheries-related conservation measures under Natura 2000 and Marine Strategy Framework Directive. More sustainable use of maritime space is to be achieved through Maritime Spatial Planning and Integrated Coastal Management. Reduction of marine waste will result from supported actions of marine litter clean up and sea cleaning, mainly in order to protect biodiversity. More effective maritime surveillance will be achieved through implementation of the Common Information Sharing Environment (CISE) and Integrated Maritime Surveillance.

In order to tackle the **third challenge** (Development of sustainable and modern transport and network infrastructures), an approach that uses mainly thematic objective 7 will be employed.

1.3.7 Thematic objective 7: Promoting sustainable transport and removing bottlenecks in key network infrastructures

Europe 2020

EU2020 strategy to support the shift towards a resource-efficient, low carbon economy includes measures to encourage smart, green and integrated transport. The Roadmap to Single European Transport Area (as part of the EU's 2050 Transport Strategy) aims to link different modes of transport, remove major barriers and bottlenecks in key areas across the fields of transport infrastructure and investment, innovation, and the EU's internal market and foster a major shift in the way passengers and freight are moved.

Relevant Country Specific Recommendations

Ensure that companies under state control are governed in a transparent and accountable manner, in particular, strengthen the competency requirements for members of management and supervisory boards nominated by the State and introduce a public register for appointments. Reinforce prevention of corruption in public administration and state-owned and state controlled enterprises.

Management and restructuring of state-owned enterprises (SOE) in the transport sector

There are several SOEs in the transport sector undergoing restructuring processes: Hrvatske autoceste d.o.o. (HAC), Autocesta Rijeka - Zagreb d.d. (ARZ), HŽ Cargo d.o.o., HŽ Putnički prijevoz d.o.o. and Croatia Airlines d.d. (CA). The restructuring process includes rationalisation, reorganization, modernisation and improvement of business and outsourcing of non-core business activities into separate trading companies in order to privatise them. These changes are essential in order to ensure their survival on the open market, increase their competitiveness, and reduce their need to borrow in the financial sector. The companies HŽ Cargo and HŽ Putnički prijevoz are undergoing a restructuring and privatisation process, with emphasis on retaining their core business activities. The goal of the restructuring is to prepare the companies for market liberalisation of rail services and raise the efficiency of their business operations, given that they, when compared to companies operating in the EU, show much weaker results. In the field of road transport, in the companies HAC and ARZ, through an operational restructuring, the activities of the toll collection and routine maintenance were outsourced into a joint specialised company, whereas the parent companies retained the core business activities (i.e. control of management, design and construction of motorways). The restructuring programme of CA was approved by the Agency for the Protection of Market Competition. The programme is carried out in accordance with special EU regulations for the sector of air transport, which refer to capital investments, guarantees and loans in air transport.

In terms of ensuring transparent and responsible management of SOEs, also as per CSR, the Government is taking steps to intensify the requirements related to the competence of executives and monitoring committees of SOEs, including introducing a public register of appointments, and to improve the annual reporting on their business activities, also for the purpose of preparing the State Property Management Plan, which is annually adopted by the Government.

The result of these reforms is also expected to reflect favourably on the implementation of ESI Funds in the transport sector, where some of the above-mentioned companies will assume the role of project promoters.

Priorities for investment

The main investment priorities in relation to transport and mobility are:

- Improvement of the core network railway lines (TEN-T)
- Improvement of the TEN-T road network and access to the TEN-T road network through supporting more efficient distribution of flows to secondary nodes of TEN and elimination of obstacles for traffic continuity inside HR borders

- Enhancing urban and suburban mobility and connectivity, taking into account environmental aspects by developing intelligent, sustainable and integrated low-carbon urban public transport

The investments in transport infrastructure from the ESI Funds are prioritised according to their expected economic development impact and according to their contribution to mobility, sustainability, reduced greenhouse gas emissions, and the Single European Transport Area.

Multimodal and interoperable operations in Croatia are still at an early stage of development, thus it is important to modernise and develop multimodal and interoperable transport links in terms of combining at least two different transport modes along the same corridors (i.e. multimodality) and integration of transport concepts across modes (interoperability) in order to develop a sustainable and efficient multimodal and/or interoperable transport system, connecting the Croatian transport network to the trans-European network.

Rail is the priority mode of transport, which will be supported from the ESI Funds in order to promote a modal shift. A large portion of funds allocated under the Cohesion Fund will be used for improving the core network railway lines (TEN-T) through modernisation of the railway infrastructure, with the attention being on the development of those parts of the rail network, which form part of the TEN-T corridors in Croatia. Freight transport is in focus with the aim in assuring enough capacity to service Croatia's main port Rijeka, i.e. Mediterranean core corridor connecting Rijeka with mid-Europe, and to service international traffic going between West and South-East Europe, i.e. TEN-T route connecting Ljubljana (SLO) - Zagreb (HR) – Belgrade (SER). Especially important is to achieve EU standardisation of the core network i.e. interoperability and ERTMS compliance. In the passenger domain, the focus will be on improving selected rail commuter traffic lines in the Zagreb gravity area.

The investments in improving the core network railway lines will be coordinated and strengthened by the Connecting Europe Facility. CEF projects are pre-identified as part of the Mediterranean corridor and will be picked from the following: Rijeka – Zagreb – Budapest railway line (including construction of new track and second track between Rijeka and HU border), Port of Rijeka infrastructure upgrading and development, development of multimodal platforms and interconnections, and Ljubljana – Zagreb railway line.

The second most important priority is connected to improved TEN-T road network and access to the TEN-T road network, through supporting more efficient distribution of flows to secondary nodes of TEN and elimination of obstacles for traffic continuity inside HR borders. This means that the ESI Funds investments should contribute to ensuring that urban and rural areas benefit from the opportunities created by major networks, enabling improved accessibility and mobility of people and goods through Croatia and to the rest of the EU. Routes approaching major urban centres and multimodal nodes will be improved as part of the effort to eliminate traffic bottlenecks and reduce negative environmental impacts. Special issue is related to the connectivity of the functional region Southern Dalmatia, which includes mainly the territory of the Dubrovnik-Neretva county. It is a coastal region, which is particular in that it is surrounded almost entirely by Bosnia and Herzegovina. This economically important part

of the territory (one of the most prominent tourist destinations in the Mediterranean) suffers from the Neum (BIH) road bottleneck, which will increase with full implementation of Schengen borders and could bring excessive delays in cross-border traffic if no action is taken. This road direction is also part of the TEN-T core network towards Montenegro and further south. Thus, there is a clear need to assure a stable, every day and affordable connection for the local community and business. The exact route, type of construction and technology of addressing this particular mobility challenge is to be determined within the feasibility process (study) currently under way.

Interlinked, enhancing urban and suburban mobility and connectivity mainly by achieving efficient integration of modal transport services at major cities by taking into account environmental aspects by developing intelligent, sustainable and integrated low-carbon urban public transport is also one of the main priorities for ESI Funds investment. Transport services shall be planned, coordinated and integrated within transport functional regions on the basis of need and better regulation of the provided services. Also, urban interventions will depend on development of the Sustainable Urban Mobility Plans. Modal split in favour of public transport and soft modes (pedestrian and cyclists) shall be promoted. Zagreb is the main economic and transport node of Croatia (also for TEN-T core networks of urban, airports and rail-road terminals). This implies a heavy mobility burden on this area, which has to be tackled by a mix of infrastructural, policy and operational (organisational) measures, which stimulate integration with urban public transport. In the city of Zagreb, which is offering relatively good quality and reliable transport, one of the priorities would be to include the surrounding cities and regions in an integrated transport system with the city of Zagreb to allow for an easier, efficient and time-saving commute, to improve the modal split and expand the catchment area. The accessibility of Split node is characterised by the important amount of passengers commuting from and to the islands. Due to this it is relevant to improve the maritime public transport connections and the accessibility to the port by public transport. The development plan of the port shall be taken into account for the proper planning of the transport needs in Split. For Rijeka, which is characterised by the heavy presence of the port in the structure of the city, the top priority would be to improve the accessibility to the port, but this however will be tackled within the objective to eliminate regional road bottlenecks and safety black spots aiming to improve mobility and accessibility of targeted areas, and supported by ERDF (*see below*). With regards to public transport in Rijeka, there is the potential to develop maritime transport as a public transport mode to complement the bus system and/or to adapt the railway network inside the city for public transportation. For Osijek, which uses tram and bus systems, the objective would be to increase the efficiency and sustainability of the public transport system in order to increase public transport's modal share. The accessibility of Zadar node is characterised by the important amount of passengers commuting from and to the islands. Due to this it is relevant to improve the maritime public transport connections and the accessibility to the port by public transport. Similar to Split, the development plan of the port shall be taken into account for the proper planning of the transport needs in Zadar. Implementation and promotion of zero emissions transport solutions is also envisaged. Part of activities will be implemented through the ITI mechanism when they are strongly related to ITI interventions in other sectors. Those integrated ITI activities are to be promoted, coordinated and managed by the selected cities themselves.

Improved connectivity and accessibility of inhabited islands will be supported also, in order to improve territorial cohesion and enhance local (regional) economic growth. The

particular morphology of the Croatian territory, with a high number of inhabited islands, implies an extra constraint in order to assure the territorial cohesion of the country. Due to that, it is necessary to improve passenger accessibility to, from and between the islands (synergies with the objective to establish integrated and clean public transport systems in urban agglomerations, above, are foreseen). Special attention will be given to minimising environmental impacts of such investments.

Developing Dubrovnik airport's infrastructure (as part of the phasing project supported already in 2007-2013) will provide for good medium to long distance passenger accessibility of this detached, but economically (especially, in terms of tourism) very important area of the county. The main objective of this investment is to bring the airport in line with modern EU standards regarding environment protection and safety.

Increasing the levels of safety on roads, complements the second priority. Thus a small portion of funds shall be dedicated to contributing to a 50% reduction of road accident fatalities by 2020 (compared to 2010 levels) as specified in the National Road Safety Programme 2011-2020, mainly through elimination of traffic black spots and improving safety of road sections with high volumes of mixed traffic.

Removal of bottlenecks in the core TEN-T inland waterways network (i.e. Rhine-Danube core network corridor) in order to increase the mobility and sustainability of international freight transit through Croatia is the final objective to be addressed by ESI Funds in the 2014-2020 period in the transport sector. Investment in port infrastructure in order to provide greater capacity and better services, IWW construction work in order to comply with the desired (increased) class of navigability, improvement and upgrading of River Information Services, which are a part of TEN-T are envisioned as part of the objective to increase transport flows on IWW. This improvement will provide new dynamics on the Network and potentially have positive economic effect on the surrounding mostly rural areas and will be a significant factor in the modal switch. IWW sector is especially delicate *vis a vis* environmental impacts. Thereby this issue will be closely monitored during project preparation and implementation, and environment considerations will be incorporated into the projects. In particular, any project that modifies the hydromorphological characteristics of a water body causing deterioration of the status, an appropriate analysis as required by Art. 4.7 of the Water Framework Directive should be carried out as early as possible in the planning process. This would entail the analysis of alternatives (better environmental options), the set-up of the necessary mitigation measures, justification of the importance of the project for overriding public interest and inclusion in the River Basin Management Plan.

All priorities will build upon previous experience in implementing pre-accession and structural funds of the 2007-2013 period. Significant investments allocated to the transport sector will need to be adequately managed therefore a concept of building project promoters and strengthening implementation capacity as part of a systemic solution to insure timely and effective implementation is considered.

Expected results

The use of the **Cohesion Fund** in the transport sector shall contribute to continuing modernisation of the railway network in Croatia, especially core network lines, with the

resultant increases in rail freight traffic and the number of rail passengers. This is a major expected result.

Further expected results of Cohesion Fund contribution are the development of intermodal services, improving urban transport services and the quality of travel in urban agglomerations which shall reduce door-to-door travelling time on main routes within urban agglomerations and their functional regions, contributing to reducing negative environmental impacts of transport within urban areas (congestion, air pollution, noise, etc.), with the resultant increase of use of urban public transport and contribution to the modal shift. Furthermore, improving connectivity to/and from inhabited islands is expected, through gradually providing sustainable transport services throughout the year, which should contribute to local economic growth.

Increased transport flows on IWW through improvement of port infrastructure (capability to handle trade) and improved navigability of core TEN-T IWW network in Croatia are expected, also as a result of Cohesion Fund contribution.

The main expected results for **ERDF** relate to improved regional connectivity and mobility through connecting the regional road network with road TEN-T, more efficient distribution of flows to secondary nodes of TEN, increased accessibility of key road sections closely linked to TEN-T and elimination of obstacles from traffic continuity at the borders in the Dubrovnik-Neretva county. Furthermore, road safety interventions should eliminate safety black spots and reduce road fatalities.

In order to tackle the **fourth challenge** (Labour market participation and quality of education), an approach that uses mainly thematic objectives 8 and 10 will be employed.

1.3.8 Thematic objective 8: Promoting sustainable and quality employment and supporting labour mobility

Europe 2020

75% of the 20-64 year-olds to be employed by 2020.

Croatia 2013 CURRENT: 55.4 %

Croatia 2020 TARGET: 62.9 %

Priorities for investment under this thematic objective have been set with the aim to contribute to raising the employment rate to 62.9% by 2020.

The Commission put forward two flagship initiatives to catalyse progress under the employment headline target:

- Youth on the move - to enhance the performance of education systems and to facilitate the entry of young people to the labour market
- An agenda for new skills and jobs - to modernise labour markets and empower people by developing their skills throughout the lifecycle with a view to

increase labour participation and better match labour supply and demand, including through labour mobility.

Croatia intends to fully support these initiatives through concrete actions, co-funded by the ESI Funds.

Relevant Country Specific Recommendations

Reduce access to early retirement.

Implement the second phase of the labour law reform.

Strengthen the effectiveness and reach of active labour market policies by reinforcing the administrative capacities of the public employment services, including at regional level, and by increasing the coverage of the young, long-term unemployed and older workers. Prioritise outreach to nonregistered youth and mobilise the private sector to offer more apprenticeships, in line with the objectives of a youth guarantee. Outline plans to address undeclared work.

Improve the reactivation of inactive and unemployed persons.

Priorities for investment

Priorities under this TO shall complement the labour market and pension reforms aiming to further flexibilise the labour market and reduce access to early retirement, respectively, which the Government has put in place and to which the ESI Funds can add value to, in order to boost employability, contributing to Inclusive Growth. There will be a particular focus on young people and those people in disadvantaged situations on the labour market (long-term unemployed, unemployed with lower education attainment, older workers and women). Strengthening of effectiveness and reach of ALMP, also by reinforcing the administrative capacities of the public employment services and by increasing the coverage of the young, long-term unemployed and older workers, reactivation of inactive and unemployed, undeclared work and prevention of labour market segmentation will be addressed in line with the CSR for higher employment.

Specifically, under this TO, the ESI Funds should:

- Support labour market integration of young people, particularly those not in employment, education and training (NEET)
- Tackle barriers to finding / entering work, staying at work and making progress at work, including by providing skills training and other support to people in disadvantaged situations on the labour market (long-term unemployed, unemployed with lower education attainment, older workers and women)
- Increase employment by mainstreaming entrepreneurship and self-employment, especially for women
- Strengthen the effectiveness of ALMP and broaden their outreach, especially to youth and people in disadvantaged situations on the labour market
- Help tackle undeclared work by combining incentives and deterrence measures, including through improving and strengthening labour market institutions
- Increase employment opportunities in rural, coastal and fisheries areas through diversification of economic activity and creation of new enterprises

Expected results

The selected priorities for investment are expected to contribute to the national and EU headline target for employment. The key expected **ESF** result is an increase in employment for groups targeted by the actions, i.e. youth, long-term unemployed and people in a disadvantaged situation on the labour market (unemployed with lower education attainment, women, older unemployed persons, Homeland War veterans and war victims). An increase in their employability levels is also expected, especially in relation to gaining skills and qualifications in demand on the labour market.

It is expected to increase the effectiveness of the ALMP measures, as well as to improve the quality of public labour market service providers, especially the Croatian Employment Service (CES), but also other LM institutions (e.g. REGOS, CPII and Labour Inspectorate). This includes the increase of coverage and the effect of ALMP measures, together with the implementation of more efficient system of their regular implementation. Public labour market service providers are expected to organise their provision of services and activities in order to address regional and local labour market disparities more efficiently, and to satisfy regional and local specific needs through integrated and targeted ALMP measures. Further development of vocational counselling system with the introduction of labour market counselling is envisioned, together with the set-up of efficient career guidance centres and enhanced career guidance services, initiating alliances for training and apprenticeship to facilitate transition from school to the labour market. This also includes the improvement of analytical capacities in general, with the efficient system for data exchange between relevant stakeholders. These actions will result in expansion and better quality of services of public labour market service providers with the resultant increase of employability of their users. Besides ALMP, the actions focusing on people in disadvantaged situations on the labour market will result in the strengthening of their skills and qualifications through trainings needed for the changing labour market.

There will be a strong focus on young people, particularly NEETs, where the key expected results are increasingly stable and sustainable employment levels of youth (decreased youth unemployment), including preventing further labour market segmentation for young people and development of mechanisms, services and structures adapted for outreach to youth and supporting their job search. Activity focused on raising youth skills to increase employability will align with TO 10. Substantial actions supported by ESF are planned in the provision of individualised ALMP for youth, which should result in smoother transition from the educational system to the labour market through job and career counselling, quality vocational education and training courses, provision of traineeships and apprenticeships and first job experience. The national measures will also be supported with the designed national Youth Guarantee Scheme, with complementary aims of ensuring the employment, training or internship of young people within 4 – 6 months, after completing education or leaving previous employment or further education. The Youth Employment Initiative (YEI) will result in providing pathways/packages of measures to all young persons under the age of 30 not in employment, education or training.

The main efforts supported by ESF, will focus on increasing access to financing for business starters, provision of self-employed support and financial subsidies, as well as development of skills, including ICT, entrepreneurial and management skills, mentoring

and coaching. Increase in self-employment levels (sustainable beyond the provision of subsidies) is expected as a result. Increased retention in employment of redundant workers and workers in risk of losing their job and more rapid re-employment should result from planned job-preservation measures (including subsidies and comprehensive support for employers in overcoming economic difficulties). A portion of the ESF investments will be dedicated to preserve jobs and/or foster rapid re-employment, increase opportunities for people from restructuring sectors, as well as for other workers at risk of unemployment.

Activities relating to further development of inspection and supervision in terms of ensuring the protection of workers' rights and quality employment relations, including elimination of dangerous working conditions, will result in more effective prevention and deterrence of undeclared work. Initiatives resulting in the improvement of working conditions and health and safety in the workplace may be supported also in order to preserve work ability during the whole working life and retain workers, especially with disabilities, in employment, contributing to longer working lives.

Increased employment opportunities, job creation and regional mobility in disadvantaged areas are also expected, through diversification of economic activity and creation of new small enterprises in remote, rural and coastal areas. It is planned to strengthen local labour market and support local employment initiatives. The role of local partnerships for employment is to be enhanced as they complement national employment policies through initiatives adjusted to regional labour market needs and specifics. Key areas where change is expected include strengthening capacities of local partnership for employment, increasing their sustainability and effectiveness and strengthening the network of participating stakeholders.

Regional variations in the employment rate shall be addressed through a bottom-up approach and locally driven actions. The thematic objective of promoting employment and supporting labour mobility horizontally targets the persons in disadvantaged situations, so under every main result sought, there are specific actions envisaged for them and increased employability of users of tailor-made and locally adapted services and interventions, also through expansion and innovation in locally provided employment services are expected.

Economic diversification is fundamental for the revival, growth, employment and sustainable development in rural areas to promote social inclusion, contribute to poverty reduction and spur economic revival. **EAFRD** support will contribute to a better territorial balance, in both economic and social terms. Increased employment opportunities in rural areas through the diversification of economic activity and the creation of new enterprises will be particularly targeted by EAFRD support through investments in rural start-ups and further development of viable non-agricultural activities in rural areas, where the high landscape and cultural values of Croatian rural areas provide significant potential for new business opportunities linked to nature, local products, and cultural traditions and can contribute to the overall economic revival in rural areas, directly contributing to the 2020 goals for growth and jobs. The main expected results under EAFRD relate to the diversification of the rural economy with the creation of new enterprises in high value-added activities in rural areas and an increase in rural employment in non-agricultural sectors.

The main expected results under **EMFF** relate to increased job creation and employment opportunities in fisheries and in coastal areas, mainly through diversification of fisheries to other sector of maritime economies and creation of new small enterprises.

In order to tackle the **fifth challenge** (Poverty, inequality and discrimination), an approach that uses mainly thematic objective 9 will be employed.

1.3.9 Thematic objective 9: Promoting social inclusion, combating poverty and any discrimination

Europe 2020

At least 20 million fewer people in or at risk of poverty and social exclusion.

Croatia 2012 CURRENT: 1,370,000

Croatia 2020 TARGET: 1,220,000

Priorities for investment under this thematic objective have been set with the aim to contribute to decreasing the number of people in or at risk of poverty and social exclusion by 150 thousand by 2020.

Relevant Country Specific Recommendations

Improve the reactivation of inactive and unemployed persons. Strengthen the effectiveness and transparency of the social protection system by further consolidating benefits, unifying eligibility criteria and linking data from all relevant levels and government entities in the "one-stop shop". Improve the effectiveness and adequacy of social assistance benefits through their better targeting. Strengthen the cost-effectiveness of the healthcare sector, including hospitals.

Priorities for Investment

Croatia is aiming to reduce the number of people in or at risk of poverty by 150 thousand by 2020. Additionally, the Government is committed to promoting social and economic equality and combating any discrimination, and therefore, has developed a social package that will be delivered with the support of ESI Funds and which is considered a priority associated with Inclusive growth. The package delivered with ESI Funds support, specifically aims to:

- Improve reactivation and reduce the barriers to employment for people most affected by poverty and social exclusion
- Combat any discrimination, through a multiple approach horizontally
- Accomplish transition from institutional to community-based social care through supporting deinstitutionalisation of social care providers delivering services to persons with disabilities and children and youth at risk (children and youth without adequate parental care and children and youth with behavioural disorders), (i.e. replacement of institutional childcare and disability care with

community-based family or close to family environment, programmes for prevention of institutionalisation)

- Improve healthcare delivery at lowest care level and reduce costs, implementing the Country Specific Recommendation for sustainable and cost-effective healthcare, including in hospitals
- Reduce social and economic inequalities in selected areas by using an integrated approach locally, which will include pilot concepts involving enterprise schemes, community facilities, social housing and social economy projects
- Accelerate social entrepreneurship and social innovations by helping social entrepreneurs to scale their social impact through developing and strengthening skills to design effective business models
- Improve the quality of life in rural areas through investments in small-scale infrastructure and actions for socio-economic renewal of rural communities, including through LEADER

Expected results

The selected priorities for investment are expected to contribute to the national and EU headline target for reducing the number of persons at risk of poverty and social exclusion. **ERDF and ESF** investments will jointly result in establishing a coordinated system of support for people most affected by poverty and social exclusion (e.g. to find employment) and result in less discrimination. Poverty has worsened during the economic crisis, increasing unemployment and hidden employment in the grey economy, certain vulnerable groups of the population are at more risk of falling below the poverty line. Therefore, stronger support for entering and staying in the labour market is needed for them. People that will be especially targeted by ESF-type measures under the priority to reduce the barriers for employment are those most affected by poverty and social exclusion facing multiple disadvantages and risks (i.e. social welfare beneficiaries, persons with disabilities, youth, Homeland War veterans and victims, and minorities, e.g. Roma). Activation measures and targeted efforts will focus on public works programmes and community work to offer employment spells (up to 12 months) to people who are at danger to remain unemployed. New and broadening of existing social services for improving social inclusion of people most affected by poverty and social exclusion, including individual support, will be provided. Additionally, discrimination awareness campaigns involving relevant stakeholders and increased volunteering of people most affected by poverty and social exclusion as means of active inclusion will be supported with the expectation to reduce discrimination and promote equal treatment.

32 long-stay institutions will be deinstitutionalized in the first phase (i.e. transformed into centres for provision of community-based services such as day stay and home assistance) with the support of ESI Funds by the end of 2016, with the possibility to support additional institutions that will be transformed by building on these experiences in the second part of the financing perspective. In line with the Operational plan of the Government for deinstitutionalization, and will include the transformation of institutions for the care of persons with disabilities and children and youth at risk (children and youth without adequate parental care and children and youth with behavioural disorders), which must be implemented in parallel with the development of adequate community services for the provision of services such as of day-care, supported housing and home help. Additionally, re-training and re-qualification of staff, e.g. who previously worked within the institutional culture, shall result in development of skills appropriate for community-

based care and adequate support to families based on partnership, inclusive attitudes and an inter-disciplinary approach. ERDF-type investments will focus on adaptation and equipping of living units (houses and apartments) and adaptation and equipping of the space for provision of daily rehabilitation and creative programmes (work-shop type) for beneficiaries included in the programmes of supported living or as prevention of institutionalisation in order to enable living in families as long as possible. Part of the support will be channelled to the needs of NGOs and local and regional units providing needed social services in the community. No ERDF support will be dedicated to maintain long-stay institutions. Improving infrastructure of the Social Welfare Centres (SWCs) is also envisioned, primarily for improving the working condition in line with increase in jurisdiction range and provision of new services to the beneficiaries during the deinstitutionalisation process. It is necessary to emphasise the role of SWCs in this process and in combating poverty. They are the main link in the implementation of these processes, linking beneficiaries to appropriate social service providers. Conditions in which SWCs currently function are not adequate for implementation of activities that are a prerequisite for achievement of results in the new processes (construction barriers, insufficient/inadequate space for individual approach to beneficiaries or for group treatments, inadequate equipment for monitoring of processes, etc.). Thus, in relation to transformation from institutional to community based care, the ESI Funds supported measures are expected to result in replacement of institutional childcare and disability care with community-based family of close to family environment and a gradual close of classical boarding-type institutions and an increase in the availability and provision of a range on new services.

Programmes of prevention of institutionalisation of elderly people, supported by ESF, will be carried out (e.g. support to the creation of daily centres and clubs, assistance at home, etc.) in order to provide them with the possibility of staying in a family or close-to-family environment. Provision of community-based services provided by civil society organisations will be supported.

Croatia has chosen a horizontal approach to anti-discrimination, meaning that it will not only seek to combat discrimination in employment, but it will support equal treatment also outside employment, i.e. in the fields of social protection, including social security and healthcare, education, and access to and supply of goods and services which are available to the public, including housing. The expected results are the development of effective protection mechanisms and legal frameworks to handle discrimination, increased awareness for right to equal treatment and access to justice, proactive methods to meet the objective of equal opportunities for all and availability of support to assist victims of discrimination.

Local employment opportunities for people most affected by poverty and social exclusion will be promoted through supporting social entrepreneurship and social innovations, The most important expected results in this area are to improve living standards and integration of people most affected by poverty and social exclusion through finding new models for increasing the social effects and the impact on e.g. social, environmental, human rights and gender equality policies.

As a pilot measure, Croatia will select five small towns within which regeneration and revitalisation schemes will be developed (based on available statistical data displayed as the multiple deprivation index it is possible to identify extremes of degraded small towns

and settlements, even without poverty maps, which will also be developed). Within these pilot projects on physical, social and economic regeneration and active inclusion aiming at reducing social inequalities, exclusion and poverty, an integrated area-based approach will be implemented that will combine ERDF-type interventions on physical, social and economic regeneration with ESF-type activities aiming to reintegrate beneficiaries (e.g. community facilities, social economy projects, enterprise schemes, infrastructure and social housing to be accompanied with promotion of social enterprise and employment, education and training and social inclusion activities). These measures targeting the reduction of poverty and social and economic inequalities will contribute to decrease of differences between rural and urban areas in terms of access to services and employment opportunities, enhanced living and working conditions and job opportunities in targeted areas. Indirectly, this is also expected to lead to halting the population decrease in targeted areas.

With respect to health priorities, Croatia has allocated approx a quarter billion EUR of the Cohesion envelope in order to increase the cost-efficiency of healthcare (also under TO 2, e-Health). In order to increase the availability and efficiency of healthcare, and to ensure the sustainability of the health system, there is a need for downshifting of the levels on which the healthcare is provided. Investments from ERDF and ESF should be used complementary to achieve a shift from more to less resource-intensive hospital care, from hospital care to primary healthcare, and further on to home care and self-care. In some disciplines, such as mental healthcare and palliative care, there is a strong need to develop primary and community-level services, as health professionals with relevant specialty education are currently based almost exclusively in hospitals. Within this objective, the following interventions are planned: reorganization of the hospital network in terms of merging the functions and development of day hospitals and day surgeries, improvement of services of selected primary healthcare providers with a view to the transition from hospital care to primary healthcare, investments in conjoint emergency medical wards in hospitals and establishing rapid sea emergency medical service. Investments under TO 2 connected with informatisation of healthcare (delivering e-healthcare solutions) are 100% in the function of reducing system costs and improving efficiency. ESF-type activities are related to the prevention of disease, which is perhaps the best way to reduce the cost of healthcare, and education of healthcare workers through specialty education for primary health care practitioners and emergency medicine, as well as through continuing medical education (including eLearning) for day hospital/day surgery modality of care, including enabling specialization for scarce medical professions. ESI Funds investments will not concentrate on hospital construction, but the adjustment and functional reorganization of the hospital network and primary healthcare, so the proposed budget is considered appropriate. A small share of the ESI Funds (on top of the EUR quarter billion package) shall be dedicated to improving access to healthcare and quality of healthcare for the following vulnerable groups: children, persons with most severe forms of disability (e.g. with severe physical and/or psychological illness) and/or dying patients, in connection with the first priority to increase cost-effectiveness of the system.

Compared with urban areas, rural areas have specific development needs, problems and opportunities that require different development approaches. Poor quality of life, including the availability of services and living conditions and the supporting infrastructure has significantly led to depopulation and undesirable distortions of cultural and landscape values of rural areas. To make the rural area more attractive for living,

especially remote and sparsely populated settlements, investments in small-scale public service infrastructure in rural areas shall be supported by the **EAFRD**.

EAFRD support shall be targeted to stimulate growth and promotion of environmental and socio-economic sustainability in rural areas, in particular through the financing of local infrastructure and local basic services in line with national strategic priorities, such as water supply and sewage systems. However, the prioritisation of interventions must respect local needs and development trajectories in line with 2020 goals as laid out in the relevant local strategic plans. Furthermore, social inclusion and local development through the renewal of villages (including the construction and re-construction of unclassified roads) and activities aimed at the restoration and upgrading of the cultural and natural heritage of villages and rural landscapes shall be envisaged under EAFRD providing that such interventions are in line with local development plans/strategies to achieve the highest value added of EAFRD investments for their economic revival to promote growth and jobs.

Local development is based on the involvement of the population and their participation in local development strategies through a bottom-up approach under Leader. The local development strategies shall provide an evidence-based SWOT analysis for the rural area and identify the targeted actions that can best provide growth opportunities and reverse the negative population trend. Local population very often can define their priorities better than centralised policy-maker level, and consequently, implementation goes more smoothly. Transparent operations of partnerships positively affect local development and it is necessary to raise the level of knowledge and skills of local action groups in order to manage these partnerships. EAFRD support for CLLD should stimulate the preparation and coordination of local development strategies, support the implementation of local development strategies, preparatory technical assistance for cooperation projects and implementation of projects of inter-territorial and transnational cooperation and running costs and animation of Local Action Groups.

The EAFRD will thus contribute to improve the planning of local development strategies focused on economic revival to promote growth and jobs, fostering the bottom-up involvement of the local stakeholders and communities. Access to basic facilities and local infrastructure and actions promoting village renewal will be improved in rural areas through targeted interventions in line with the EU2020 goals.

1.3.10 Thematic objective 10: Investing in education, training and vocational training for skills and life-long learning

Europe 2020

The share of early school leavers should be under 10% and at least 40% of 30-34 years old should have completed a tertiary or equivalent education.

Croatia Tertiary educational attainment

2013 CURRENT: 25.9 %

2020 TARGET: 35 %

Croatia Early leavers from education and training

2013 CURRENT: 3.7 %

2020 TARGET: 4%

Priorities for investment under this thematic objective have been set with the aim to contribute to increasing the tertiary education attainment rate to 35% by 2020 and maintaining a low share of early leavers from education and training at around 4%.

Relevant Country Specific Recommendations

Implement measures to improve the labour market relevance and quality of education outcomes by modernising the qualification systems, by putting in place quality assurance mechanisms and by improving school-to-work transitions, notably through strengthening vocational education and work-based learning.

Priorities for Investment

The ESI Funds will be used as a matter of priority to improve skills for employability by better aligning the educational system to the needs of the labour market, improve education outcomes, improve access to quality education for children and students from poorer communities and socio-economic backgrounds and increase completion rates, particularly at the levels of pre-tertiary and tertiary education.

Specifically, under this TO, the ESI Funds should:

- Improve labour market relevance of education and education outcomes, through implementation of curricular reform that targets core competencies and cross-cutting skills as well as aims to improve the principles of learning
- Improve skills for employability and progression through improvement of quality and relevance of vocational education
- Increase completion rates and decrease dropping out from tertiary education of students at a disadvantage (i.e. with poorer socio-economic background)
- Use the potential of ICT to improve the education system at pre-tertiary levels and support technological (computer) literacy
- Enhance employability through increasing adult learning opportunities and promote competences and skills by supporting LLL
- Increase participation in early childhood education by helping build academic achievement in children from poorer communities and socio-economic backgrounds (e.g. Roma)
- Support skills needs in relation to other thematic objectives, in particular RDI, SME competitiveness and Sustainable / Green Growth, including skills acquisition for agriculture and forestry stakeholders

Expected results

The selected priorities for investment are expected to contribute to the national and EU headline targets for education. The main results expected from the **ERDF and ESF** investments in the field of education, skills development and lifelong learning are aimed at creating of a more flexible, relevant and quality education and lifelong learning

system, that is attractive and accessible to all. Improved support systems for the education and training of students at a disadvantage, as well as more equal access to quality education will be established. Specifically, the ESI Funds are going to support the implementation of the education system reform related to leading to providing faster response to the changes in the labour market and of the society as a whole, resulting in reducing the skills shortages and qualification mismatches with lasting effect, raising employability and practical skills of the work force and increasing learning outcomes upon which programmes are based at all levels of education.

The key expected results stemming from complimentary ERDF and ESF interventions are increased completion rates and decreased dropout rates in relation to tertiary education, improved learning outcomes, student knowledge and skills (based on international assessment). In relation to VET in particular, more successful transitions to employment after completion are expected. The ESI Funds shall support implementation of the CROQF, together with implementation of apprenticeship schemes and work-based learning as an integral part of the education programmes. In addition to changes in study programmes, development of programmes for validation of prior learning is expected. Curricular reform will be accompanied with more opportunities for work-placements for students as well as training opportunities for both teachers and students, apprenticeships / internships, scholarships, exchange and incentive schemes, but also substantial revision of delivery mechanisms, namely relying on raising the capacities of teaching staff through programmes of initial and continuous teacher training and continuous professional development and more intensive application of ICT in teaching, learning and administration.

Vocation education and training (VET) in Croatia is crucial since enrolment rates in VET programmes comprise > 70% of all secondary education students. The expected results with respect to VET are modernisation of programmes and increase in their quality, including through development of new curricula for selected sectors related to the economy (tourism, engineering, ICT, agriculture and health), by improving educational infrastructure of VET schools and enhancing teacher competencies.

The labour market relevance of VET will be improved by the implementation of modernised curricula designed in line with the economic trends and development potential (as formulated within the Smart Specialization), which should ensure the acquisition of the key and transversal competences and based on learning outcomes. The strengthening of VET teachers' capacities and raising the attractiveness of VET in order to make VET a desirable career choice is expected. Support to VET schools in target fields linked to Smart Specialisation will be provided in order to enhance their infrastructural conditions for acquiring practical skills in specific VET sectors. Entry into education and training in areas with development potential will be reflected through different support mechanisms, such as student scholarships and fellowships, research programmes. The development of new and adjustment of existing programmes will necessarily include a strong cooperation with both research and business sector and other social and economic actors ensuring that the qualifications needed at the labour market are indeed reflected in the programmes to be implemented, more precisely by matching qualification standards with relevant occupation standards.

In order to widen access to tertiary education and tackle the problem of dropping out related to insufficient resources to study of students with poorer socio-economic

background, ERDF will be used to increase the student dormitory capacities to at least 10% of the total student population (according to the methodology presented in Chapter 1.1.4.10). In parallel, ESF shall support students at a disadvantage and under-represented groups (i.e. students from poorer communities and socio-economic background, students with disabilities, children without parents and Roma children) who often lack adequate competencies when entering higher education, motivation and/or resources to study. Continuous and all-encompassing support to such students at a disadvantage will result in widened access and better integration into education system, achieving higher education levels and enhancing their employability in the future. Special ESF intervention will target Roma students, in order to offer them equal opportunities at pre-tertiary level and increase their participation in early childhood education (e.g. teaching of the Croatian language, pre-school activities and assistance to facilitate higher inclusion in after-school activities at the level of primary education) helping to build academic achievement in children from poorer communities and socio-economic backgrounds.

Improving knowledge, skills and competences within an employment-related perspective are important result to be achieved through supporting adult learning opportunities and LLL. The current unsatisfactory level of involvement in adult learning shall be increased by strengthening the capacities of adult education providers and by improving the quality and relevance of adult education programmes with the resultant increase in the qualifications levels of adult participants on the basis of validation of competencies achieved, both formally and informally.

E-schools are a flagship programme that will be delivered with ERDF and ESF support to promote and acknowledge best practice use of ICT in order to deliver the best educational outcomes for pupils at primary and secondary levels. With the programme, Croatia seeks to increase the numbers of digitally mature schools, meaning those connected to ultra-fast Internet, highly equipped with adequate ICT, with a high level of informatisation of business and education processes. Teachers at these schools shall be highly digitally competent and pupils are thought and encouraged to become digitally competent themselves. Both of them use ICT in education on daily basis, including, education applications and digital education resources, thus ensuring that pupils of today become competitive workers on job markets of tomorrow.

Comprehensive development of a quality assurance system at all levels, including self-assessment processes and external evaluation will enable more evidence-based policy-making oriented towards the improvement of learning outcomes at all levels and making the acquired knowledge more competitive.

There shall be ESI Funds support dedicated to acquiring skills that are needed in relation to the other thematic objectives, in particular RDI, SME competitiveness and Sustainable / Green Growth, including skills acquisition for agriculture and forestry stakeholders. Linked to that, there are expected results, those are: increased availability of workforce involved in R&D activities, development of a diverse STEM workforce with improved skills, increased mobility and numbers of highly skilled workforce and enhanced educational offer in alignment with Smart Specialisation (*together, achievement of these results shall positively contribute to increased knowledge transfer under TO 1 and is also linked to increased total innovative activity of enterprises under TO 3*).

The unfavourable educational structure in the agriculture, food-processing and forestry sector in Croatia will be addressed by fostering lifelong learning, in the form of training courses, workshops, demonstration activities and other appropriate activities for skills acquisition and informal vocational training with **EAFRD** support, beside formal vocational education mainly supported by ESF. The main expected results in relation to this, are the enhanced skills of persons engaged in the agricultural, food and forestry sectors.

In order to tackle the **sixth challenge** (Efficiency of public administration), an approach that uses mainly thematic objective 11 will be employed.

1.3.11 Thematic objective 11: Enhancing institutional capacity of public authorities and stakeholders and efficient public administration

Europe 2020

Reinforcing excellence in public administration

Relevant Country Specific Recommendations

Reinforce the budgetary planning process, in particular by improving the accuracy of macroeconomic and budgetary forecasts and strengthening the binding nature of the annual and medium-term expenditure ceilings and improve the design of fiscal rules.

Take further measures to improve the business environment. Address the high level of fragmentation and overlapping responsibilities by streamlining administrative processes and by clarifying the decision-making and accountability framework across various levels of government and at central government level between ministries and agencies. Improve administrative capacity and strategic planning of units entrusted with the management of ESI Funds and provide them with adequate and stable staffing levels.

Reinforce prevention of corruption in public administration and state-owned and state controlled enterprises, including by increasing the verification powers of the Conflict of Interest Commission. Strengthen transparency and efficiency of public procurement at both central and local levels, and the capacity to monitor implementation and to detect irregularities.

Reinforce the role of commercial courts in the monitoring of transparency and legality in the application of the corporate pre-bankruptcy procedure. Review the compulsory test of insolvency/illiquidity to access pre-bankruptcy settlement proceedings and streamline the insolvency/liquidation process to reduce its length. Improve the quality and efficiency of the judicial system, in particular by providing incentives to resolve proceedings in litigious civil and commercial cases and in administrative cases in a timely manner and to resort to out-of-court settlement especially for smaller claims.

Priorities for Investment

The selected priorities for investment under TO 11 are about improving identified weaknesses in the public administration, reinforcing social dialogue and anti-corruption

measures in order to ensure good governance and deliver quality public services to citizens and businesses.

Specifically, Croatia intends to use the ESI Funds in this area to:

- Improve the institutional framework and capacity to manage soundly public finances, in line with the Country Specific Recommendation to strengthen budgetary planning, forecast and regulatory impact assessments, improve the fiscal framework and develop solid accounting systems that are aligned with EU standards
- Improve policy making and strategic planning, including monitoring and evaluation mechanisms, on the national and regional levels in line with the CSR to revive business and investment, by developing systems, procedures, skills and capacities of national and regional public administration
- Build-up capacities for coordination and implementation of national and EU policies, including obligations related to effective participation of Croatian public officials in EU bodies and obligations arising from rotating EU presidency
- Strengthen the efficiency of judiciary, including courts, in order to speed up legal procedures, implementing the CSR to revive business and investment
- Rationalize and increase the quality of regulations, including reducing the fragmentation of administrative processes, in order to reduce the administrative burden on businesses and citizens, as well as introduce proper measuring of administrative burden, in line with the CSR for a more business-friendly environment
- Promote transparent and efficient public procurement on central and local levels by strengthening the capacity to monitor implementation of public tenders, in line with the CSR to revive business and investment, as well as introduce innovative public procurement
- Develop an integrated strategic framework for human resources management in the public administration in order to raise professionalism and competence, and attract and retain qualified professionals in the public administration, as part of the public administration reform
- Develop participatory mechanisms and strengthen the capacity of stakeholders (social partners, civil society / NGOs) in order to enable them to contribute more effectively to policy making and social dialogue
- Enhance computer literacy, develop electronic services and introduce use of ICT tools and applications to enhance institutional capacity and efficiency at all levels of public administration

In light of the CSRs, Croatia will direct the ESI Funds under TO 11 specifically, inter alia, towards improving the institutional framework and capacity to manage soundly public finances (i.e. strengthen budgetary planning and forecast, improve the fiscal framework, develop solid accounting systems that are aligned with EU standards), improve policy making and strategic planning, including monitoring and evaluation mechanisms, on the national and regional levels by developing systems, procedures, skills and capacities of national and regional public administration, strengthen the efficiency of courts to speed up legal procedures and take relevant steps to rationalize and increase the quality of regulations, including reducing the fragmentation of administrative processes, in order to reduce the administrative burden on businesses and citizens, as well as introduce proper measuring of administrative burden, In order to

decrease high turnover rates and ensure adequate and stable staffing levels, the Government will develop an improved and integrated strategic framework for human resources management in the public administration, as part of the public administration reform. Complementary ERDF investments under TO 2 are intended for development of electronic services and introduction of use of ICT tools and applications will as well enhancing of institutional capacity and efficiency at all levels of public administration.

Expected results

The main expected results relating to **ESF** under this TO, are increased government effectiveness, increased satisfaction of citizens with public services, increased predictability in the institutional and policy environment (measured through stable budget allocations, i.e. decreased budgetary volatility), increased judiciary effectiveness (i.e. reduced backlog of unresolved cases in the judiciary) and improved social dialogue. Reduced administrative burden and improved trust in government and justice institutions shall also be accomplished, as detailed below. Informatisation of the public administration and judiciary, development of electronic services in order to increase efficiency and transparency (in connection also to TO 2), redefinition of business processes in the PA, implementation of methodology to measure the administrative burden and further items on the reform agenda supported under this TO shall also contribute to improving the business environment.

In line with the CSR to strengthen budgetary planning and forecast, ESF shall support further improvement of the fiscal framework, including the development of solid statistics and accounting systems that are aligned with EU standards. Policy-making and strategic planning, including monitoring and evaluation mechanisms, on the national and regional levels, are to be strengthened by developing adequate systems and procedures, as well as skills and capacities of national and regional public administration. As well, it is important to work further on improvement of public administration structure and reducing the administrative burden by strengthening inter-institutional cooperation among different levels of governance, developing efficient models of communication and improving the accessibility to public administration bodies for citizens and businesses.

Better delivery of quality public services should be achieved in order to stimulate doing business, to support entrepreneurship and to help citizens. In order to support a more friendly business environment, and in line with the CSR, the priority is to rationalize and increase the quality of regulations, including reducing the fragmentation of administrative processes, in order to reduce the administrative burden on businesses and citizens, as well as introduce proper measuring of administrative burden. This area includes also development of standards, simplified business related procedures and uniform practice of their implementation. Attention will be given to provide public services to different target groups.

Strengthening the efficiency and transparency of the public administration should be implemented in order to further improve the business environment and to provide the sense of legal security to the citizens. This will be achieved through legal framework improvements, conducting annual surveys, making information freely accessible to citizens and business. The main important area of this process is further reorganization of public administration, which will contribute to the improvement of the efficiency and quality of procedures and will be implemented through activities such as analysing the

results of implemented measures and introducing more efficient quality management system. Implementation of quality management system (QMS) in the public administration will contribute to offer better delivery of quality public services. QMS is envisioned as a tool built on systemic evaluation, systems of self-assessment and the elaboration of instruments of quality improvement (quality standards, etc.) that shall help public administration realise clear (re)organisation objectives, develop adequate administration processes and put a focus on achieving better results. It is expected to help decrease rate of turnover and help the public administration in more efficient use of resources as a way to achieve better results. To make improvement necessary is to reorganize institutional structure, implement human resources and document management system. Also it will contribute to creation of more trusted and opened working environment between employees.

Also, it is necessary to implement reform measures in the career development system, to ensure merit-based promotion and reward mechanism in order to decrease the turnover and to attract qualified personnel, to build the capacity for training delivery and to introduce mechanisms of development and capacity building of the management structures within the public administration. Therefore, ESF shall be used specifically to develop an integrated strategic framework for human resources management in the public administration in order to raise professionalism and competence, and attract and retain qualified professionals in the public administration, as part of the public administration reform. As a result, it is expected to accomplish more effective and efficient processes in organization, reduce administrative burden, reorganize institutional structure and strengthen administrative capacities.

Actions providing better delivery and access to the public services should be supported in coordination with TO 2 and are directly linked with the development of e-public services. ERDF investments under TO 2 will be used complementary to developing electronic services and introduction of use of ICT tools and applications to enhance institutional capacity and efficiency at all levels of public administration. This set of actions should also be in accordance and close connection with the strengthening of the efficiency of judiciary, which is described below. Particular attention is to be put also on promoting transparent and efficient public procurement on central and local levels by strengthening the capacity to monitor implementation of public tenders, as well as introducing innovative public procurement. These actions shall result in more cost-effective government services, improved transparency, anti-corruption, and accountability, and a better relationship between citizens and government. E-readiness and ICT literacy are also necessary in order for people to be able to use and benefit from e-Government applications, therefore appropriate measures with the result to increase computer literacy shall be supported.

The efficiency of the justice sector is of crucial importance for creating a development-supportive environment. In order to achieve full independence, quality and efficiency of the justice system, besides the further on-going rationalisation of judicial network, high quality training system and lifelong learning activities for all judicial staff will be set up. These will increase human resources skills and capacities as well as improve business processes, which subsequently will result in decrease of length of proceedings and increase rights to trials within reasonable time. Reorganization and rationalization of judiciary will contribute to the shortening the length of proceedings, decrease in the number of requests for protection of the right to trial within reasonable time, reduction in

the number of employees, better opportunity to organize work processes, more balanced utilization of existing resources, establishment of common services (IT service, common accounting, delivery, etc.), more judges working on cases, harmonised and unified case law and balance in workload distribution, bigger possibility for specialization of judicial officials and greater mobility of judicial officials and court staff. An important area, which should be linked with TO 2, is further informatization of the judiciary, respectively developing, upgrading and introducing different ICT tools and services. It will contribute to the better organization of the work processes and increase the quality of provided judicial services, improvement of the land registry system, open the public administration and judiciary to the citizens and business entities and make this sector more efficient, transparent and available.

Croatia is committed to supporting social dialogue and an independent, diverse civil society through a wide range of cooperation modalities supported by ESI Funds. ESF shall help to enhance social dialogue and develop innovative and effective partnerships between the public authorities and civil society (i.e. CSOs, community-based organisations, trade unions, business associations, NGOs, media etc.) in order to enable them to make effective contributions to policy-making and promote changes on a wide range of issues (e.g. transparency, non-discrimination, social progress, green growth, etc.). With the help of ESF, it shall be ensured that civil society has the capacity to gain influence to participate in political dialogue and formulation of development and social policies (meaning technical capacities and the access to relevant information to participate in social dialogue), especially in issues related to combating poverty and inequality in favour of poor and excluded groups, as well as promoting sustainable development in an accountable, inclusive and transparent manner.

1.4. The indicative allocation of support by the Union by thematic objective at national level for each of the ESI Funds, as well as the total indicative amount of support envisaged for climate change objectives

1.4.1. Table: The indicative allocation of support by the Union by thematic objective at national level for each of the ESI Funds (€) (total Union support, including the performance reserve).

Thematic objective	ERDF	ESF	CF	EAFRD	EMFF	Total
01. Strengthening research, technological development and innovation	664,792,165.00	0.00	0.00	16,500,000.00	0.00	681,292,165.00
02. Enhancing access to, and use and quality of, information and communication technologies	307,952,676.00	0.00	0.00	0.00	0.00	307,952,676.00
03. Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	970,000,000.00	0.00	0.00	803,236,573.00	143,654,447.00	1,916,891,020.00
04. Supporting the shift towards a low-carbon economy in all sectors	531,810,805.00	0.00	0.00	216,433,770.00	8,654,126.00	756,898,701.00
05. Promoting climate change adaptation, risk prevention and management	245,396,147.00	0.00	0.00	255,215,471.00	0.00	500,611,618.00
06. Preserving and protecting the environment and promoting resource efficiency	338,020,392.00	0.00	1,649,340,216.00	255,215,471.00	66,221,932.00	2,308,798,011.00
07. Promoting sustainable transport and removing bottlenecks in key network infrastructures	400,000,000.00	0.00	910,205,755.00	0.00	0.00	1,310,205,755.00
08. Promoting sustainable and quality employment and supporting labour mobility	0.00	466,756,129.00	0.00	128,800,000.00	18,954,045.00	614,510,174.00

Thematic objective	ERDF	ESF	CF	EAFRD	EMFF	Total
09. Promoting social inclusion, combating poverty and any discrimination	356,500,000.00	328,000,000.00	0.00	286,786,653.00	0.00	971,286,653.00
10. Investing in education, training and vocational training for skills and lifelong learning	270,914,791.00	450,000,000.00	0.00	9,000,000.00	0.00	729,914,791.00
11. Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration		191,276,944.00	0.00	0.00	0.00	191,276,944.00
Technical assistance	236,112,612.00	80,000,000.00	0.00	55,034,562.00	15,158,588.00	386,305,762.00
Total	4,321,499,588.00	1,516,033,073.00	2,559,545,971.00	2,026,222,500.00	252,643,138.00	10,675,944,270.00

1.4.2. *Table: Information on the Youth Employment Initiative, which is programmed under thematic objective 8 "Promoting sustainable and quality employment and supporting labour mobility"*

YEI specific allocation	66,177,144.00
ESF matching funding	66,177,144.00
Total YEI resources	132,354,288.00
YEI resources for young persons residing outside of the eligible regions (Article 16 ESF regulation)	132,354,288.00

1.4.3. *Table: The share of ESF of Structural Funds (ERDF and ESF)*

Share of ESF in the Structural Funds (ESF and ERDF) resources for the operational programmes for the Convergence and Regional competitiveness and employment objectives in the 2007-2013 programming period	
ESF minimum share in the Member State	24.60%
The share of ESF in the Structural Funds resources in the 2014-2020 programming period	25.97%

1.4.4. *Table: Information on the allocation to technical assistance, by category of region, where appropriate*

Fund	Category of region, where appropriate	Allocation to technical assistance (€)	Share of technical assistance of total allocation (by Fund and by category of region, where appropriate)
ESF	Less developed	80,000,000.00	0.00
ESF	Transition	0.00	0.00
ESF	More developed	0.00	0.00
ERDF	Less developed	236,112,612.00	0.00
ERDF	Transition	0.00	0.00
ERDF	More developed	0.00	0.00
CF		0.00	0.00

1.4.5. *Total indicative amount of Union support for climate change objectives (€) (total Union support, including the performance reserve)*

2,199,920,220.87

SECTION 1B

1.5. The application of the horizontal principles referred to in Articles 5, 7 and 8 of the CPR and policy objectives for the implementation of the ESI Funds

1.5.1. *Arrangements for the partnership principle including an indicative list of the partners referred to in Article 5 CPR and a summary of the actions taken to involve them in accordance with Article 5 CPR and of their role in the preparation of the Partnership Agreement and the progress report referred to in Article 52 CPR*

Partnership is a key aspect in the programming and management of ESI Funds, required to develop relevant, realistic and implementable policies for Smart, Sustainable and Inclusive Growth, and achieve the desired results and impact. The partnership framework in Croatia with respect to the ESI Funds was developed in accordance with the multi-level governance principle outlined in Article 5 of the CPR and the Delegated Act on the European Code of Conduct on Partnership [REF #150], for five categories of partners: Civil society organisations, social partners, economic partners and the private sector, local and regional level authorities, including urban authorities, and the academic community

Their involvement in the preparation of programming documents and plans to include them in the implementation of programmes in the 2014-2020 period are described below.

Partnership in the programming of ESIF 2014-2020

The process of programming for 2014-2020 started in spring 2012. Line ministries, under the coordination of MRDEUF, prepared the analysis of socio-economic situation, as well as SWOT tables with the needs and potentials for future development, taking into account the Croatian legislative and strategic documents, experience from the IPA programming, and later on Croatia's Economic Programme 2013, related Council conclusions and the EC Position paper (CPP). In September 2012, the Government of Croatia adopted a Decision on the establishment of the Coordination Committee for the preparation of programming documents for the financial period of the EU 2014 - 2020 which determined the responsibilities and tasks of the bodies involved in the work of the Coordination Committee and designated MRDEUF as the body responsible for the overall coordination in preparation of strategic documents and operational programmes for the use of ESI funds 2014-2020 [REF #151]. All ministries and a representative of the Prime Minister's Office are included in the work of the Committee, which is responsible for steering the process of preparation of programming documents for the 2014-2020 period. Cooperation with the Ministry of Agriculture, responsible for the preparation of the RDP and OP EMFF is an integral part of the PA and programmes' preparation process. The Committee also established Thematic working groups (TWG) and assigned tasks in the programming exercise.

The main task of the TWGs was the preparation of the draft programming documents. The composition of the TWGs is designed in accordance with 11 TOs proposed by EC in the (then) draft Cohesion policy Regulations for 2014-2020. When composing TWGs, the **partnership principle was respected**, i.e. representatives of the civil society organisations (CSOs) and other non-government organisations (NGOs) have been included in TWGs and actively participated in their work, as well as representatives of

regions, bodies responsible for promoting social inclusion, gender equality and non-discrimination, trade unions, association of employers, banking association, chamber of commerce, chamber of trades and crafts, association of cities, rural development stakeholders, environmental partners and other relevant partner institutions. The participating civil society organisations (CSO) and non-government organisations (NGO) were selected through an open call for nominations, the members of the Council for the Development of the Civil Society decided on the representatives by applying a majority vote method of selection. Representatives of social partners have been included and actively participated in work of TWGs dealing with environment, transport, employment, social policy, education and public administration. It is planned to continue the cooperation with relevant institutions and NGOs, which were already engaged in the programming process. In this manner, the continuity and ownership of programming and implementation will be ensured, as stipulated in the Delegated Act on the European Code of Conduct on Partnership.

Distribution of TWGs in relation to thematic objectives (TOs) is the following: TWG 1 on TOs 1 and 2, led by the Ministry of Economy; TWG 2 on TO3 led by the Ministry of Entrepreneurship and Crafts, TWG 3 on TOs 4, 5 and 6, led by the Ministry of Environment and Nature Protection, TWG 4 on TO 7, led by the Ministry of Maritime Affairs, Transport and Infrastructure, TWG 5 on *TOs 8, 9 and 10* led by the Ministry of Labour and Pension System and TWG 6 on *TO 11* led the Ministry of Public Administration. The lists of institutions and members of the Coordination Committee and TWGs are provided in Annex 4 of the PA. Each lead ministry delegated members according to the scope of TOs, as well as depending on the interest expressed by various partner institutions. Lead ministries coordinated inputs of TWG members and provided texts for the programmes as well as proposals of projects for the project pipeline. Materials prepared by TWGs were presented and discussed at the Coordination Committee, and the Coordination Committee approved the final drafts of the PA and programmes.

A series of public consultation events and web discussions was organized in 2013 and 2014 (a summarised list of attendees is provided in Annex 5 of the PA):

- Public consultation conference held on 6/7 June 2013 in Zagreb. Partners were presented with identified areas of intervention and were given the opportunity to express their opinion on importance of selected priorities. In total over 400 participants from all over Croatia attended the event;
- The same possibility of commenting identified areas of intervention was enabled via MRDEUF's Web page [REF #152] resulting with a huge public engagement. MRDEUF received a total of 3,564 responses from the public. The highest interest was expressed in education issues. A summary of the results of the survey is also available on the Internet [REF #153];
- A two-day workshop with expert groups held in September 2013 with the participation of over 40 prominent Croatian specialists in 9 different areas related to programming, with also the representatives of TWGs. The outcomes of the workshop included the refined logical framework and a list of possible priority actions for ESIFs. The second and consecutive versions of the PA have been improved using these inputs;
- Consultations with the Croatian Parliament were held on 25 March and 15 October 2014;

- A three-day Partnership consultation event held in December 2013 with participation from all the TWGs including the Ministry of Agriculture which presented the RDP and OP EMFF programming process and strategy, where the investment strategy laid out in the PA was positively accepted by relevant partners. 845 participants attended the consultation event. A Consultation document outlining the strategy for investing the ESI Funds in the period 2014-2020 was prepared for the consultation event and subsequently publicly available via MRDEUF's Web page; and
- At regional level a series of information events called "Regional Days of EU Funds" was organized in 2013 and 2014, with the audience from local and regional self-government units, regional development agencies, civil society organizations, universities and educational institutions, social partners, non-profit organizations and institutions, institutions and organizations in the field of education and employment, chambers of commerce, SMEs, industry, public and non-public sector companies, businesses, rural development stakeholders and all others interested in ESI Funds.

In performing the coordination role in the programming process, the MRDEUF ensured that relevant documents for consultation were made publicly available and that clear consultation deadlines were communicated. Explanation of the programming and consultation process are provided on the MRDEUF Web page [REF #154] describing each phase of the process, as well as answers and results of the surveys.

Special e-mail addresses were created for the purpose of channelling responses coming from the public. MRDEUF coordinated inputs received from the public, directing them to relevant TWGs where needed and taking care that all questions were promptly answered. Whenever possible, all the answers and reflections from the public were taken into account upon revision of programming documents.

A vast interest of the general public focussed on the energy renovation of buildings and houses in order to reduce energy consumption and improve the quality of life is reflected in the programme by attributing a significant part of the allocation to such activities under TO 4. The interest of the public was established not just through the ESI Funds programming process but also through the number of applications for such investments, which acceded greatly the available allocation of the current, financially limited, state budgetary funded programmes that are to be expanded by ERDF sources.

In general terms, the main concern raised by stakeholders was the influence that ESIF investments will have on growth of the Croatian economy and employment. They highlighted deep structural nature of problems as underlying causes (e.g. almost all of the responses from the private sector referred to administrative barriers, and a high number of responses stated the need for a long-term national strategic document and national strategic goals which would make it easier to position the priorities in the ESI Funds context as well). Many comments addressed the need for investments in areas highly affected by unemployment, poverty and lack of investments, which is specifically tackled through selected investment priorities. Interestingly, there seems to be polarisation of opinion on the need to more territorially concentrate certain investments with some respondents stating that a horizontal approach would work better. There were also many questions related to dissemination of information on tenders, conditions for financing of projects and eligibility of applicants. Given that the main national development goals in

the 2014-2020 perspective are economic growth, employment growth and preservation of national resources, implementation of programmes will lead into direction of answering the main concerns raised by stakeholders.

Partnership during the implementation of the 2014-2020 ESIF programmes

The **Monitoring Committees (MCs)** of each programme, established under Art. 47 of the CPR, will include representatives of the civil society organisations, social partners, economic partners and the private sector, local and regional level authorities, including urban authorities, and academic community representatives.

The **National Coordinating Committee (NCC)** is established under Art. 6 of the Law on the establishment of the institutional framework for the implementation of the ESI Funds in Croatia during the financial period 2014-2020. The thematic sub-committees of the NCC may include representatives of partners, as appropriate according to theme (e.g. the Thematic sub-committee on competitiveness and entrepreneurship shall have relevant representatives (partners) coming from the business/private sector). The uneven composition of the committees overwhelmingly composed of public officials shall be avoided. Partners' selection for the thematic sub-committees of the NCC will be made in a transparent way and taking into account their experience with previous EU funding instruments, 2007-2013 period and their involvement in 2014-2020 programming process. The NCC and thematic sub-committees will have a consultative role (see Chapter 2.1.2) and perform duties according to the abovementioned Law.

In accordance with the requirement laid down in Art. 5 of the CPR, the partners will play an important role in preparation, implementation, monitoring and evaluation of programmes, by participation in the Monitoring Committees of the programmes, and their **consultation on the strategic progress reports** on the implementation of the PA in 2017 and 2019 as well as on the annual implementation reports for each programme. Where appropriate, partners will include those who already participated in the programming phase thus enabling continuity of their work. However, an opportunity will be given to new partners to be selected through a transparent selection process to thematic sub-committees.

The Managing Authorities (MAs) for the four programmes will engage the partners in monitoring, assessment of performance, evaluation and preparation of the **annual implementation reports of the programmes** under the responsibility of the Monitoring Committees and, where appropriate, through specific working groups established by the MCs for this purpose. The MAs shall consult, where appropriate, the NCC and the thematic sub-committees, which shall include relevant partners as described above, in preparation of the calls for proposals, based on procedures set in advance. Particular attention will be given to the possible conflict of interest.

A major aspect when considering the partnership in different stages of preparation and implementation is the **capacity building of partners**. The ESI Funds dedicated to technical assistance will be used, inter alia, to ensure that the partners receive the necessary training to participate in the preparation, implementation, monitoring and evaluation of the programmes. The support may take the form of dedicated workshops, training sessions, preparation and support of networking platforms, etc.

1.5.2. Promotion of equality between men and women, non-discrimination and accessibility

The principles of protection of human rights, antidiscrimination policy, policy of gender equality as well as equality of national minorities are embedded at the highest national level through the Constitution, decisions of the Croatian Government and the Croatian Parliament. Integral parts of the strategic framework for the promotion of equality are also national plans, programmes and strategies, which define goals and prescribe measures to be taken for the improvement of general living, social and economic conditions of the identified groups. Related legal acts and the supporting strategies and programmes have been transposed as part of the *acquis communautaire*.

In accordance with the partnership principle, representatives of gender equality bodies, relevant civil society organisations and NGOs, representing gender equality, non-discrimination and the interest of disadvantaged groups were involved in the preparation of programmes as well as in public consultations, and will be involved in the monitoring and evaluation of the PA and programmes, mainly through their representation in the programme Monitoring Committees.

The interventions to be financed from ESI Funds not only have to be in line with the equality principles, but should promote the practical implementation of the gender equality, non-discrimination and accessibility policies wherever possible.

The principles will be applied across all programmes, by means of positive action measures and activities targeted to support disadvantaged groups. This approach will be integrated into the ESIF programmes managing documentation (e.g. programme manuals, guidelines for applicants, etc.). As different ESI Funds funded programmes may contribute to the promotion of equality, non-discrimination and accessibility to a varied extent, tailor-made solutions are prepared to set either obligatory or optional requirements on project level.

To ensure that the gender equality, non-discrimination and accessibility policies are taken into account at all levels of the implementation, the following procedures shall be adopted:

- **Selection:** to encourage applicants to take full account of equal opportunities, the principles will be reflected in the selection procedures. All projects will be required to demonstrate within the Application Form how they will contribute to equal opportunities, describing the method how the issue has been taken into account.
- **Contracting:** The requirement to observe equality principles during project implementation shall be built into contracts with applicants, and shall be checked as part of the monitoring and reporting procedures.
- **Monitoring:** To assess results achieved related to the equal opportunities, indicators will be built into the project monitoring system. The fulfilment of horizontal principles will be monitored at the project level through monitoring reports, as well as through control of project implementation on the spot and subsequent evaluation of the contribution to the horizontal principles objectives. Relevant data on the progress on project level is collected and uploaded in the MIS and thus regular reporting is accurate and evidence-based. Report on results

achieved linked to equality principles will be included into Annual Implementation Reports.

- **Evaluation** - The Evaluation plan will be developed for each priority axis and measures will be taken to conducting on-going evaluations which would include the question to what extent the selection criteria, the monitoring systems and management and control procedures support the implementation of equality and non-discrimination principles.

Close cooperation will be ensured with relevant civil society organisations and NGOs representing gender equality, non-discrimination and the interest of disadvantaged groups, to ensure the dissemination of information and participation of disabled people in the ESIF programmes. Essential activities for promoting equality principles will include **publicity activities and dissemination of information** that include actions to support accessibility like trainings and meetings on national, regional and local level, websites, printed materials etc.

An important pre-condition is the development of common understanding and recognition as regards the promotion of equality between men and women, non-discrimination and accessibility. In this respect, arrangements for **training of staff of the authorities involved in the management and control of the ESI Funds** in the fields of Union antidiscrimination law and policy, gender equality law and policy and on gender mainstreaming area, national disability law and policy including accessibility and the practical application of the United Nations Convention on the rights of the persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with the Council Decision 2010/48/EC will be carried out as part of the process to fulfill the general ex-ante conditionalities.

1.5.3. Sustainable development

In line with 2001/42/EC Directive and the national regulations, **strategic environmental assessment** is carried out for the pertaining operational programmes in order to systematically assess the effects of the planned programmes to the environment. Given that SEA study outlines measures for mitigation of adverse environmental impacts in implementation of the planned interventions of the programmes, a detailed analysis in the form of a **project level environmental impact assessment** will be required on a project level in order to specify other types of potential influences and list measures which will have to be taken for their avoidance. For all projects, applicants will be expected to prove that their projects do not have a harmful environmental impact, and/or present how the project will make a positive contribution to sustainable development.

Implementation at the project level will be carried out respecting the '**polluter pays**' (**PP**) **principle**, which is already incorporated in the Environmental Protection Act [REF # 155] according to which the polluter is obliged to cover the costs arising from polluting the environment, removing the damage from the environment, as well as costs for measures for preventing environment pollution. Additional regulatory mechanisms are being introduced where necessary, in order to contribute to respecting the PP principle. In the waste sector, necessary measures are incorporated in the Act on Sustainable Waste Management: the landfill tax, deposit system, public service fee proportional to the amount of waste produced, while an additional set of regulations which will contribute to

its implementation is under preparation. Legislative framework for water management includes the principles of cost recovery of water services and the PP / 'user pay' principle.

In accordance with **the partnership principle**, relevant civil society organisations and NGOs, working in the area of sustainable development are involved in the preparation of programmes, and will be involved in the monitoring and evaluation of the PA and programmes through the Monitoring Committees, consultation on strategic progress reports and participation in thematic sub-committees. In this manner continuation of their engagement and work will be ensured, as stipulated in the Delegated Act on the European Code of Conduct on Partnership.

The sustainable development principle will be horizontally integrated into the ESI Funds programmes managing documentation (e.g. programme manuals, guidelines for applicants, etc.). **Green public procurement** on a national level will put emphasis on products and services, which are not only best offer by price but also have in mind sustainability and green growth. Given that the Croatian legal framework for public procurement has fully adopted the provisions of the two European directives, which regulate the area of green public procurement, in the implementation of programmes recommendations and best practices of the European Union will be fully implemented.

“Climate proofing”: Requirement for all the sectoral investments (primarily infrastructure ones) to be resilient to projected (direct and indirect) climate change impacts (i.e. climate proofing) is incorporated in the relevant legislation on investments (building and permitting as such is applicable to all investments under the ESI funds). The same applies also for the requirement related to disaster risk prevention and management. Additionally relevant national documentation currently under preparation – Climate change adaption strategy (due by the end of 2016) and Disaster Risk Assessment (due by the end of 2015) will contain recommendations / requirements relevant also for the investment strategy that will be where applicable integrated also in the ESI funded programmes.

Resource efficiency: In line with the Europe 2020 Strategy, resource efficiency is one of the ways to deliver smart, sustainable and inclusive growth. Croatia's use of natural resources is essential to its economy and a major part of the drive for sustainable development. The continued more sustainable management of natural resources in agriculture, forestry, fisheries and aquaculture sectors should be promoted. Furthermore, the Adriatic Sea is a valuable natural resource, which presents many opportunities for economic and environmental growth and sea based, maritime activity. Opportunities exist for sustainable development of marine resources with links to business sector so endorsing resource efficiency is essential. Where possible, the provision of Green and Blue Infrastructure will be prioritised to deliver sustainable development objectives.

Green growth, green jobs: Moving towards a resource efficient, climate change resilient economy may offer opportunities for increasing employment, creating new jobs and increasing the social inclusion. As an example, waste management has a high potential in Croatia. Preventing and reducing waste generation, together with the necessary increase in reuse and recycling, could improve the resource efficiency of the Croatian economy and increase business opportunities. A well thought-through design and thorough implementation of economic instruments will be crucial to ensure that they contribute to

improving resource efficiency and businesses competitiveness. Exploiting the currently underused potential for biomass production in forests in Croatia will increase the availability of wood biomass as a renewable energy source and contribute to job creation in rural areas.

To ensure that sustainable development principles are taken into account at all levels of the implementation, the following procedures shall be adopted:

- **Selection:** Sustainable development principles will be reflected in the selection procedures. Applicants will be expected to prove that their project will **not have a harmful environmental impact**, to certify that it is environmentally neutral and/or to present how the project will make a positive contribution to sustainable development.
- **Contracting:** Any consequences of the environmental impact assessment during the selection stage will be reflected in the agreements with beneficiaries, and will be checked as part of the internal controls and audit process.
- **Monitoring:** **The fulfillment of the sustainable development principle will be monitored at the project level through monitoring reports, as well as through control of project implementation on the spot and subsequent evaluation** of the contribution to the horizontal principles objectives. It is ensured throughout the whole programming period that relevant data on the progress on project level are collected and uploaded in the MIS and thus regular reporting is accurate and evidence-based.
- **Evaluation** – As explained above, strategic environmental assessment has been carried out for relevant operational programmes.

A highly specific problem of the Croatian territory is mine contamination, which is a legacy of the 1991-1996 Homeland War. Mine contamination represents a problem in terms of stability, social inclusion as well as of economic development. Total mine suspected territory in Croatia amounts at 613.6 square km. More than half of the mine suspected area of the country is attributed to Natura 2000 sites and nature protected areas, which presents an obstacle for effective management of mentioned areas. Consequently, the cost of the **mine clearance and mine checking in the selected project site will be eligible under the Cohesion Fund and ERDF**. Furthermore, targeted mine clearance activities will be conducted for mine contaminated agricultural land and forestland, as described in Chapter 1.3 (under TOs 3 and 6).

1.5.4. Horizontal policy objectives

1.6. The list of the programmes under the ERDF, the ESF and the YEI and the Cohesion Fund, except those under the European territorial cooperation goal, and of the programmes of the EAFRD and the EMFF, with the respective indicative allocations by ESI Fund and by year (total Union support, including the performance reserve)

Programme	ESI Fund (ERDF, ESF, Cohesion Fund, EAFRD EMFF or YEI)	Total	2014	2015	2016	2017	2018	2019	2020
2014HR05M9OP001	ESF	1,516,033,073.00	174,101,269.00	201,514,974.00	210,266,217.00	218,674,321.00	227,650,194.00	237,046,771.00	246,779,327.00
2014HR16M1OP001	ERDF	4,321,499,588.00	496,281,103.00	574,424,722.00	599,370,413.00	623,337,978.00	648,923,982.00	675,709,218.00	703,452,172.00
2014HR16M1OP001	CF	2,559,545,971.00	293,229,673.00	339,412,563.00	355,227,649.00	369,817,264.00	384,676,335.00	400,937,858.00	416,244,629.00
2014HR14MFOP001	EMFF	252,643,138.00	34,629,786.00	35,072,176.00	35,392,777.00	35,966,420.00	36,803,321.00	37,054,974.00	37,723,684.00
2014HR06RDNP001	EAFRD	2,026,222,500.00	332,167,500.00	282,342,500.00	282,342,500.00	282,342,500.00	282,342,500.00	282,342,500.00	282,342,500.00
2014HR05M9OP001	YEI	66,177,144.00	37,178,171.00	28,998,973.00	0.00	0.00	0.00	0.00	0.00
Total		10,742,121,414.00	1,367,587,502.00	1,461,765,908.00	1,482,599,556.00	1,530,138,483.00	1,580,396,332.00	1,633,091,321.00	1,686,542,312.00

1.7. Request for transfer of Structural Funds' allocations between categories of regions, where applicable

Category of region	Financial allocation based on Commission decision (...) (€)	Transfer to	Amount transferred (€)	Share of the allocation of the category of region from which funds are transferred (%)	Financial allocation after transfers (€)
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1.8. Transfer from the European Territorial Cooperation goal to the Investment for Growth and Jobs goal, where applicable, by category of region

Transfer to	Amount transferred (€)
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1.9. Request for a transfer of technical assistance to the European Commission, where applicable

Fund	Category of region	2014	2015	2016	2017	2018	2019	2020
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1.10. Information on the allocation related to the performance reserve, broken down by ESI Fund and, where appropriate, by category of region, and on the amounts excluded for the purpose of calculating the performance reserve

Fund	Category of region (1)	Total Union support (€) (2)	Matching ESF support to YEI (€) (3)	CAP transfers (3) (4)	Union support subject to the performance reserve (€) (5)	Performance reserve (6)
ESF	Less developed	1,516,033,072.00	66,177,144.00	0.00	1,449,855,928.00	86,991,355.68
ESF	Transition	0.00	0.00	0.00	0.00	0.00
ESF	More developed	0.00	0.00	0.00	0.00	0.00

Fund	Category of region (1)	Total Union support (€) (2)	Matching ESF support to YEI (€) (3)	CAP transfers (3) (4)	Union support subject to the performance reserve (€) (5)	Performance reserve (6)
Total ESF		1,516,033,072.00	66,177,144.00	0.00	1,449,855,928.00	86,991,355.68
ERDF	Less developed	4,321,499,588.00	0.00	0.00	4,321,499,588.00	259,289,975.28
ERDF	Transition	0.00	0.00	0.00	0.00	0.00
ERDF	More developed	0.00	0.00	0.00	0.00	0.00
Total ERDF		4,321,499,588.00	0.00	0.00	4,321,499,588.00	259,289,975.28
CF		2,559,545,971.00	0.00	0.00	2,559,545,971.00	153,572,758.26
EMFF		252,643,138.00	0.00	0.00	252,643,138.00	15,158,588.28
EAFRD		2,026,222,500.00	0.00	0.00	2,026,222,500.00	121,573,350.00
Total		10,675,944,269.00	66,177,144.00	0.00	10,609,767,125.00	636,586,027.50

(1) The special allocation for the northern sparsely populated regions and outermost regions should be reflected under the category of region to which the regions benefitting from the special allocation belong to.

(2) Including the performance reserve, after transfers between categories of regions and goals, where applicable.

(3) In accordance with Article 20 of the CPR. The remaining amounts listed under Article 20 are not included in the partnership agreement either because they are managed directly by the Commission or because they are transferred already at the establishment of the national allocations by the Commission (and hence are not included in these national allocations).

(4) Resources transferred from Pillar 1 of the Common Agricultural Policy to the EAFRD under Articles 7(2) and 14(1) of the Direct Payment Regulation (2013/....) and Transfers to the EAFRD in application of Articles 10b, 136 and Art 136b of Council Regulation (EC) No 73/2009 in respect of calendar years 2013 and 2014 respectively.

(5) Total Union support after transfers less the amounts excluded for the purposes of calculation the performance reserve.

(6) The total amount of the performance reserve allocated by ESI Fund and category of region shall be 6 %.

2. ARRANGEMENTS TO ENSURE THE EFFECTIVE IMPLEMENTATION OF ESI FUNDS

2.1. Arrangements, in line with the institutional framework of the Member States, that ensure coordination between the ESI Funds and other Union and national funding instruments and with the EIB

2.1.1 Identification of areas of intervention where the ESI Funds will be used in a complementary manner

Europe 2020 Strategy has formulated the need of integration of all available financial resources with the purpose of achievement of common strategic targets. Different funding instruments such as structural funds, agricultural and rural development funds, the research framework programme, and the competitiveness and innovation framework programme and other shall be used in the coherent way, complementing to the same Thematic Objectives, selected by countries. Therefore it is expected that in the most of thematic objectives member states can use the financial support from most of Cohesion policy instruments, and also can benefit from various European initiatives and instruments. The logics of complementarity of different instruments raises the challenge of strong coordination of objectives, planning results and actions during the programming stage, and permanent communication, exchange of information and coordination of selection of operations to be financed from different instruments during implementation.

The complementarity of instruments, coordination of priorities and objectives, as well as division of areas of intervention have been discussed by the Croatian institutions, involved in the programming process. Information on complementarity and demarcation are presented in more details at the level of particular programmes, while this text identifies and briefly explains the main areas and sectors where ESI Funds will be used in a complementary manner (non limitative list):

Entrepreneurship: The ERDF will provide assistance to newly established and already existing SMEs to improve their competitiveness, expand and innovate, while the ESF will support self-employment by facilitating access to entrepreneurship for the vulnerable group of unemployed. The EAFRD will support start-ups in non-agricultural activities for micro and small enterprises in rural areas. The EMFF will support the production in the aquaculture and fisheries sectors in view of the diversification of economic activities.

Energy sector: The EAFRD will focus on measures for Energy Efficiency & Renewable Energy Sources for the agricultural producers and food processing industry in addition to the generation of biomass from forestry. Complementarity will be achieved by usage, where applicable and feasible, of the biomass generated from forestry for the production of RES in manufacturing industries, private service sector, buildings and district heating system under ERDF funds. The EMFF will support energy efficiency activities in fisheries, ports and aquaculture.

Environmental sector: Integrated waste management operations will be financed under the Cohesion Fund, tackling the waste lifecycle (from generation to final disposal). Marine pollution (collection of waste and litter) in sea will be covered by EMFF. Regarding the water management (water supply, sewerage and waste water treatment),

operations will be financed through the cohesion fund in settlements with more than 2,000 inhabitants and with the EAFRD in settlements below 2,000 inhabitants.

As regards the biodiversity conservation, the EAFRD will support measures on the agricultural land related to nature protection including incentives to farmers (agri-environment-climate measures), while ERDF will focus on establishment and implementation of the Natura 2000 management framework and biodiversity related measures on the non-agricultural land. In terms of touristic infrastructure in the protected areas, the ERDF will concentrate on projects in protected areas managed by the state/regional (county) authorities while the EAFRD will relate to the areas managed by the local (city/municipality) ones.

Regarding the development of territories, the EAFRD will support for small-scale public service infrastructure in rural areas (rehabilitation and conservation of existing cultural heritage and other buildings, adaptation to the community needs), in complementarity with the ESF. The EAFRD and EMFF will also support local action groups and community-based initiatives.

Demining support: The ERDF/Cohesion Fund will support the cost of demining in selected development projects, as well as in operations aiming at the clearance and rehabilitation of forest and forestland in protected and Natura 2000 areas. The EAFRD will intervene in view of increasing the usable agricultural land and restoring the agricultural potential. One of the positive effects for the target groups, the farmers, will be creation of preconditions for the allocation of payment entitlements which they will receive from the “demining reserve” under the 1st CAP pillar [REF #156]. Furthermore, specific demining actions will be included within the Croatian Cross-Border Programmes.

Support to the most-deprived persons: Complementarity will be ensured between the ESF and the FEAD (Fund for European Aid to the Most Deprived, OP I. – Food and basic material assistance): since the ESF focuses on services aimed to enhance activation and employability (Investment priority 9i), the aim of the FEAD is to address and contribute to the reduction of poverty and social exclusion, by targeting the detected types of material deprivation (food deprivation, lack of hygiene goods, school supplies and supplies for school-aged children) and the most deprived beneficiaries. More precisely, the ESF is complemented via the Fund in such a way that the instruments of the Fund will be intended for persons who live in extreme poverty, persons who are often too far from the labor market to have direct benefits from activities of social inclusion financed from the ESF. Instruments from the Fund, therefore, will be used for ensuring food and basic life necessities, because the satisfaction of basic life necessities is often a precondition for the inclusion in all other activities such as training, counseling, job-seeking, etc.

Identification of areas where the ESI Funds will be used in a complementary manner is shown in Table 23 in PA Annex 1.

2.1.2 Arrangements and structures to coordinate to support the complementary use of the ESI Funds and avoid duplication, including joint Monitoring Committees, common monitoring and evaluation arrangements etc.

Under the new Law on the establishment of the institutional framework for the implementation of the ESI Funds in Croatia during the financial period 2014-2020, the Ministry of regional development and EU Funds (MRDEUF) performs the role of **Coordinating body (CB)** for the four ESI Funds, with the following functions (non limited list):

- Application of the general principles of ESI Funds and measures to prevent double funding;
- Ensures the application of horizontal principles in achieving policy goals in implementation of the ESI Funds, organizes partnerships, and establishes the role of the partners in the implementation, monitoring and evaluation of programmes;
- Coordinates changes and/or amendments to the PA and the programmes, in cooperation with the the Managing Authorities (MAs) and partners, ensuring complementarity between them, and with other financing instruments;
- Monitors the progress of the implementation of the PA and the programmes, coordinates the preparation of progress reports on the implementation of the PA;
- Assesses whether general and thematic ex-ante conditionalities are applicable and whether the prescribed criteria are fulfilled; and subsequently monitors progress in fulfilment of the Actions plans;
- Proposes to re-allocate the appropriate amount of the performance reserve to achieve the specific objectives of the priority axes and other changes to the programmes resulting from the re-allocation of performance reserve;
- Ensures that the exchange of information between authorities in the management and control systems and the EC are carried out via electronic data exchange system;
- Develops and oversees the implementation of the evaluation strategy, containing general objectives and evaluation methodology for each programme;
- Establishes a network of information and communication that includes all the ESIF programmes and coordinates information and visibility strategy, plans and activities; manages a single Web site with information about the programmes and calls under the programmes;
- Ensures compliance of national legislation for the purpose of efficient and correct use of ESI Funds, suggesting the necessary legal provisions in case incompatibilities are established.

Following the completion of the programming exercise, it is intended that the Coordination Committee, who's role in the programming of ESI Funds for 2014-2020 has been described in Chapter 1.5, is used as a permanent coordination mechanism in the form of **National Coordination Committee**, ensuring overall coordination and monitoring of implementation of ESI Funds (mainstream operational programmes under the ERDF, ESF, Cohesion Fund, EMFF and EAFRD and cooperation programmes under the IPA and ERDF) and other Union and relevant national funding instruments, including European Territorial Cooperation programmes (see Chapter 3.1.4). NCC supported by the thematic sub-committees and technical secretariat provided by the CB is intended to progressively substitute (where necessary by undertaking/merging part of the resources of) other currently existing coordination and monitoring platforms.

The role of the thematic sub-committees will be to increase the impact and effectiveness of the ESI Funds through: (a) Ensuring the demarcation and complementarity of the ESI Funds; (b) Where appropriate, identifying and monitoring the preparation of projects; (c)

Matching identified projects to sources of financing and different mechanisms of delivery of funds (e.g. financial instruments, CLLD, ITI, ETC, etc.); (d) Planning, steering and monitoring overall absorption of funds; (e) Coordinating evaluation activities and (f) Where appropriate, providing advice and assistance to the MAs in preparation of the calls for proposals (based on procedures set in advance and avoiding conflict of interest). The NCC and the thematic sub-committees shall also in particular ensure effective coordination of multi-Fund objectives and projects (TOs 9 and 10) under the ESF and ERDF/CF OPs.

Both the NCC, supported by thematic sub-committees, and the MC will include further to state officials other stakeholders and representatives of partners, such as civil society organisations, social partners, economic partners and the private sector, local and regional level authorities, including urban authorities, and academic community representatives. To the extent required to ensure coordination between different (MC of different) programmes, it is intended that members of one MC also take part in MC of the other programmes.

An additional measure to ensure complementary use of funds as well as to avoid double co-financing of projects will be exchange of information and data within and between the computerised **Management Information Systems (MIS)**. For more information on MIS and other linked systems please refer to Chapter 4.

2.1.3 Mechanisms to help applicants and beneficiaries use the funds in a complementary way such as joint eGovernance solutions, "one stop shops" e.g. for advice on the opportunities of support available through each of the ESI Funds etc.

To assist potential applicants/beneficiaries in the process of preparation of projects, it is intended to further upgrade existing **central web site** operated by the MRDEUF into 'one stop shop' for acquiring (a) information on funding opportunities under ESI funds, (b) information on applicable rules and procedures for ESI funded projects, (c) e-learning contents available on-line as well as information on other learning opportunities for ESI funds project management and (d) contacts of bodies responsible for further support to potential beneficiaries within particular policy area. To ensure multiple channels of access to same information, programme/investment priority related part of the content of the central web site will continue to be disseminated through web site of the respective programme operated by the Managing Authority and/or web site of the respective Intermediate body.

In order to further promote and enhance electronic communication between the applicants/beneficiaries and the bodies of the MCS in line with e-cohesion requirements, thus to contribute to two-way exchange of information, it is planned to gradually upgrade the existing central web site by adding interactive platform - **Beneficiaries Portal (BP)**. For more information on that and other related IT systems please refer to Chapters 2.6 and 4.1.

In addition to dissemination of above information through web sites and organization of other information and visibility activities (TV and radio broadcastings, information and visibility events etc.) as per information and visibility strategies and actions plans, it is intended to further upgrade the work of existing **Publicity Officers Network (PON)**. The purpose of the PON is to ensure coordinated and simultaneous dissemination of

before mentioned information but also to provide first level technical support to potential beneficiaries. In order to ensure proper dissemination of information to particular groups of potential applicants/beneficiaries on regional/local level, PON is intended to include to larger extent the representatives of institutions appointed as regional coordinators, but also of other regionally placed intermediaries. Regional development agencies on the level of each county (so far acting as indispensable actor in connecting public, private and civil sector in strategic partnerships through EU financed interventions addressing regional and local development priorities in various policy areas, contributing to improvement of life standard in their respective geographical field of competence), are considered as the key intermediary in providing first hand assistance to potential applicants/beneficiaries in (a) identifying funding opportunities for them within the OPs, (b) developing project ideas and streamlining the development of their project proposals, and (c) implementing their operations. In addition to the regional development agencies, it is intended to progressively involve into the PON also the county offices of national chambers such as Croatian chamber of commerce, Croatian chamber of crafts and similar types of institutions. In addition to the possibility of using already existing facilities necessary for providing first hand assistance to potential applicants/beneficiaries, the benefit of such approach is mobilizing in larger extent the existing knowledge and expertise of the staff involved. However, in order to ensure high quality provision of an up-to-date support, it is intended that the members of the PON are continuously trained and, to the extent required, licensed by the CB.

2.1.4 Outlining coordination mechanisms set up at national and regional levels between the bodies responsible for the implementation of national and regional programmes, in particular under the cohesion policy's Investment for Growth and Jobs Goal, and those responsible for the implementation of the programmes under the European Territorial Cooperation (ETC) goal. Where appropriate, outlining coordination mechanisms to ensure complementarity with actions implemented in the context of macro-regional and sea-basin strategies.

The Agency for Regional Development of the Republic of Croatia (ARD), an in-house body of the MRDEUF, will bear the role of MA for 2014-2020 IPA cross-border cooperation programmes Croatia–Serbia and Croatia–Bosnia and Herzegovina–Montenegro, while the role of Certifying Authority is kept within the MRDEUF. Further to this, a single unit in the MRDEUF will perform the function of National Authority for eleven cooperation programmes and ensure the coordinated participation of the Republic of Croatia in territorial cooperation programmes. Close internal coordination mechanisms between the ESIF main stream and ETC programmes is ensured through day-to-day work within MRDEUF and ARD as well as regular, weekly meetings of heads of sectors within the same. Since MRDEUF is the coordinating body for all ESI Funds, responsible body for programming and implementation of "mainstream" ERDF and Cohesion Fund as well as for the programming and monitoring of all ETC programmes, close coordination is established and specific attention will be paid to ensure that there is a complementary use of ETC programmes and vice versa.

In terms of the transnational and interregional programmes, Croatia has set up the National Committee for Coordination of Croatian Participation in Transnational and Interregional Programmes as well as Macro-regional Strategies of the EU for the period 2014–2020. It is a single platform with line ministries responsible for implementing ESI Funds, national representatives in ETC and IPA CBC programmes, regional and local

stakeholders, civil society, social and economic partners, priority area coordinators, focal points and the National Contact Point/National Coordinators for both macro-regional strategies. The Committee has been involved so far in the consultation process for transnational and interregional programmes as well as preparation for EUSAIR when defining national priorities. This platform will allow for the analysis of the consistency of interventions and the links between the relative strategy and action plan to ESI Funds during implementation. It is planned that the National Coordination Committee, with its thematic sub-committees, assumes the role also of coordination of Croatian participation in transnational and interregional programmes, and macro-regional strategies, once established (please see Chapter 2.1).

As for the cross-border cooperation programmes, all the relevant stakeholders will participate in the monitoring committees and in this way partnership during implementation will be ensured. In the 2007-2013 period, Croatia introduced informal meetings of the Croatian members of the monitoring committees in order to align and consolidate national positions and opinions as well as to update members of potential new development in the policy areas. These meetings will be kept informal. With regards EUSAIR, additional coordinative working groups are established in order to facilitate the process of preparation of the Strategy. The process is led by the Ministry of Foreign and European Affairs (MFEA), supported by the MRDEUF and other relevant line ministries. The MFEA has been invited to participate in the task forces or working groups for preparation of the territorial cooperation programmes where possible. The governance structure for macro regional strategies is still under development; it is envisaged that the MFEA in its role as the NCP for macro regional strategies will participate in the monitoring committees of relevant transnational programmes.

2.1.5 A description of the arrangements for coordination of the ESI Funds with other Union and national funding instruments and the EIB

2.1.5.1 Implementation of Union Programmes in Croatia

In July 2014 the Croatian Government adopted a decision laying down the provisions relevant for the management of the Union programmes in the 2014-2020 period, specifying the role and responsibility of the assigned state administration bodies and nominating the state officials responsible for the specific programme.

The National Contact Point (NCPs) are the national coordinators of the Union Programmes; they are assigned state administration bodies which operates as a technical support service for particular UP. They provide personalised support, guidance, practical information and assistance on all aspects of participation in those programmes. This includes advice on technical and administrative questions concerning the calls for proposals, partner search, national priorities, and matching national co-financing possibilities, where applicable. The NCP's in Croatia have different structures, from highly centralised to decentralised networks, and a number of very different actors, from ministries to research centres, and specialised agencies. The current NCP network will be adapted for the 2014-2020 period as necessary.

The MRDEUF holds an overall responsibility to collect information on the activities carried out through individual programmes from the responsible co-ordinators in state

administration bodies, and to ensure the coordination/synergy with the ESIF-funded programmes and projects, in cooperation with the line Ministries.

The areas of support where the ESI Funds funding will be used in a complementary manner with the Union's programmes as well as other Community instruments in the 2014-2020 period is shown in Table 24 in PA Annex 1.

2.1.5.2 EEA and Norway Grants and Swiss Enlargement Contribution

The EEA Grants and Norway Grants provide funding to sixteen EU countries in central and southern Europe. There are thirty-two programme areas within different sectors ranging from environmental protection and climate change to civil society and research. In April 2014, an Agreement on Croatia's Accession to the European Economic Area was signed, which made Croatia the 16th beneficiary country of the existing EEA and Norway Grants scheme for the period 2009-2014. Funding of EUR 9.6 million for Croatia from the EEA and Norway Grants are seeking to reduce economic and social disparities and strengthening bilateral ties between Croatia and the three donor countries, Iceland, Liechtenstein and Norway. Memorandums of Understanding (MoU) are agreed and signed on 29 April 2014, which outline specific funding areas for Croatia. Within the EEA Grants Croatia will finance projects within Funds for Non-Governmental Organisations and Local and Regional Initiatives to Reduce National Inequalities and to Promote Social inclusion programmes. Within the Norway Grants, Decent Work and Tripartite Dialogue, the NGO programme and Judicial Capacity-building and Cooperation will be financed. Negotiations regarding new period 2014-2019 of the EEA and Norway Grants have started.

With the Enlargement Contribution funds, Switzerland is financing specific, high quality projects aimed at reducing the economic and social disparities in the new EU-Member States, in the following thematic domains: security, stability, and support for reforms; environment and infrastructure; promotion of the private sector; and human and social development. On 28 May 2014, the Swiss Federal Council endorsed the proposal to grant a contribution of 45 mil Swiss francs for Croatia, currently under approval in the Parliament. Meanwhile, negotiation have started for the preparation of the bilateral framework agreement, and steps are taken to prepare the relevant institutions for their future management tasks and raise the awareness of the stakeholders about the funding opportunities.

2.1.5.3 European Investment Bank (EIB)

Croatia intends to apply for the EIB loan in order to facilitate the implementation of ESI Funds in period 2014-2020 (Structural Programme Loan, SPL). The loan would serve to co-finance projects that benefit from the ESI Funds and to strengthen Croatia's competitiveness and increase its capacity to absorb EU Funds. Focus will be placed on areas such as broadband development, energy efficiency, transport, waste, water and environmental protection, and research and development, but potentially also other sectors could in principle benefit if high absorption potential is shown. The MRDEUF will undertake the role of the promoter and coordinator, whereas the Ministry of Finance will be the borrower. The MRDEUF also coordinates the JASPERS support facility, which support the preparation of large projects in the transport, environment and competitiveness sectors. A dedicated Unit within MRDEUF devoted to EIB and

JASPERS activities, serving as the main focal point and main contact point for the Managing Authorities and public institutions, and working in cooperation with the Ministry of Finance.

2.1.5.4 Coordination with national funding instruments

Table 25 in PA Annex 1 summarizes national funding instruments complementary to the investments planned under ESI Funds, whereby complementarity has been analysed taking into account: the additionality principle and contribution to the achievement of main results set under the Funds, the relevance of the instrument for the implementation of national policies (namely in case of country specific instruments), and where the Funds are critical to complement the use of national funds. Descriptions are given for each programme and sub-programme of the State Budget and off-budgetary funds (Croatian Roads, Environmental Protection and Energy Efficiency Fund and Croatian Waters), while the descriptions relate entirely or partially to a programme or sub-programme. The results of the complementarity analysis do not include information on instruments implemented by regional and local self-governing units nor do they provide descriptions of EU 2007-2013 funded programmes. Complementarity with national funding instruments is rather significant in areas where national funds are invested by national public companies, namely in areas of energy, transport, environment protection.

2.1.5.5. Management of interventions under the CAP's 1st and 2nd pillars in order to maximise synergies

Programming of interventions under the 1st and 2nd CAP pillars is under the responsibility of the Ministry of Agriculture. However, it is necessary to ensure coherence and complementarities between the two agricultural funds (EAGF and EAFRD) to maximise synergies.

Acknowledging the wide diversity of agriculture, production potential and agri-climatic, environmental as well as socio-economic conditions and needs in Croatia, interventions under both pillars are aimed at meeting all three CAP objectives more effectively. Flexible programming in sense of programming measures between funds according to specificity of Croatia, shall better target the needs and opportunities in agriculture and rural areas.

There is certain possibility of flexibility between the two CAP's pillars in form of re-allocation of funds from 1st pillar to 2nd pillar and vice-versa, in case of Croatia it can be up to 15%. Croatia has opted for flexibility between pillars in favour of the 1st pillar, by reallocation of 15% from annual breakdown of Union support to rural development to national envelope for direct payments to farmers. The total transfer of the amounts from rural development programming for the financial years 2014-2020 to direct payments ceilings for the calendar years 2014-2019 is EUR 298.9 million. Additionally, pursuant to the Accession Treaty, Croatia has the additional possibility to complement national direct payments in the period 2014-2016, which is financially programmed under RDP. The total amount for CNDP is EUR 111,9 million. Support may be granted to farmers eligible for complementary national direct payments under Article 19 of Regulation (EU) No 1307/2013.

Greening practices beneficial for the climate and the environment under Pillar 1 of CAP are obligatory for certain farmers while the EAFRD provides for a possibility to pay

farmers for voluntary commitments only if they go beyond the compulsory greening practices and all other relevant mandatory requirements. Support in areas with natural constraints under EAGF as a voluntary scheme will not be used since it will be implemented under EAFRD.

EAGF support provided for measures to regulate agricultural markets (Common market organisation schemes for school fruit and school milk, national wine and apiculture programmes, etc) will be complemented with EAFRD investments and area-based support for these agricultural sectors, ensuring at the same time that double funding is excluded.

One of the goals is to exclude the possibility of double financing of the same activity by ESI or other public funds. This shall be tackled in the programming phase by the responsible Ministry, while during implementation it is under the responsibility of the Paying Agency for Agriculture, Fishery and Rural Development (PAAFRD). This shall be assured by the fact that Croatia has a single paying agency for both CAP instruments (EAGF and EAFRD) which also performs delegated functions in the case of CFP (EMFF).

2.2. The information required for ex-ante verification of compliance with the rules on additionality

At national level for Member States in which less developed regions cover at least 65% of the total population

Expenditure of the general government as a share of GDP	2014	2015	2016	2017	2018	2019	2020
P51	2.10	2.20	2.50	2.80	2.80	2.80	2.80

At regional level for Member States in which less developed regions cover more than 15% and less than 65% of the total population

Expenditure of the General Government as a share of GDP	2014	2015	2016	2017	2018	2019	2020
P51							

2.3. A summary of the assessment of the fulfilment of applicable ex-ante conditionalities in accordance with Article 19 and Annex XI at national level and, in the event that the applicable ex-ante conditionalities are not fulfilled, of the actions to be taken, the bodies responsible, and the timetable for implementation of those actions

(i) Table: A summary of the assessment of the fulfilment of applicable ex-ante conditionalities at national level.

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
T01.1-Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	No	1. A national or regional smart specialisation strategy is in place that:	No		Smart specialisation strategy has not been adopted.
T01.1-Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	No	2. is based on a SWOT or similar analysis to concentrate resources on a limited set of research and innovation priorities;	No		Smart specialisation strategy has not been adopted.
T01.1-Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National	No	3. outlines measures to stimulate private RTD investment;	No		Smart specialisation strategy has not been adopted.

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.					
T01.1-Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	No	4. contains a monitoring mechanism.	No		Smart specialisation strategy has not been adopted.
T01.1-Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	No	5. A framework outlining available budgetary resources for research and innovation has been adopted.	No		A framework outlining available budgetary resources for research and innovation has not been adopted.
T02.1-Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and	No	1. A strategic policy framework for digital growth, for instance, within the national or regional smart specialisation strategy is in place that contains:	No		A strategic policy framework for digital growth is not in place.

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.					
T02.1-Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.	No	2. budgeting and prioritisation of actions through a SWOT or similar analysis consistent with the Scoreboard of the Digital Agenda for Europe;	No		A strategic policy framework for digital growth is not in place.
T02.1-Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.	No	3. an analysis of balancing support for demand and supply of ICT should have been conducted;	No		A strategic policy framework for digital growth is not in place.
T02.1-Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality	No	4. indicators to measure progress of interventions in areas such as digital literacy, e-inclusion, e-accessibility, and progress of	No		A strategic policy framework for digital growth is not in place.

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.		e-health within the limits of Article 168 TFEU which are aligned, where appropriate, with existing relevant sectoral Union, national or regional strategies;			
T02.1-Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.	No	5. assessment of needs to reinforce ICT capacity-building.	No		A strategic policy framework for digital growth is not in place.
T02.2-Next Generation Network (NGN) Infrastructure: The existence of national or regional NGN Plans which take account of regional actions in order to reach the Union high speed Internet access targets, focusing on areas where the market fails to provide an open infrastructure at an affordable cost and of a quality in line with the Union competition and State aid rules, and to provide accessible services to vulnerable groups.	Partially	1. A national or regional NGN Plan is in place that contains:	No		Croatian NGN Plan in the period 2014-2020 is formally covered by following documents: Strategy for Broadband Development in the Republic of Croatia for 2012 - 2015 (OG No. 144/11); Study on funding models and support for investment in broadband infrastructure (2012) covers 2014-2020 period; New Strategy for Broadband Development in the Republic of Croatia for 2016 - 2020 is not in place; National Framework Program (ONP) for the development of broadband

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					infrastructure in areas lacking of sufficient commercial interest for investments (access, last mile) - has not been cleared for state aid, and has not been adopted; National program for backhaul broadband infrastructure (NP-BBI) has not been cleared for state aid, and has not been adopted.
T02.2-Next Generation Network (NGN) Infrastructure: The existence of national or regional NGN Plans which take account of regional actions in order to reach the Union high speed Internet access targets, focusing on areas where the market fails to provide an open infrastructure at an affordable cost and of a quality in line with the Union competition and State aid rules, and to provide accessible services to vulnerable groups.	Partially	2. a plan of infrastructure investments based on an economic analysis taking account of existing private and public infrastructures and planned investments;	No		Study on funding models and support for investment in broadband infrastructure (chapter 2 & annex A; chapter 4 & annex B) contains broadband infrastructure coverage analysis by counties, municipalities and settlements (mapping white, grey, black areas) and economic analysis of implementation costs of NGN network aligned with DAE targets, taking into account the re-use of existing operators' infrastructure (ducts, access copper, antenna masts), as well as build-out of new infrastructure (only fiber-optic and LTE will be financed under ESIF). Interactive broadband coverage map developed by NRA gives overview of availability of basic and NGA coverage throughout Croatian settlements. It is quarterly updated with recent operators' coverage data. New Strategy for Broadband Development in the Republic of Croatia for 2016 - 2020 is not in place. National Framework Program (ONP) for the development of broadband infrastructure in areas lacking of sufficient

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					commercial interest for investments (access, last mile) - has not been cleared for state aid, and has not been adopted. National program for backhaul broadband infrastructure (NP-BBI) has not been cleared for state aid, and has not been adopted.
T02.2-Next Generation Network (NGN) Infrastructure: The existence of national or regional NGN Plans which take account of regional actions in order to reach the Union high speed Internet access targets, focusing on areas where the market fails to provide an open infrastructure at an affordable cost and of a quality in line with the Union competition and State aid rules, and to provide accessible services to vulnerable groups.	Partially	3. sustainable investment models that enhance competition and provide access to open, affordable, quality and future-proof infrastructure and services;	Yes	Study on funding models and support for investment in broadband infrastructure (Study, chapter 4.3)	Study contains analysis of broadband infrastructure investment models, according to EC Guide to Broadband Investment and best practice from other EU countries. Estimation of infrastructure investments is based on economic analysis (a description of the methodology and data sources used for the analysis, including the involvement of the stakeholders; a map of existing private and public infrastructures and planned investments, as well as data on coverage). Study is taking account existing private and public infrastructures and planned investments; sustainable investment models enhancing competition and providing access to open, affordable, quality and future proof infrastructure and services; measures to stimulate private investment. Private DBO, public DBO and PPP were identified as prospective investment models for Croatia; models to be considered as state aid measures in white and grey areas were identified.

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T02.2-Next Generation Network (NGN) Infrastructure: The existence of national or regional NGN Plans which take account of regional actions in order to reach the Union high speed Internet access targets, focusing on areas where the market fails to provide an open infrastructure at an affordable cost and of a quality in line with the Union competition and State aid rules, and to provide accessible services to vulnerable groups.	Partially	4. measures to stimulate private investment.	Yes	Study on funding models and support for investment in broadband infrastructure (chapter 5) Electronic Communications Act (OJ. 71/14, Article 16 (5, 6, 7,8)) Ordinances OG 131/2012; OG 108/10; OG 136/11; OG 155/09; OG No. 107/13	Study on funding models and support for investment in broadband infrastructure contains proposals of main measures for support of broadband infrastructure investments, including State Aid measure in white and grey areas, covering both access and backbone portion of networks.It outlines needed budgetary resources for broadband interventions (EU, national, regional and other sources as appropriate). Electronic Communications Act (OJ. 71/14, Article 16 (5, 6, 7, 8)) determines establishment of the „Network industries development fund" by the end 2014. The fund is to be established to help achieve priorities defined in relevant strategies and programmes of the Government aiming to foster development of electronic communications networks and services, especially for deployment of high-speed access networks. Financial aid will be granted according to the State aid rules.
G1-The existence of administrative capacity for the implementation and application of Union anti-discrimination law and policy in the field of ESI Funds.	No	1. Arrangements in accordance with the institutional and legal framework of Member States for the involvement of bodies responsible for the promotion of equal treatment of all persons throughout the preparation and implementation of programmes, including the provision of advice on equality in ESI fund related	No		The Anti-Discrimination Act has introduced the Ombudsman as the national equality body. Accordingly, Article 12 of the Act defines the activities of central body responsible for the suppression of discrimination. The Ombudsman institution is willing to provide support and advice on equality issues in ESI fund-

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		activities.			related activities upon the request of relevant authorities.
G1-The existence of administrative capacity for the implementation and application of Union anti-discrimination law and policy in the field of ESI Funds.	No	2. Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union anti discrimination law and policy.	No		<p>National Programme for Protection and Promotion of Human Rights for the period 2013 - 2016 has defined suppression of discrimination as a priority area and has identified a measure number 8.1 which refers to education and trainings on national and EU anti-discrimination and policy (http://www.uljppnm.vlada.hr/images/nap_2013-2016.pdf). As a result, the Office for Human Rights and Rights of National Minorities in cooperation with Ombudswoman has developed a programme which is to be implemented in cooperation with the National School for Public Administration.</p> <p>Furthermore, the new Anti-discrimination Plan which will be developed by Office for Human Rights and Rights of National Minorities will further elaborate these measures.</p>
G2-The existence of administrative capacity for the implementation and	Partially	1. Arrangements in accordance with the institutional and legal framework of Member	Yes	Gender Equality Act	The Gender Equality Act has introduced the Ombudsman for gender equality as the

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application of Union gender equality law and policy in the field of ESI Funds.		States for the involvement of bodies responsible for gender equality throughout the preparation and implementation of programmes, including the provision of advice on gender equality in ESI Fund-related activities.		National Policy for Gender Equality 2011-2015	<p>national equality body and regulates the work of the Governmental Office for gender equality.</p> <p>Chapter IX of the Act, and chapter 7 of the National policy for Gender Equality define legal and institutional framework for involvement of gender equality bodies and sets up national gender equality mechanisms.</p> <p>New national strategy will be developed for the period 2016-2020.</p> <p>Representative of the Governmental Office for gender equality is a member of the Monitoring Committee.</p>
G2-The existence of administrative capacity for the implementation and application of Union gender equality law and policy in the field of ESI Funds.	Partially	2. Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union gender equality law and policy as well as on gender mainstreaming.	No		<p>Gender Equality Act- Article 3 (1) stipulates obligation of the public administration to mainstream gender in all activities, decisions and projects, and perform gender impact assessment.</p> <p>-Article 3 (2) is related to obligation of all administration bodies to provide education and training in gender equality for their staff.</p> <p>-National Policy for Gender Equality 2011-2015, measure 7.1.1. obliges all public servants to attend training seminars</p>

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					<p>for gender equality. New National Policy for Gender Equality (2016-2020) will include similar measure.</p> <p>-Trainings in basic concepts, including the legal framework for gender equality, are provided by the Office for gender equality at the National School for Public Administration</p> <p>Tailored -made training for staff involved in the implementation of the ESI Funds has not been developed yet, as explained in Action Plan.</p>
G3-The existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC.	No	1. Arrangements in accordance with the institutional and legal framework of Member States for the consultation and involvement of bodies in charge of protection of rights of persons with disabilities or representative organisations of persons with disabilities and other relevant stakeholders throughout the preparation and implementation of programmes.	No		<p>National Strategy of Equalization of Opportunities for Persons with Disabilities was adopted in 2007 further improving protection of rights of persons with disabilities and children with development disabilities, and enable their equal participation in all aspects of the society. Strategy includes measures, bodies responsible for the protection of rights of persons with disabilities, activities, deadlines, indicators and financial sources. Through a project jointly implemented by MSPY and UNDP Croatia (2009-2012) a Framework was developed for monitoring implementation of the Strategy in order to improve overall coordination, implementation, monitoring and reporting</p>

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					<p>on the Strategy and UNCRDP.</p> <p>For the period 2016-2020, a new Strategy with a corresponding operational plan will be adopted. Operational plan for the implementation of the Strategy will outline priorities and measures, activities, indicators, responsible and implementing institutions, financial allocations and deadlines .</p>
G3-The existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC.	No	2. Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of applicable Union and national disability law and policy, including accessibility and the practical application of the UNCRPD as reflected in Union and national legislation, as appropriate.	No		The Operational plan will include the activities of continuous, specific and thematic trainings and other forms of information dissemination regarding the UNCRPD targeting state and public bodies, involved in the implementation of Operational plan as well as management and control of ESI Funds.
G3-The existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC.	No	3. Arrangements to ensure monitoring of the implementation of Article 9 of the UNCRPD in relation to the ESI Funds throughout the preparation and the implementation of the programmes.	No		<p>The Ministry of Social Policy and Youth (MSPY) is in charge for monitoring of the implementation of the National strategy and the Operational plan (when adopted), which also include obligations in relation to Article 9 of the UNCRPD.</p> <p>The Operational plan will include the activities which will be co-financed through ESI funds as planned by each</p>

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					responsible and implementing body, that will annually report to the MSPY regarding the fulfilment of their obligations, including obligations in relation to Article 9 of the UNCRPD. The MSPY will refer to relevant EU and national legislation when accessing the fulfilment of their obligations.
G4-The existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	Partially	1. Arrangements for the effective application of Union public procurement rules through appropriate mechanisms.	Yes	<p>EU Directives on public procurement are transposed into HR legislation via:</p> <ul style="list-style-type: none"> • Public Procurement Act (OG 90/11, 83/13, 143/13, 13/14) – see Article 2; • Act on the State Commission for Supervision over Public Procurement Procedure (OG 18/13, 127/13) – see Article 2; • Act on Public Private Partnership (OG 78/12); • Regulation on the methodology for drawing up and handling tender documents and tenders (OG 10/12); • Regulation on public procurement notices (OG 10/12); • Regulation on control over the implementation of the Public Procurement Act (OG 10/12); • Ordinance on training in the field of public 	<p>Legislation</p> <p>Public procurement is prescribed within the Public Procurement Act and secondary legislation. Changes to the previous public procurement (PP) regulations were needed in order to comply with the EU Directives and to integrate procedures needed for diminishing critical points identified in the system. Current Act is compliant with the new Directives, while minor changes are planned in the second half of the year. The new Act will be adopted during 2015. As of July 1 2013, national public procurement rules apply to ESI funded projects.</p> <p>General legal, institutional and procedural arrangements to ensure a coherent and</p>

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				<p>procurement (OG 6/12);</p> <ul style="list-style-type: none"> Ordinance on the application of the Common Procurement Vocabulary (CPV), (OG 6/12); Ordinance on the list of entities bound by the Public Procurement Act (OG 19/12). <p>Links:</p> <p>http://www.javnabava.hr/default.aspx?id=3414</p> <p>http://www.javnabava.hr/default.aspx?id=3725</p>	<p>uniform interpretation of EU public procurement legislation</p> <p>The main PP authorities include:</p> <ul style="list-style-type: none"> Ministry of Economy (MoE) – Directorate for the Public Procurement System – responsible for coordination of the entire PP system; State Commission for Supervision over Public Procurement Procedure - autonomous and independent national body of second instance which exercises its jurisdiction by deciding on complaints concerning PP procedure, award of concessions and selection of the private partner in public private partnership projects; Agency for Public Private Partnership - central national body in charge of the implementation of the Act on Public Private Partnerships in the Republic of Croatia; State Office for Central Public Procurement (central purchasing office) - professional service of the Government of the Republic of Croatia carrying out the tasks of central procurement for central state administration bodies. <p>MoE is central body for the PP system in</p>

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					<p>the Republic of Croatia, and is responsible for the correct and timely transposition of the EU regulation to Croatia; in this exercise MoE constantly follows the EU regulation and procedures (Court of Justice of the EU).</p> <p>It develops mainly the following activities:</p> <ul style="list-style-type: none"> • the development, improvement and coordination of the entire PP system; • preparation and proposals of PP acts and other regulations; • control of the implementation of PP Act and implementing regulations to PP Act; • filing requests for the initiation of misdemeanour procedures; • provision of professional assistance regarding the application of PP Act and other regulations through opinions, instructions, manuals, expert publications and standard forms and PP Portal; • preparation and implementation of training programmes; • monitoring of the Electronic PP Classifieds of the Republic of Croatia; • collection, processing and

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					<p>analysing PP data and delivery of statistical reports;</p> <ul style="list-style-type: none"> inter-institutional cooperation with other state bodies with a view of achieving uniform interpretation and correct application of the PP regulations; <p>Legal, institutional and procedural arrangements to address the most serious and recurrent types of errors in the application of PP rules</p> <p>MoE controls implementation of PP Act (ex post control, not stopping the PP procedure). Any legal or natural person (even anonymously) or state body can lodge the procedure. If irregularities are found, Ministry of Economy can start a misdemeanour procedure before competent misdemeanour court.</p> <p>Judicial control and protection of tenderers</p> <p>Remedies in PP are regulated by Section IV of the PP Act (Articles 138-176 of PP Act). Appellate body is State Commission for Supervision over Public Procurement Procedure. Appeals on tender documents and award decisions stop the PP procedure</p>

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					<p>done by the contracting authority/entity till the State Commission ruling.</p> <p>According to the Act on the State Commission for Supervision over Public Procurement Procedure, the State Commission is obliged to publish on its web sites (www.dkom.hr) the information about the most common reasons for lodging the appeals and the most common irregularities established in the appeal procedures.</p> <p>The most common reasons for lodging the appeal:</p> <ul style="list-style-type: none"> • non-conformity of the tender documentation in relation to the Public Procurement Act; • selection of an invalid offer; • unfounded exclusion of the appellant offer from the review procedure of examination and evaluation; • challenge the basis for a decision on annulment; • omissions (irregularities) related to the opening of bids. <p>An administrative dispute against a</p>

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					decision of the State Commission may be initiated before a competent administrative court. These procedures are urgent (Article 173 and 174 of PP Act). Any person who has suffered damage due to violations of PP Act shall have the possibility of awarding damages before the competent court under the general indemnification regulations.
G4-The existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	Partially	2. Arrangements which ensure transparent contract award procedures.	Yes	<p>EU Directives on public procurement are transposed into HR legislation via:</p> <ul style="list-style-type: none"> • Public Procurement Act (OG 90/11, 83/13, 143/13, 13/14) – see Article 2; • Act on the State Commission for Supervision over Public Procurement Procedure (OG 18/13, 127/13) – see Article 2; • Act on Public Private Partnership (OG 78/12); • Regulation on the methodology for drawing up and handling tender documents and tenders (OG 10/12); • Regulation on public procurement notices (OG 10/12); • Regulation on control over the implementation of the Public Procurement Act (OG 10/12); • Ordinance on training in the field of public 	<p>Legal, institutional and procedural arrangements in place to ensure the effective respect of the TFEU principles (equal treatment, transparency, non discrimination) throughout the entire public procurement process.</p> <p>As a rule, at least one certified person must be involved in the public procurement procedure in each contracting authority. MoE is responsible for education system in the field of public procurement. Information and opinions (as answers to the questions posed by the economic entities and contractors) are publicly available on the MoE website, while decisions are also available on the website of the State Commission.</p>

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				<p>procurement (OG 6/12);</p> <ul style="list-style-type: none"> • Ordinance on the application of the Common Procurement Vocabulary (CPV), (OG 6/12); • Ordinance on the list of entities bound by the Public Procurement Act (OG 19/12). <p>Links:</p> <p>http://www.javnabava.hr/default.aspx?id=3414</p> <p>http://www.javnabava.hr/default.aspx?id=3725</p>	<p>Public Procurement Act (PP Act) proscribes that all public procurement notices for procurement the estimated value of which is above national threshold is published in the Electronic Public Procurement Classifieds of the Republic of Croatia (EPPC) - https://eojn.nn.hr/Oglasnik/. Croatian national threshold is set to HRK 200.000 for goods and services and HRK 500.000 for works. Below these thresholds, PP Act doesn't apply but every contracting authority/entity must have their internal rules on procurement issues. Basically, only difference in public procurement procedures below EU thresholds is the shorter time limits for the receipt of tenders and shorter time limits for lodging an appeal. So, public procurement procedures above national thresholds are the same as above EU thresholds, only time limits are shorter.</p> <p>Within Common National Rules (CNR) designed by the coordinating body, the Ministry of Regional development, within the context of the 2007-2013 ESI Funds (to be slightly adjusted for 2014-2020), a specific procurement procedure for non-purchasing organisations has been developed. The procedure is elaborated in Annex 1 of the Rule on Conditions for Preparation and Implementation of Projects, and refers to entities (in the</p>

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					<p>context of ESIF management, beneficiaries) which, according to Public Procurement Act, are not obliged to apply any specific procedure when procuring goods, services or works under their contracts. Procurement procedure for non-purchasing organisations was introduced with the aim to (a) contribute to prevention of irregular amounts related to procurements performed by the beneficiaries and (b) harmonise the complexity of procedures for beneficiaries of differed legal nature. In the light of efforts to reduce the administrative burden for beneficiaries, it is intended that the aforementioned procedure would be further developed and complemented with standardized annexes to be used by beneficiaries in specific procedural steps.</p> <p>MoE issues official opinions for the official request of contracting authorities/economic operators as well as provides responses to questions received by e-mail or via phone on a daily basis. In addition, two times a week there is a phone help-desk line while open doors are organised every month and meetings are organised at the request of the client.</p> <p>IT tools and systems ensuring access to information on contract award procedures</p>

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					<p>Contracting authorities have an obligation to publish their public procurement plans (subject matter of procurement the estimated value of which is equal to or higher than HRK 20.000) and contract registers on their websites and send links to Ministry of Economy which publishes them on Public Procurement Portal – www.javnabava.hr. Contracting authority/entity in open procedure (89% of all conducted procedures in 2012) must publish tender documents electronically in EPPC. In all public procurement procedures conducted by the State Office for Central Public Procurement (central purchasing office) from 1 January 2014, submission of tenders is available to economic operators electronically via EPPC.</p> <p>IT tools and systems are available to ensure access to information on opportunities for public contracts or concessions. As of 1 January 2012, publication of tenders is mandatory. As of 1 January 2014, State office for Central Public Procurement has to allow e-submission, while a deadline for all clients to use e-submission is 1 July 2016. Free of charge unique platform for tenders (Electronic Public Procurement Classifieds) is available at the Official</p>

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					<p>Gazette for economic operators. Indicators and tools are used to track performance of PP: based on data on contract award notices from EPPC, statistical report is prepared for the past year. The report includes data on number of contracts, final financial values, type of procedures, subject-matter of procurement, etc. State Commission submits the report to the Parliament.</p> <p>As the Coordinating body, the Ministry of Regional Development and EU Funds has launched a new web site: www.strukturnifondovi.hr, the central point for all information on EU funds. The objective of the portal is to present transparent, intelligible and updated information on EU funds in the Republic of Croatia, intended as a one-stop shop for specific target groups. The portal gives a significant contribution to the development of a user friendly and transparent administrative system for EU funds in the Republic of Croatia. Guidance is also available for contracting authorities and economic operators on the award of public contracts and concessions.</p>

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G4-The existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	Partially	3. Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds.	No		<p>Appropriate training for staff involved in the application of EU PP rules at all relevant levels</p> <p>Effective training strategy</p> <p>Education system including licensing of persons involved in PP procedures is in place. Public procurement training in the Republic of Croatia was established in 2009 with Regulation on the forms, methods and requirements for training in the PP (OG 43/09). Pursuant to the Regulations on training in the field of public procurement (OG 6/12), training programmes in this field can be carried out by companies authorized by the MoE and by the Ministry of Public Administration as a central government body responsible for civil service affairs. The list of the authorized companies is maintained by the MoE and is published on this portal http://www.javnabava.hr/. The register is regularly updated in line with new authorizations issued. Basically, training in the field of public procurement is carried out by economic operators (companies) who are registered holders of the public procurement training program. List of providers is available online: http://www.javnabava.hr/default.aspx?id=3724. Training is provided by trainers in</p>

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					<p>the field of public procurement. List of trainers is available online: http://www.javnanabava.hr/default.aspx?id=3723.</p> <p>Basic training program is 50 school hours long. After that a person must pass an exam. Exams are organized by the MoE after which the certificate is issued to persons who have successfully passed the exam. First certificates were issued in 2009. Register of issued certificates in the field of PP is available online: http://www.javnanabava.hr/default.aspx?id=3762. From 2012, the PP certificates are valid for 3 years. To renew the certificate, person must obtain further education in amount of 32 school hours in that period of 3 years. List of training programs is available online: http://www.javnanabava.hr/default.aspx?id=3763.</p> <p>In Croatia there are 4402 certified persons and 190 trainers in the field of public procurement. Also, MoE received 481 applications for renewal of certificates since July 2014. There were 60 workshops held with 2229 people attending in 2014. MoE, in cooperation with Croatian Chamber of Commerce, provides training workshops for participants that come from</p>

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					<p>contracting authority/entity and for economic operators. Difference to the above mentioned trainings is that in these workshops civil servants from MoE participate as trainers/lecturers and in those above mentioned they don't. List of workshops is available online: http://www.javnabava.hr/default.aspx?id=3764.</p> <p>Regarding the legislative framework, the new EU PP directives have to be transposed and implemented into Croatian legal system. Following that, education system will be adjusted to the new legal framework also, as well as remedies and supervision.</p> <p>The above described system of trainings is also applicable and is commonly used by both the ESIF beneficiaries as well as bodies involved in the management and control systems for ESI funds even with no separate training strategy currently in place.</p> <p>Regarding ESIF managing bodies, training modules were developed by MRDEUF - Coordinating body, for the programming period 2007-2013.</p>

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					<p>New modules, that will be developed in the second half of 2014, will be further extended to cover the novelties introduced either by the EU regulatory framework, such as result-oriented management, ITI or anti-fraud measures, or by the Member State, such as financial instruments which have not been used in Croatia in 2007-2013. Additional training for employees shall be organised to extend their knowledge in the specific fields, such as public procurement, state aid and environmental issues. It is intended that it will be obligatory for all staff of the MCS to pass the basic-level licensing exam by the end of 2015.</p> <p>Periodically, all the staff is intended to be relicensed for expertise, renewing the licensing exam on a three years basis. This is the fundamental capacity building scheme for the staff entering the MCS, especially in the “new” IBs with no experience in EU funds management.</p> <p>The Central Finance and Contracting Agency (CFCA), Contracting Authority for most of the pre-accession programmes and Intermediary body level 2 with largest portfolio in the management and control system for the SCF/ESIF, has been</p>

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					<p>certified by the Ministry of Economy to implement the educational programme in the field of public procurement under the Croatian Law on Public Procurement (so called Training Programme in the Field of Public Procurement), mainly targeted towards the staff of the IPA/SCF/ESIF programmes.</p> <p>The CFCA has organised 6 educational programmes in the field of public procurement under the Croatian Law on Public Procurement since the beginning of 2012 (each cycle lasts 50 hours). Participants of the abovementioned programme are entitled to take the written exam conducted by the Ministry of Economy and in the case of successful pass they are granted with the Certificate in the National Public Procurement.</p> <p>In addition, educational programme for Regular Professional Development in the field of public procurement has been introduced by the CFCA in 2013. The programme targets persons who have already obtained above mentioned Certificate in the National Public Procurement and deals with concrete problems/issues/lessons learned or new practices. Since then, the CFCA has organised 5 rounds of educational</p>

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					<p>programme for Regular Professional Development and 6 more are planned to be organised by the end of 2014.</p> <p>The training models used consist of workshops and seminars with the work on the concrete case studies with the trainers who have extensive experience in national public procurement procedures. All participants received training materials in the form of hand-outs with additional materials on recent PP procedures provided by trainers afterwards. All participants are required to fill evaluation forms provided on the trainings where they can express their satisfaction in several categories and also give their own proposals for new trainings. So far, feedback is very positive and more training has been required related to the different PP topics.</p> <p>This represents direct experience and own lessons learned in the application of the same public procurement rules applicable in management of ESI funds which are then utilised in control system for different programmes.</p> <p>For the purpose of systematic enhancement of capacities of the bodies</p>

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					<p>involved in the management and control systems for ESI funds, a training plan for public procurement for the ESIF management bodies is to be developed by the MRDEUF and MoE (see Action 1 of the EAC action plan).</p> <p>The training plan shall be based on the analysis of the training needs related to public procurement identified by the managing authorities of the ESIF programmes based on the training needs questionnaire to be jointly prepared by the MRDEUF and MoE. The training plan shall elaborate on the content of the obligatory training sessions to be provided to the staff of the concerned bodies, focusing on the specificities of the application of the public procurement in the field of ESIF such as:</p> <ul style="list-style-type: none"> • prevention of fraud and corruption in PP; • new EU provisions on PP and concession; • e-cohesion requirements; • proper application of award criteria (beyond the sole lowest price: best value for money, green procurement etc.); • common cases of PP errors.

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					<p>Training plan is intended to include also qualitative and quantitative indicators to be achieved and be accompanied by the action plan for its implementation.</p> <p>Deadline: October 2014 for development of questionnaire, December 2014 for training needs analysis and June 2015 for development of training plan related to public procurement.</p> <p>A system of dissemination of exchange of information is in place for all staff applying EU PP rules ensuring consistent implementation of PP rules</p> <p>In addition to the regular form of dissemination of information by the MoE and State Commission described above, the Working Group for EU Funds set up at the level of the Government. Members of the Working Group are officials (Deputies and Assistant Ministers, Directors or Deputy Directors) who monitor preparation and implementation of priority projects and grant-schemes. Monitoring covers deadline for public procurement notices, contracting deadlines and implementation in line with the N+3 rule. Besides preparation and implementation of projects, the Working Group is a forum for</p>

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					<p>discussing at a high level the most important issues, such as setting-up a management and control system for 2014-2020, problems in implementation.</p> <p>Further to this, an operational network of dissemination and exchange of information is planned to be set in place in 2015 (see action 2 of the EAC action plan), who shall further on participate in regular exchange of experience (good and bad practice) in application of public procurement. This network shall be coordinated by the MRDEUF and chaired jointly by the MRDEUF and MoE.</p> <p>The network would meet periodically (e.g. once per month), gather key practitioners of public procurement and be dedicated to the exchange of information, experience and practices. The setting in place of such a network is critical to:</p> <ul style="list-style-type: none"> • ensure the constant cooperation between the national PP bodies and the ESIF authorities; • to build on the PP experience in the OP and to help design/develop proactive and appropriate actions in the view of a uniform and effective interpretation and practice, if necessary developing or

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					<p>updating guidelines in that respect;</p> <ul style="list-style-type: none"> • contribute to consultation on complex public procurement cases, fine-tuning of public procurement training curricula by the inclusion of the most frequent errors and emphasizing audit findings, identification of risks for prevention of fraud; <p>Sub-networks (complex PP, prevention of fraud and corruption...) could be created if/as necessary.</p> <p>References:</p> <ul style="list-style-type: none"> • Public Procurement Act (OG 90/11, 83/13, 143/13, 13/14) – see Article 178; • Ordinance on training in the field of public procurement (OG 6/12).
G4-The existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	Partially	4. Arrangements to ensure administrative capacity for implementation and application of Union public procurement rules.	No		Central body (or coordinated network of bodies) having the administrative capacity to give substantial practical and legal advice on the application of EU PP rules to all entities subject to these rules in the field of ESIF

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					<p>It is intended to increase the number of PP experts in the Ministry of economy (central body for PP) in the context of the 2014-2020 ESIF programmes (see action 3, EAC action plan).</p> <p>At this moment it is hard to give exact numbers but a rough estimation would be an increase in workload of ca 30%, due to the specific training for ESIF bodies and other necessary support within the ESIF programme/projects context. A workload analysis of MoE – DG for the PP System will be done by the end of 2014. Depending on training scope and practical needs, a plan on ensuring adequate number of staff will be prepared, if necessary.</p> <p>Appropriate technical assistance (e.g. guidance documents, external experts) is provided to all bodies involved in the application of PP rules in the field of the ESIF.</p> <p>Additional technical assistance is planned to be used if required to provide additional support to the practitioners of PP in Croatia. It is intended that this includes but is not limited to:</p>

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					<ul style="list-style-type: none"> • support in preparing training needs questionnaires, analysing training needs and preparing training plan described above; • Support in delivering trainings as part of the training plan; • permanent or ad hoc expert advisory in dealing with most complex PP cases, risk management and cases of irregularities and fraud; • temporary employment of experts to cover peaks in workload expected as per workload analysis; • support to the organisation and work of the operational network of dissemination and exchange of information described above; • provision of guidelines and handbooks; • upgrade of existing and introduction of new IT tools to support practitioners of PP. <p>Reference:</p> <p>Public Procurement Act (OG No. 90/11, 83/13, 143/13, 13/14) – see Article 177.</p> <p>Regulation on internal organization of Ministry of Economy (OG 102/13, 10/14). - Relevant articles are 76-86.</p>

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G5-The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	No	1. Arrangements for the effective application of Union State aid rules.	No		<p>1. Measures in place to prevent the granting of illegal aid</p> <p>State Aid Act (OG 47/14)</p> <p>Role of the Ministry of Finance: Article 3.</p> <p>2013 State Aid Act (OG 72/13 and 141/13) ensured full implementation of EU State aid law from July 1st 2013.</p> <p>The Act mainly changed the role of the Croatian Competition Agency-CCA and provided guidance for state aid grantors on how to implement a state aid scheme, notify it to the EC/CCA (if GBER), and ask for an opinion of the CCA prior to the notification.</p> <p>Until 1 July 2013, CCA was relevant authority in charge of approving, controlling and ordering recovery of any state aid implemented in Croatia. On 1 July 2013, CCA has become an intermediary body (i.e. a contact point between DG Comp and domestic state aid grantor) and a consulting authority, issuing binding opinions on all state aid in Croatia,</p>

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					<p>both GBER and others. From the set-up of very first state aid system in Croatia, CCA has been rigorous on respecting the cumulation rules by state aid grantors in state aid schemes, but has also emphasized the recovery rules and relevant provisions on this procedure.</p> <p>With the adoption of the New State Aid Act in April 2014 (OG 47/14), the Ministry of Finance has become the sole national institution competent for state aid issues, and the whole of the CCA's state aid team, which is fully operational in state aid domain, has been transferred to the Ministry of Finance.</p> <p>On the basis of State Aid Act, Ministry of Finance is competent to deliver opinions on state aid proposals as regards their compliance with State aid rules, prior to their notification to the European Commission for approval, notify the European Commission of state aid proposals, deliver opinion on state aid proposals exempted from the notification obligation to the European Commission and inform the European Commission thereof, provide expert assistance to state aid grantors in preparing state aid and de minimis aid proposals, collect, process and record the data on aid granted, notify the</p>

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					<p>European Commission of state aid granted, provide education and training to state aid grantors and state aid beneficiaries.</p> <p>Based on the provisions of the Article 3 (3) of the Decree on the Bodies of the Management and Control Systems of the European Social Fund, the European Regional Development Fund and the Cohesion Fund, regarding Investment for Growth and Job Goal (OG 107/14), the Ministry of Finance carries out these activities also in relation to measures created and financed from EU funds when they constitute state aid.</p> <p>State Aid Unit of the Ministry of Finance continuously follows new rules on state aid within State Aid Modernisation process (also by attending meetings of Member States and the European Commission) and puts forward necessary measures. The website of the Ministry of Finance is continuously being updated with new EU State aid rules; the website is envisaged to be further developed in line with EU rules on state aid data publication (especially under GBER provisions); the Ministry of Finance takes care that state aid measures are mainly focused on horizontal goals (and in line with state aid policy of the Republic of Croatia within</p>

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					<p>the framework of the fiscal policy measures of the Republic of Croatia) etc.</p> <p>Notification of state aid to the Commission and opinion of the Ministry of Finance: Article 8.</p> <p>Opinion of the Ministry of Finance on state aid exempted from notification to the EC: Article 9.</p> <p>In line with Article 8 of the State Aid Act, the state aid grantors ask the opinion of the Ministry of Finance in all cases outside of GBER scope, before the notification takes place. Ministry of Finance gives an expert opinion, and recommends amendments. As for GBER schemes, in line with the provision in Article 9 of current State Aid Act, these schemes don't have to be notified to DG Comp, but the Ministry of Finance gives a binding opinion. Without the opinion of the Ministry of Finance, these schemes cannot be put in place.</p> <p>Undertakings in difficulties are excluded from all state aid schemes, so when applying for aid, undertakings have to submit financial reports for last 3 years, receipts from Tax authority and Pension insurance Fund on current liabilities and debts towards these institutions. After granting the aid, beneficiaries have to</p>

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					<p>submit annual reports and financial statements in order to check the development of the project and financial status.</p> <p>a. Respect of cumulation rules De minimis provision: Article 10.</p> <p>Although the Ministry of Finance cannot give a binding opinion on de minimis schemes, it gives advices and pointers to grantors how to comply with de minimis rule. Also, there is a provision in State Aid Act which stipulates (Article 10) that de minimis has to comply with the relevant and current de minimis Regulation.</p> <p>When applying for state aid, beneficiaries submit declaration on state aid already granted, especially de minimis, declaration which states they are not a subject of recovery order and bankruptcy proceedings, etc. Upon the receipt of applications, grantors check their own registries on granted state aid and de minimis, and if necessary, check the state aid data with other grantors. With regards to Deggendorf rule, all state aid schemes have provision which forbids the undertakings which are subject of recovery</p>

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					<p>order even to apply for new state aid.</p> <p>State Aid and de minimis Registry: Articles 14 & 15.</p> <p>Every state aid grantor keeps its own data base on granted state aid and de minimis aid (this is also obligation deriving from Articles 4 and 14 of State Aid Act (OG 47/14)). These data are submitted every year to the Ministry of Finance which keeps one central data base on state aid and de minimis aid granted in the Republic of Croatia (on local/regional and central level). An electronic register to be put in place in the Ministry of Finance will represent more developed mechanism system than the manual data base that is nowadays in place and that has been in function for years. The set-up of this electronic register is proposed as a specific action in the EAC action plan (see more information below).</p> <p>Additionally, one central register for SME's is set up within the Ministry of Entrepreneurship and Crafts. This register covers state aid and de minimis aid to SME's.</p> <p>It is considered that the system related to cumulation rule is in place and it shall be additionally improved when the electronic</p>

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					<p>register is set up and operational.</p> <p>Ordinance on state aid proposals and data submission (OG 99/13): Article 7</p> <p>According to Articles 4 and 14 of State aid Act state aid grantors have to analyze the efficiency of every state aid/ de minimis aid scheme or individual aid and submit to the Ministry of Finance annual analysis in a filled form from the Ordinance on state aid proposals and data submission (OG 99/13). Main criteria for monitoring and analyzing efficiency are already fixed in this form, but state aid grantors can add new criteria, in more detail, that relate to their concrete state aid measures. Collection of efficiency data has already started (data for the year 2013).</p> <p>Advanced State aid register that will be developed within the Ministry of Finance is envisaged to cover also data on state aid efficiency, so one register is envisaged to cover data on state aid/ de minimis aid granted as well as on their efficiency (nowadays there are two data bases kept within the Ministry of Finance).</p> <p>Within the Ministry of Finance an ongoing project of setting up a further developed</p>

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					<p>efficiency evaluation system is carried out, in cooperation with the Zagreb Institute for Economics (ZIE). The project should result in defined needed set of indicators and appropriate evaluation methodology. Based on the project outputs, delivered by ZIE, final IT solution for implementation of the methodology and application of indicators shall be provided, very likely by the same IT provider.</p> <p>In parallel, Ministry of Finance will prepare a draft ordinance on data collection and register, which will provide a methodology for evaluation and impose the state aid grantors an obligation to fill in the register and evaluation data. Likewise, while setting up the system, Ministry of Finance will discuss and consider finding the best solution for proper evaluation of the data.</p> <p>The set-up of the evaluation system is proposed as a specific action within the EAC action plan. It is expected to be in place on 1 July 2016.</p> <p>EAC Action plan, Action 1: Set-up of a central electronic register in the Ministry of Finance</p>

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					<p>The process of setting up this electronic register has started (first contacts with a state owned company that provides IT services to the Ministry of Finance, Customs and Tax Department and with IT solutions providers). The experience and solutions applied by other MS will also be used if possible (especially after a direct insight if possible to arrange). The estimated due date for having the register set up and operational is 1 July 2016.</p> <p>Only Ministry of Finance will fully operate and manage the system and all state aid grantors on central and local/regional level are envisaged to have access to the register, while filling in the register, checking the data for cumulation and printing the reports. Entry of data and their check-up is envisaged to be provided on every day basis. Ministry of Finance and state aid grantors should be able to access the register in any time in order to check the cumulation and Deggendorf rule, before granting the aid, and of course, to enter the data after granting the aid. Likewise, every state aid grantor should easily filter the data and print reports.</p> <p>By the time the register is set up and operational, a legal act (ordinance or similar) shall be adopted in order to oblige</p>

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					<p>state aid grantors to regularly enter relevant data in the register.</p> <p>Information from one part of the register will be available to the public.</p> <p>The IT provider shall be obliged to prepare a manual for managing the register, but also to organize trainings for the staff of the state aid team in the Ministry of Finance (training of trainers) who then would train other state aid grantors.</p> <p>Funds for the development of the register are planned in the state budget, however the project is envisaged for co-financing under TO 11 of OPCC.</p> <p>Annual State aid report to Government and Parliament: Article 17.</p> <p>On the basis of these data Ministry of Finance drafts Annual report on granted state aid (and de minimis aid) for Croatian Government and Parliament (Article 17 of State Aid Act) (http://www.aztn.hr/otnoma/23/annual-report/).</p> <p>Sending Annual Report on State Aid expenditure to the EC: Article 16.</p> <p>Also, in line with the provisions of the</p>

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					<p>Article 16 of the State Aid Act, the collected data on state aid expenditure are consolidated and reported by the Ministry of Finance to the European Commission by 30 June each year.</p> <p>b. Amendments to an existing scheme</p> <p>With regards to amendments into an existing schemes to ensure that the scheme is still covered by the European Commission approval decision or the General Block Exemption Regulation, there are few mechanisms in place:</p> <ol style="list-style-type: none"> 1) these schemes are limited in time, so they are systematically subject to a verification when due, or 2) if State aid rules are changed, Ministry of Finance reminds grantors in time to align the existing schemes with new rules and submit them to the Ministry of Finance/European Commission, or 3) if scheme itself changes, there is always a provision in the first opinion of the Ministry of Finance to notify this amendments to the Ministry of Finance/European Commission. Otherwise, such scheme cannot be put in place, and state aid granted under this scheme is considered to be illegal.

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					<p>c. Compliance of financial instruments with State aid rules</p> <p>Financial instruments are not yet set-up for implementation in the Republic of Croatia. It is envisaged that by the end of 2016 financial instruments would be introduced (in the area of SMEs). At this point, ex-ante assessment of financial instruments for SMEs is ongoing under the technical assistance project. It is envisaged that the assessment shall be finalized by the end of October 2014. Based on the results of the ex-ante assessment, types of financial instruments for SMEs shall be selected for implementation. At the moment, the draft ex-ante assessment recommends entrustment of selected financial instruments to the Croatian Bank for Reconstruction and Development (HBOR) and Croatian Agency for SMEs, Innovation and Investments (HAMAG), in accordance with Article 38 of CPR, and when venture capital support is envisaged to EIB/EIF. Funding agreement to be concluded with HAMAG and HBOR will include monitoring of financial instruments in line with the national State aid rules and as part of the overall monitoring of OP implementation.</p>

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					<p>At the national level, similar instruments are being implemented by the HBOR and HAMAG. HBOR grants soft loans on the basis of GBER rules, reference rate rules and regional aid rules. Their legal basis (Ordinance) is fully aligned with State aid rules (recently a notice was sent to DG Competition on GBER aid schemes, aligned and assessed by the Ministry Finance). (case number SA.39436)</p> <p>http://ec.europa.eu/competition/elojade/ise/f/case_details.cfm?proc_code=3_SA_39436</p> <p>Likewise, HAMAG grants guarantees and risk capital to SME's, and their schemes have been aligned with State aid rules and checked by the Ministry of Finance (case number SA.35503)</p> <p>http://ec.europa.eu/competition/elojade/ise/f/case_details.cfm?proc_code=3_SA_35503</p> <p>For all programmes (state aid schemes) that HAMAG and HBOR are running, they are obliged to notify the Ministry of Finance seeking their opinion.</p> <p>It is foreseen that data regarding implementation of Financial instruments</p>

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					<p>shall be entered in the above mentioned central register. Also, a parallel process of setting up a new management information system (MIS) for 2014-2020 is starting and monitoring shall be ensured through this IT tool, as well. In a later phase of MIS 2014-2020 development, it is envisaged, in the light of the e-cohesion requirements, that interconnectivity between MIS and the register is enabled.</p> <p>2. Enforcement of recovery orders for illegal or incompatible aids</p> <p>State aid recovery: Article 13.</p> <p>Recoveries are stipulated in the Article 13 of the new State Aid Act. Former State Aid Act had a provision on recovery of illegal state aid, and the CCA ordered recovery in few cases.</p> <p>Present Act stipulates that grantors order recovery when all the conditions for ordering recovery are met. Recovery procedure is conducted in compliance with relevant national legislation, depending on legal relationship arising from granting of aid. This means that Civil Obligation Act and General Administrative Procedure Act are respected. Also, relevant provisions of</p>

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					<p>the Article 258 of the Criminal Code (OG 125/11 and 144/12) on misuse of aid, misleading the grantors in order to benefit from aid, apply, and in such cases undertakings may be sentenced.</p> <p>3. Proper controls of compliance (GBER, approved schemes)</p> <p>Prior to formal notification of GBER scheme to Ministry of Finance, advocacy and consultation between granting authorities and Ministry of Finance takes place. The usual practice is that Ministry of Finance specifically emphasises the general conditions and provisions on GBER, beside the relevant rules, and explains what has to be done in order to comply with these provisions.</p> <p>In parallel with the approval procedure of the scheme and prior to the publication of tender/invitation, granting authorities draft different application forms and statements which have to be filled in and submitted with the project. Often these forms are also submitted to Ministry of Finance in order to check them. Among them, there are description of SME's from EC Recommendation 2003, a definition of business group and single undertaking,</p>

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					<p>declaration on granted/received state aid, description of incentive effect, maximum aid intensities.</p> <p>4. Appropriate knowledge about any aid granted, including de minimis</p> <p>The relevant granting authorities have appropriate knowledge on any aid granted. All state aid schemes are published, grantors keep registers of state aid and de minimis, and once a year they send a report to Ministry of Finance which keeps central register and makes an Annual State aid report. Constant consultations are held with state aid grantors on different state aid issues. All decisions of the Ministry of Finance include a provision on reporting obligations, depending on type of aid and legal basis. Once the central electronic register will be put in place, granting authorities will have an easy access to all state aid granted to beneficiaries.</p> <p>Granting authorities will be responsible for analysis of on-going schemes. There is an undergoing project of setting up an efficiency evaluation system of granted state aid, with external consultants, which should be put in 2015.</p>

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					<p>When delivering annual state aid expenditure data, granting authorities will be obliged to carry out and deliver to the Ministry of Finance the evaluation of state aid. If possible, IPA 2011 twinning light project “Support for state aid system in relation to EU structural and cohesion funds” will provide a special session (education) on ex-post control and evaluation of state aid schemes.</p> <p>On the basis of Article 12 of State Aid Act, state aid grantors are obliged to publish on their web sites their state aid schemes (after they are approved and before they are implemented). The existing website of Ministry of Finance is under refreshment and updating of state aid part, so all relevant information on state aid procedures and legislation will be available there.</p>
G5-The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	No	2. Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds.	No		<p>State Aid Act (OG No. 47/14)</p> <p>Training for state aid grantors: Article 3</p>

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					<p>Staff involved in the implementation of the funds: Appropriate training for staff applying State aid rules at all relevant levels (e.g. for dedicated desk)</p> <p>Training strategy with quantitative indicators where possible</p> <p>A series of training modules, obligatory for all staff involved in EU funds management is developed for 2007-2013 period. The latter shall be further extended to cover the novelties introduced either by the EU regulatory framework or by the Member State. Additional training for employees shall be organised to extend their knowledge in the specific fields, such as public procurement, state aid and environmental issues.</p> <p>The CCA staff has been included in working groups and teams designing the Operational Programmes from the start, with a task to disseminate and exchange all relevant information regarding State aid rules. Likewise, there is a constant exchange of information and a communication with the relevant authorities in charge of ESI funds in</p>

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					<p>Croatia.</p> <p>Additional capacity building shall be ensured through IPA 2011 twinning light project “Support for state aid system in relation to EU structural and cohesion funds” which is in the final preparatory phase. The project aims at providing assistance to the state aid team of the Ministry of Finance in assessment of OP’s and all state aid schemes funded through EU structural and cohesion funds, but also to provide assistance to granting authorities dealing with these funds on State aid rules. The timing of this project is relevant, given the novelties related to the State Aid Modernisation process. Specific project activities include on the job training, i.e. work on cases with experts, training for state aid team of the Ministry of Finance, training of granting authorities’ staff, drafting of handbook for state aid staff and rulebook for granting authorities on state aid elements within EU structural and cohesion funds, etc.</p> <p>Outputs of the project (state aid rulebook and handbook) will be disseminated to granting authorities and published on the website of the Ministry of Finance and remain as a tool in future activities/projects dealing with state aid</p>

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					<p>and EU funds.</p> <p>The envisaged duration of the project is 6 months, so it is envisaged to schedule at least 1 training (2 day session) per month for state aid practitioners, including local/regional level.</p> <p>In Q4 2014 a call for proposals is expected to be launched. The expected start of the project is Q1/Q2 2015.</p> <p>EAC Action plan, Action 2: a new training strategy on state aid for the staff of the state aid grantors and the ESIF management and control bodies</p> <p>Training strategy for state aid, covering period 2015-2017, is to be developed by the Ministry of Finance (State Aid Team) as the central state administration body responsible for state aid. The training strategy shall be accompanied by an action plan for the implementation of the training strategy. It shall take into account all needs for trainings in state aid in the bodies granting state aid, as well as in the bodies involved in the management and control systems for ESI funds. Deadline for the delivery of the strategy: June 2015.</p> <p>Implementation of the training strategy</p>

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					<p>shall be regularly monitored and reported as follows:</p> <ul style="list-style-type: none"> - state aid grantors shall be obliged to report to the Ministry of Finance every six months on the implementation of the training strategy (attendance of trainings, new training needs, feed-back from the trainings attended, etc.); - every six months bodies in the ESI funds management and control systems shall report on the same to the respective managing authorities who shall liaise with the State Aid Unit in the Ministry of Finance and provide the data collected in the respective management and control system; - the issue of capacities (including implementation of the training strategy) shall be regularly discussed at the meetings of state aid experts' and coordinators' network; - information on the overall implementation of the training strategy shall be included in the Annual report on granted state aid, prepared by the Ministry of Finance; - information on the implementation of the specific part of the training strategy which relates to the ESI funds bodies shall be provided in the Report on the use of EU funds (which is

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					<p>every six months submitted to the Croatian Government and then to the Parliament for adoption, and which also refers to the issue of the administrative capacities for absorption of EU funds).</p> <p>The training strategy will be designed based on the training needs assessment which shall be carried out by December 2014, and also as a follow-up and upgrade on first experience and feedback received by participants of education provided on State School for Public Administration. This education aims at all state aid grantors, especially in ESIF authorities and covers both state aid legislation and practice.</p> <p>State Aid Education Programme for Public Administration within a State School for Public Administration has been drafted. It is expected that the first training cycle shall be organised for the central state administration (grantors, staff implementing ESIF) in Q4 2014, while the second training cycle, primarily directed to the grantors at the local and regional level, is envisaged for spring 2015. It is envisaged to be compulsory for granting authorities, with practical exercises conducted at the end (last module) of education.</p>

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					<p>This Programme will include 3-4 modules covering all state aid aspects: legal framework and procedural rules, Articles 107-109 of TFEU, relevant horizontal and sectorial rules, specific instruments, notification, illegal aid and recovery, information sources etc.</p> <p>The emphasis is on State aid Modernisation, especially GBER rules and infrastructure, and accordingly, once the feedback and training needs have been collected from the ESIF management and control system bodies and in particular from the participants of the training in the State School for Public Administration, training strategy shall be delivered in the manner that it is adjusted to the needs identified and focused on specific, more detailed aspects of state aid.</p> <p>The training strategy will go hand by hand with activities and measures envisaged in OP's, horizontal goals and "good aid" covered by GBER.</p> <p>Participants of education at the State School for Public Administration will go through tests/questionnaires at the end of all modules, and as a final exercise will be tested at the end of the last module, in</p>

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					<p>order to comprehend the state aid system and legislation. It is envisaged that all participants who have gone through all modules receive a receipt as a proof that they completed the training.</p> <p>As this first training cycle should be delivered by the end of 2014, in early spring 2015 education should be expanded to state aid grantors at local and regional level, and new advanced module should be drafted for state aid grantors at central level, i.e. the authorities and participants which successfully finished the training in 2014.</p> <p>State aid issue in the context of ESI funds shall be properly addressed through this training strategy, training modules developed by the Ministry of Finance and State School for Public Administration and outputs (state aid rulebook and handbook) of the IPA 2011 twinning light project “Support for state aid system in relation to EU structural and cohesion funds”.</p> <p>Relevant staff of the bodies of the management and control systems (including managing, certifying and audit authorities and intermediate bodies) for the ESI-funded supported programmes shall</p>

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					<p>be invited to participate in the trainings provided by the State School for Public Administration. Managing authorities shall ensure proper monitoring of regular capacity development in Intermediate Bodies related to state aid through regular checks of training registers of staff of relevant Intermediate Bodies.</p> <p>The Coordinating Body in cooperation with the Ministry of Finance shall prepare a training needs questionnaire related to state aid, based on which analyses shall be prepared and needs for trainings identified by the respective Managing Authorities. The training needs analyses shall also be used by the Ministry of Finance to streamline the training strategy.</p> <p>Deadline for the questionnaire: October 2014.</p> <p>Deadline for State aid training needs analyses: December 2014.</p> <p>System of dissemination and exchange of information is in place for all staff applying SA rules linked to the implementation and control of ESIF</p> <p>In addition to this network at the operational level, it is important to point</p>

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					<p>out the role of the Working Group for EU Funds, which is set up at the level of the Government. Members of the Working Group are officials (Deputies and Assistant Ministers, Directors or Deputy Directors) who monitor preparation and implementation of priority projects and grant-schemes. Monitoring covers deadline for public procurement notices, contracting deadlines and implementation in line with the N+3 rule. Besides preparation and implementation of projects, the Working Group is a forum for discussing at a high level the most important issues, such as setting-up a management and control system for 2014-2020, problems in implementation, common errors etc. State aid and other horizontal issues (especially public procurement) are discussed at the Working Group whenever the need is identified.</p> <p>EAC Action Plan, Action 3: setting-up of the operational network of SA experts and coordinators</p> <p>Ministries and other granting authorities already have designated staff dealing with state aid issues. Usually these staff members attend seminars and meetings on state aid, so the Ministry of Finance will launch initiative covering granting</p>

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					<p>authorities, for designating the same staff as SA experts and coordinators who will form the future network and participate in trainings on state aid.</p> <p>Staff attending the above mentioned trainings on state aid in the State School for Public Administration shall join a network of experts at the operational level who shall further on participate in regular exchange of experience (good and bad practice) in application of State aid rules. This network shall be coordinated by both the Ministry of Finance (State Aid Unit) and MRDEUF.</p> <p>This network of state aid experts and practitioners should also include the relevant staff from ESIF bodies engaged in drafting the state aid schemes, state aid experts from Ministry of Finance, staff in charge of National fund, audit and prevention of fraud. The network meetings should take place on regular basis, at least quarterly (or more often if needed), in order to discuss and exchange good practice, practical problems, complex cases, bottlenecks, trainings, etc...</p> <p>Setting up such a network is important for ensuring a permanent cooperation between</p>

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					<p>the national SA body and the ESIF authorities and build on the SA experience in the OP and to help design/develop proactive and appropriate actions in the view of a uniform and effective interpretation and practice.</p> <p>It is envisaged that the network would be set up and operational in February 2015.</p> <p>In addition to this network of state aid experts and coordinators, the issue of state aid shall be addressed when needed at the level of the Working Group for EU Funds which meets on a regular basis and represents a formal network at the high level of state officials.</p>
G5-The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	No	3. Arrangements to ensure administrative capacity for implementation and application of Union State aid rules.	No		<p>Administrative capacity for implementation and application of UE State aid rules:</p> <p>State Aid Act (OG 47/03): Articles 5 & 6</p> <p>State Aid Act (OG 47/14)</p> <p>Central body with administrative capacity to give substantive practical and legal advice</p>

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					<p>From April 2, 2003, day of entering into force of first State Aid Act, there has been a central body with sufficient administrative capacity to give substantive practical and legal advice on applicability of state aid in the programmes and on the compliance of EU State aid rules. Likewise, a state aid procedure in line with relevant EU legislation has been enforced in Croatia.</p> <p>With the adoption of the new State Aid Law in 2014, the whole of the CCA's state aid team, which is fully operational in state aid domain, has been transferred to the Ministry of Finance, so a loss of administrative capacity in the field of state aid is not expected.</p> <p>From 2003 onwards, the CCA staff has been included in various educational activities in the field of state aid, both as users and trainers. State Aid Division was a beneficiary of 3 twinning projects (18 months each) in the field of state aid (Germany and Slovenia two times, 2005-2008; UK 2010-2012), which included study visits, exchange of experience with experts, on-the-job training etc. During this time period, CCA staff gave lectures on state aid in various occasions</p>

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					<p>(BIZimpact project) to state aid grantors and business community.</p> <p>The Ministry of Finance performs all activities mentioned above in relation to measures created and financed from these ESI funds when they constitute state aid.</p> <p>EAC Action plan, Action 4: reinforcement of the staffing within the Ministry of Finance, central body for state aid</p> <p>Currently 14 posts are allocated in the State Aid Unit of the Ministry of Finance, out of which 9 are filled. Additionally, there is an ongoing call for vacancy for one post. All capacities of the bodies designated to implement ESI funds in the Republic of Croatia are being assessed in the process of responding to the country-specific recommendations for 2014 (EU Semester). The work-load analysis for 2015-2017 shows that 4 additional civil servants need to be employed in the State Aid Unit during 2015 in order to properly respond to the envisaged workload of the Unit related to ESI funds. Based on the work-load analyses, all bodies in the management and control systems shall be covered by the Government Decision on employment on staff for ESI funds</p>

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					<p>management. The Decision shall also cover the employment needs of the bodies/units responsible for the horizontal issues, such as state aid, public procurement, irregularities and fraud prevention, etc. The Decision is envisaged to be endorsed in October 2014.</p> <p>Due to the fact that state aid education is about to start and the need for education of state aid grantors in 2015 will increase, this will very likely implicate more intensive dynamics of state aid training. Likewise, the electronic register and efficiency evaluation system should be put in place in second half of 2015, so regular check-ups of both data systems will have to be conducted. Additionally, significant allocations of ESI funds can be expected in programming period 2014-2020, so there is an increased need for reinforcement of capacities of the State Aid Unit as per the work-load analyses mentioned above. The use of technical assistance is envisaged to support additional capacity building of the State Aid Unit related to ESI funds.</p> <p>Related to the Ministry of Regional Development and EU Funds: a State aid expert (previously employed in the Croatian Competition Agency and the</p>

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					<p>Ministry of Finance – State Aid Team) has been transferred to the Ministry of Regional Development and EU Funds, coordinator for the ESI-funded programmes 2014-2020, with adequate experience and knowledge to monitor the above mentioned requirements. This expert is envisaged to liaise between the Ministry of Finance as the central state administration body responsible for state aid, MRDEUF as the Managing Authority, Intermediate Bodies and the institutions assigned for implementation of financial instruments, once designated. In addition to this, in May 2014 one additional staff member of the Managing Authority was trained intensively on SA.</p> <p>Should the workload of the state aid expert (and staff trained in state aid) increase to the extent that additional capacities are needed, technical assistance shall ensure additional support (outsourcing or deployment of additional permanent staff on state aid related job). Internal reorganization of MRDEUF is in progress nowadays (a new Decree on Internal Organisation of MRDEUF has been adopted, and the Ordinance on the Internal Order, containing job descriptions, is being prepared) and it shall ensure that the possibility exists for deployment of additional staff to state aid related posts if the results of a work-load analysis show</p>

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					<p>the need for it.</p> <p>Within the above mentioned network coordinated by the Ministry of Finance and MRDEUF, expert(s) in state aid shall prepare and disseminate information on frequently asked questions, good and bad practice / most common errors and provide similar assistance in coordination of arrangements for compliance with state aid by all bodies in the management and control system, including Financial Instruments when applicable.</p> <p>Appropriate technical assistance provided to bodies applying SA rules in the context of ESIF</p> <p>In the last ten years the CCA has, in cooperation with various assistance projects (CARDS, PHARE and IPA projects where CCA was a beneficiary, and within current BizImpact project where CCA experts act as partners to the project), issued several guides and brochures related to antitrust and state aid, aimed at national authorities (aid providers) and business sector. Previous CCA brochure on competition and state aid issues can be found on website of</p>

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					<p>CCA:</p> <p>http://www.aztn.hr/uploads/documents/brosure/minivodic_za_poslovnu_zajednicu.pdf</p> <p>BizImpact brochure can be found on the website of the project: http://www.bizimpact.hr/download/documents/read/zastita-trzisnog-natjecanja-i-drzavne-potpore_6</p> <p>Also, this BizImpact brochure will be disseminated on seminars and trainings.</p> <p>Likewise, the website of Ministry of Finance will be updated and refreshed with all relevant brochures and technical guidance documents.</p> <p>Expected outcomes of the above mentioned IPA 2011 twinning light project, amongst others, are handbook on combined EU structural and cohesion funds and State aid rules for state aid central body but also granting authorities, and a rulebook for granting authorities on procedural aspects in state aid field and state aid elements within operational programmes, individual projects and other relevant documents in order to prepare and have them aligned with EU Structural and</p>

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					Cohesion Funds and State aid rules. These documents will be disseminated to granting authorities and published on website, primarily on Ministry of Finance website.
G6-The existence of arrangements for the effective application of Union environmental legislation related to EIA and SEA.	Yes	1. Arrangements for the effective application of Directive 2011/92/EU of the European Parliament and of the Council (EIA) and of Directive 2001/42/EC of the European Parliament and of the Council (SEA).	Yes	<p>Environmental Protection Act (OG No. 80/13) http://www.mzoip.hr/doc/Propisi/Environmental_Protection_Act.pdf</p> <p>Environmental Impact Assessment Ordinance (OG No. 64/08, 67/09) http://www.mzoip.hr/doc/Regulation_on_environmental_impact..._OG_64-08%20ENG.pdf</p> <p>http://www.mzoip.hr/doc/propisi/Regulation_on_amendments_Regulation_environmental_assessment_OG_67-09.pdf</p> <p>Regulation on Information and Participation of the Public and Public concerned in Environmental Matters (OG No. 64/08) http://www.mzoip.hr/doc/Regulation_on_information_and_participation_of_the_public..._OG_64-08.pdf</p> <p>Regulation on strategic environmental assessment of plans and programmes (OG No. 64/08) http://www.mzoip.hr/doc/Regulation_on_strategic_environmental_assessment..._OG_64-08.pdf</p>	The Environmental Protection Act prescribe mandatory participation of scientific and expert employees, other competent bodies and representatives of local and regional self-government units in EIA and SEA procedures. Their participation is realised through the work of the advisory expert committee appointed for each individual project/PP. In the event that a larger number of projects of the same type are planned, a standing expert committee is appointed (e.g., for roads). Within the advisory expert committee, representatives of scientific and expert employees, other competent bodies (such as the protection of nature, water, forests, human health) and representatives of local and regional self-government units deliver opinions on the project/PP within their scope of competence i.e., give opinions on the acceptability of the project/PP, propose possible alternatives for the environment and environmental protection measures and an environmental monitoring programme in connection to the

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				<p>Ordinance on the Committee for Strategic Assessment (OG No. 70/08)</p> <p>http://www.mzoip.hr/doc/Ordinance_on_the_committee..._OG_70-08.pdf</p>	<p>project/PP. Pursuant to the Environmental Protection Act, the Ministry of Environment and Nature Protection (MENP) prepares the list of persons who can participate in the work of the advisory expert committee. These persons are selected among scientific and expert employees, representatives of bodies and/or persons designated pursuant to a special regulation, representatives of local and regional self-government units and representatives of the Ministry. The list is published in the Official Gazette.</p> <p>Environmental Report (ER) may be drafted only by a legal person authorised by the MENP for the development of Environmental Report. It is also prescribed that individual chapters in ER are to be drafted by experts who have the prescribed level of education. The advisory expert committee evaluates the ER's completeness in regards to its prescribed mandatory content which is followed by evaluating the ER's expertness. If the ER has shortcomings, the committee shall recommend to the competent authority to request from the developer to supplement the ER, providing at the same time an explanation on which part of the ER needs to be supplemented. If the committee establishes that further research and/or collecting data on the current status of the environment is necessary and this will</p>

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					<p>require a longer time period, it shall recommend to the competent authority that the developer's request be rejected as unfounded.</p> <p>In the Republic of Croatia, the environmental impact assessment procedure is implemented at the early stage of project planning or, at the latest, prior to issuing the location permit or other approvals for project implementation. The EIA procedure is finalised with the decision on environmental acceptability of the project that must contain the environmental protection measures and the environmental status monitoring programme identified during the EIA procedure. The listed environmental protection measures and monitoring programme become an integral part of the project implementation permits (e.g., location and building permit) and are integrated into the detailed technical documentation (e.g., conceptual, main and detailed design).</p> <p>Apart from the scoping, when the public concerned is invited to submit objections and proposals on the future content of the study, the public concerned is also included in the environmental impact assessment procedure itself: When the advisory expert committee establishes that the study is complete and expertly developed i.e., that it contains all information required to make a decision, it</p>

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					<p>proposes to the competent authority that the public debate on the study should be carried out. The competent authority issues a decision on submitting the study for public debate and it is obliged to inform the public and public concerned of that decision in accordance with the Regulation on information and participation of the public and public concerned in environmental matters. The minimum duration of the public debate is 30 days, as prescribed pursuant to the Environmental Protection Act. Besides publishing on the web pages, depending on the type and complexity of the project, the invitation to the public concerned to participate in the procedure is also published by way of public notices in the press, public notices in the official journal of a local or regional self-government unit, public notices on the notice board at a particular location, notices in other means of public information, notices on relevant notice boards and by written publications. In the course of public inspection, the competent authority is obliged to organise a public display in the presence of the representative of the developer, person in charge of developing the environmental impact study, project designer and the representative of the local or regional self-government unit in whose territory the public debate is carried out. The public and public concerned participate in the public debate in a way as to: have the right</p>

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					<p>of access to public inspection of the environmental impact study, ask questions during the public display on the proposed solutions, have the right to enter proposals and objections into the book of comments, submit proposals and objections into the minutes during the public display or submit written proposals and objections to the competent authority within the given period. Prior to adopting the decision on environmental acceptability of the project, the competent authority must consider the results of the environmental impact study, the opinions of the bodies designated by a special regulation and take into account the opinions, objections and proposals of the public and public concerned as well as the results of any transboundary consultations.</p> <p><input type="checkbox"/> Any natural or legal person which can, in conformity with the EPA, prove a permanent violation of a right, due to the location of the project and/or the nature and impact of the project, shall be considered to have a justifiable legal interest in the EIA/SEA procedures in which the participation of the public concerned is provided for. It is also understood that a civil society organisation which promotes environmental protection has a sufficient legal interest in the EIA/SEA procedures.</p>

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G6-The existence of arrangements for the effective application of Union environmental legislation related to EIA and SEA.	Yes	2. Arrangements for training and dissemination of information for staff involved in the implementation of the EIA and SEA Directives.	Yes	<p>IPA 2010 technical assistance project “Strengthening capacities for SEA at regional and local level” http://www.seahrvatska.net/</p> <p>Website of the Ministry of Environmental and Nature Protection (MENP) concerning information on SEA (http://www.mzoip.hr/default.aspx?id=9783) (http://www.mzoip.hr/default.aspx?id=10066)</p> <p>First regional conference on Environmental Impact Assessment http://www.huszpo-konferencija.com/en/</p> <p>Link to the project “Dialogue with civil society for a better environment” aimed at improving the implementation of the Aarhus Convention in Croatia. (http://aarhus.zelena-istra.hr/node/1)</p>	<p>IPA 2010 technical assistance project “Strengthening capacities for SEA at regional and local level” During the implementation of the IPA 2010 technical assistance project “Strengthening capacities for SEA at regional and local level” the following opportunities and ideas for enhancing sustainability of the project outcomes aroused: inclusion of Training of Trainers and further on-job SEA trainings that support the first real-life SEA applications in Croatia. Within the project MENP will create pool of 10 trainers who would come from MENP and State Institute for Nature Protection and will be trainers in future SEA workshops for national and county authorities.</p> <p>The Training of Trainers shall be delivered through workshops that will address the following items: key messages about effective SEA to be communicated through trainings; training materials review and adaptation for the use by the trainers; introduction to training techniques and skills; test/mock training; improvement of training materials; enhancing training techniques and skills; and preparing for the roll-out.</p> <p>At the same time during the project implementation the county authorities started realizing importance of SEA processes and asked for obtaining on-job</p>

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					<p>SEA trainings for their forthcoming SEA processes. The project will organize these on-job SEA trainings based on further consultations with the respective counties. The workshops will be devoted to the specific stages and analyses of each given SEA processes where the counties see a specific need for training (e.g. scoping, undertaking SEA, effective use of SEA Advisory Commissions, etc.). The trainings provided will be open to county representatives – both SEA and relevant planning units and the company carrying out the SEA and possibly other stakeholders (e.g. local NGOs, etc.). The project will plan and organize these trainings in such a manner to facilitate active involvement of the newly trained trainers.</p> <p>Project website also serves as a tool for dissemination of information on SEA in Croatia and the EU, including legal documents, procedures and guidelines from various sources.</p> <p>CARDS 2003 project “Environmental Impact Assessment – Guidelines and Training</p> <p>Within the CARDS 2003 project “Environmental Impact Assessment – Guidelines and Training, a training</p>

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					<p>programme for competent bodies at the national level, competent bodies at the regional level and persons authorised to produce environmental impact studies was designed and carried out. Considering that during the implementation of the project the “Train the Trainers” was also carried out, employees of the Ministry and administrative bodies in the county have been trained for further education of all participants in the environmental impact assessment procedure.</p> <p>National Programme for Croatia under the IPA – Transition Assistance and Institution Building Component for 2010 (under Civil Society Facility)</p> <p>In the Republic of Croatia, the instrument of environmental impact assessment is an integral part of a number of graduate, postgraduate specialist and doctoral studies.</p> <p>Website of the Ministry of Environmental and Nature Protection (MENP) provides complete information on legal documents concerning SEA, plans and programs for which strategic environmental assessment procedure is mandatory, method of carrying out SEA, information on public information and participation and information on the evaluation of the need</p>

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					<p>for SEA. (http://www.mzoip.hr/default.aspx?id=9783)</p> <p>MENP website provide complete information on legal documents and integrated procedures concerning EIA, information on Projects for which EIA is mandatory and projects subject to evaluation of the need for environmental impact assessment , information on the initiation of an environmental impact assessment procedure and mandatory content of the environmental impact study, instructions on the content of study (scoping), information on the Advisory expert committee for the environmental impact assessment procedure and information on the public information and participation of the public concerned. (http://www.mzoip.hr/default.aspx?id=10066)</p> <p>First regional conference on Environmental Impact Assessment</p> <p>First regional conference on Environmental Impact Assessment was held in Croatia (18th – 21st September 2013) under auspices of MENP.</p>

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					Ministry representatives regularly participate in projects organized by NGOs, particularly on the project "Dialogue with civil society for a better environment" aimed at improving the implementation of the Aarhus Convention in Croatia.
G6-The existence of arrangements for the effective application of Union environmental legislation related to EIA and SEA.	Yes	3. Arrangements to ensure sufficient administrative capacity.	Yes	<p>IPA 2010 technical assistance project "Strengthening capacities for SEA at regional and local level" http://www.seahrivatska.net/</p> <p>Website of the Ministry of Environmental and Nature Protection (MENP) concerning information on SEA http://www.mzoip.hr/default.aspx?id=9783 http://www.mzoip.hr/default.aspx?id=10066</p>	<p>□ Within MENP there is a specialized Sector of Environmental Assessment and Industrial Pollution consisting of two specialized departments for environmental assessment, namely Service for Environmental Assessment and the Department for Strategic Environmental Assessment that have adequate administrative capacity to give practical and legal advice on applicability of the EIA/SEA Directives which are being continuously strengthened.</p> <p>Within the CARDS 2003 project "Environmental Impact Assessment – Guidelines and Training, a training programme for competent bodies at the national level, competent bodies at the regional level and persons authorised to produce environmental impact studies was designed and carried out. Considering that during the implementation of the project the programme "Train the Trainers" was also carried out, employees of the Ministry and administrative bodies in the county</p>

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					<p>have been trained for further education of all participants in the environmental impact assessment procedure and are able to provide practical and legal advice on applicability of EIA/SEA Directives.</p> <p>□ As previously mentioned regulations, guidelines and guidance documents are available to the authorities applying EIA/SEA Directives through the MENP website. Website of the project IPA 2010 technical assistance project “Strengthening capacities for SEA at regional and local level” serves as a tool for dissemination of information on SEA in Croatia and the EU, including legal documents, procedures and guidelines from various sources. Within this project, first draft of the SEA Methodology was developed and consultation on the methodology was held on workshops where national, regional and local authorities participated. External experts are provided through previous and ongoing technical assistance projects.</p>
T03.1-Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	Partially	1. The specific actions are: measures have been put in place with the objective of reducing the time and cost involved in setting-up a business taking account of the targets of the SBA;	Yes	- Companies Act (OG No. 111/93, 34/99, 121/99 - authoritative interpretation, 52/00 - Decision of Constitutional Court of the Republic of Croatia, 118/03, 107/07, 146/08, 137 / 09, 152/11 - consolidated text, 111/12 and 68/13) (http://narodne-novine.nn.hr/clanci/sluzbeni/2011_12_152_3144.html);	By the Companies Act and Amendments to the Companies Act (see column 6) specific measures have been introduced for reducing the time needed to set-up business up to 3 working days (sub-criteria A) and for reducing the cost of setting-up

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				<p>http://narodne-novine.nn.hr/clanci/sluzbeni/2012_10_111_2392.html ;</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2013_06_68_1348.html) - Ordinance for entry in the court register (OG 22/12) (http://narodne-novine.nn.hr/clanci/sluzbeni/2012_02_22_591.html) - Crafts Act (OG No. 143/13) (http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_143_3065.html) - Decision on determining the price of the craft licence (O.G. No. 100/07)(http://narodne-novine.nn.hr/clanci/sluzbeni/2007_10_100_2959.html) - Act on General Administrative Procedure (OG No. 47/09) - Art. 101 and Art. 102 (http://narodne-novine.nn.hr/clanci/sluzbeni/2009_04_47_1065.html) - The SME Development Strategy of the Republic of Croatia 2013–2020 (OG No.136/13) (http://narodne-novine.nn.hr/clanci/sluzbeni/2013_11_136_2926.html) - SME Encouragement Act (OG no. 29/02, 63/07, 53/12, 56/13);</p> <p>(http://www.minpo.hr/UserDocsImages/NN%2053_2012%20Zakon%20o%20izmjenama%20i%20dopunama%20Zakona%20o%20poticanju%20razvoja%20malog%20gospodarstva.pdf) - Act on the Improvement of Business Infrastructure OG no 93/13) (http://narodne-novine.nn.hr/clanci/sluzbeni/2013_07_93_2072.html) - Act on Regulatory Impact Assessment (OG No. 90/11), the Regulation on the Implementation of the RIA (OG No. 66/12) (http://narodne-novine.nn.hr/clanci/sluzbeni/2011_08_90_1918.html) - Regulation on the implementation of the RIA (http://narodne-novine.nn.hr/clanci/sluzbeni/2012_06_66_1554.html)</p>	<p>business to max. 100€ (sub-criteria B). The criteria (sub-criteria A + B) was successfully applied to all types of entities in the small business sector and have shown practical improvements with regard to the criteria demands. The amended Companies Act (including respective bylaws) proscribes improved procedure which enables the relevant Commercial Court Register to electronically submit the decision on registration of a new company within 24 hours (upon demand) (OG 22/12 – Art. 38.-40.), providing that the received documentation is correct and complete. The Court electronically submits to the HITRO.HR the decision on the establishment and confirmation of newly formed company including assigned OIB (personal identification number of the company) and carries out the registration of a new company in the Registry of Companies within the 24 hours. The amended Companies Act (O.G.111/12 – Art. 13.) also introduces as an option to start “a simple limited liability company” (j.d.o.o.) with a minimum equity capital of HRK 10.00 (EUR 1.3) paid in cash, with the average nominal value of shares amounting HRK 1.00 (EUR 0.13), and overall cost of establishment amounting EUR 100. These improvements have been introduced since October 2012 and are implemented through e-company service. A “simple limited liability company” (j.d.o.o.) presents a new form of business</p>

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					<p>entity that has been introduced in the end of 2012. The number of “simple limited liability companies” (j.d.o.o.) has been increasing ever since. According to the information collected from HITRO.HR (www.hitro.hr), in only two months of 2012, 694 simple limited liability companies were established. In September 2013, the number of established simple limited liability companies was 8,062 and it is anticipated that the total number will exceed 8,300. Therefore, it can be concluded that the impact of the introduced measure is quite visible, even at a difficult time of economic recession and crisis. With the entry into force of the Ordinance for entry in the court register (as above) via e-company service, the procedure for establishment of an limited liability company is simplified and it corresponds to the procedure of establishment of a simple limited liability company (previously described). The time needed to register limited liability companies (d.o.o.) is 5 days; however, any start-up can register as simple limited liability company (within max. 3 days) and later on perform recapitalisation in order to become a limited liability company in only one day if the need arises. With regard to the costs, the only difference between procedures is that simple limited liability company is not obliged to pay the cost for registering in the Register of Business Entities. In practice, positive aspects of</p>

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					<p>this measure are visible when comparing the number registered companies in 2012 and 2013. In 2012 7,980 d.o.o. were established, while in 2013 this number has almost doubled to 14,177. That presents a significant increase especially at a difficult time of economic recession and crisis. Regarding the craft establishment, registration is performed in State Administration Offices in all counties. Registration is possible within the period of 3 days, whilst the ultimate deadline for registration is 15 days. With regard to the costs of crafts establishment, the new Crafts Act enables setting-up of a craft business with costs around EUR 60, of which the cost of crafts license issuing is EUR 26 and the administrative fee for the registration process around EUR 35(O.G. No. 100/07Art.2.). Furthermore, Ministry of Entrepreneurship and Crafts introduced the provisional measure which enables practically a free registration of crafts (no cost of obtaining the court Decision on craft registration and craft license – HRK 200 payment to the state budget) until 2015. Applied measures have a very positive impact; there has been an increase of newly registered crafts, which can be seen when comparing 8,180 new crafts in 2012 with 9,645 new crafts in 2013 that were registered. It is expected that this growth in registration will continue, as a result of measures introduced even in the difficult environment caused by the</p>

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					economic crisis.
T03.1-Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	Partially	2. The specific actions are: measures have been put in place with the objective of reducing the time needed to get licenses and permits to take up and perform the specific activity of an enterprise taking account of the targets of the SBA;	Yes	<p>-Act on General Administrative Procedure (OG No 47/09) - Art. 101 and Art. 102 (http://narodne-novine.nn.hr/clanci/sluzbeni/2009_04_47_1065.html)</p> <p>-The SME Development Strategy of the RoC 2013–2020 (OG No.136/13) (http://narodne-novine.nn.hr/clanci/sluzbeni/2013_11_136_2926.html)</p>	By the Act on general administrative procedure (see column 6) the time needed to obtain licenses and permits has been significantly reduced. The Act proscribes in Art.101 the standard deadline in the procedure of issuing decision, which should be completed no later than 30 days from the submission of the complete application. This significantly reduced the time needed for issuing various licenses and permits. In addition, the Act on general administrative procedure in Article 102 prescribes “silence is consent” principle, meaning that when a public authority in the proceedings in an orderly application fails to decide (issue decision) within the defined 30 days period, the request by applicant is automatically approved upon the expiring of this period. In this sense, the time needed to obtain licenses and permits to take up and perform the specific activity of an enterprise has been significantly reduced and the criteria is fulfilled. For majority of entrepreneurial activities there is no need for obtaining specific licenses and permits. Close monitoring of the time needed to get permits and licenses to take up and perform specific activity of an enterprise will be ensured through the Economic Impact Assessment (EIA) for SMEs

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					(measuring the economic impact of new laws and regulations on SMEs) which includes an “SME test” in line with best EU practice, as well as through the tool for e-Consultations for SMEs, which are the part of the third criterion of 3.1 EAC.
T03.1-Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	Partially	3. The specific actions are: mechanism is in place to monitor the implementation of the measures of the SBA which have been put in place and assess the impact on SMEs.	No		The implementation of measures from 10 priority areas of the SBA is a continuous task and results are presented in the country SBA Fact Sheets. The Ministry of Entrepreneurship, through project BIZIMPACT II “Improving the information to the Croatian business community”, is focused on advancing the Economic Impact Assessment (EIA) System in Croatia, with a specific focus on the SME sector (SME test), including consultation process/public-private dialogue for economic impact assessment and dissemination of information and awareness-raising. The Ministry has already set up a practice to perform country wide road-show in over 20 cities for the purpose of public consultations while presenting new policies and annual incentive programmes. In 2013 that was the case for National SME Development Strategy 2013-2020, Entrepreneurial Impulse 2013, and new Crafts Act, while the campaign for 2014 Entrepreneurial Impulse is on-going in 26 cities. Since Croatian EU Membership, Deputy Minister in the Ministry of

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					<p>Entrepreneurship and Crafts has been appointed the SME Envoy. Monitoring of the implementation of the measures of the SBA will be therefore continued by the SME Envoy as a contact person for small and medium-sized companies and SME organisations. SME Envoy will collect feedback from the SME business community on issues of interest to them and conduct direct dialogue through meetings with the national stakeholders. Additionally, in implementation is the BizImpact II project (contracted through OP Regional Competitiveness), one of which activities was the preparation for establishment of the SME Forum for the public-private dialog, that is completed by assigning responsible persons (SME Envoy leading the process, and three appointed staff members as a secretariat, one full-time). SME Forum is designed to have formal structure consisting of all relevant stakeholders that will meet regularly every quarter, starting with the Q1 2014. This will allow the Ministry to use SME Forum as the sounding board for understanding priority needs of the SME sector while preparing official positions of the Republic of Croatia for the EU SME Agenda. In 2013 the second edition of the annual Croatian SME Observatory Report was published. By gathering all government and private information on the SME sector and policies, SME Observatory improves quantity and quality</p>

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					<p>information on SMEs and complements the work of the organisations which produce the SBA Fact Sheet. The work of the SME Observatory provides information to small business owners and entrepreneurs and the support organizations. From the Government's side this information is essential in facilitating the transition to an evidence based approach to policy making for the SME sector. Finally, Enterprise Europe Network (EEN) Croatia through its 7 offices provides the Commission with feedback from its client companies through a number of activities based on the 'Listening to SMEs process'. The SME feedback tool allows SMEs to report any difficulties they face relating to EU legislation and policy. Further efforts to fully establishing the monitoring system shall be prioritized.</p> <p>Croatia has made progress in the assessment of the impact of legislative changes on small businesses and in improvement of information dissemination in that sense. Since the implementation of Act on Regulatory Impact Assessment (RIA) has begun (see link in column 6) and the Regulation on the implementation of the RIA has been launched in September 2012, all ministries are obliged to prepare Plans of their legislative activities and within these Plans, have to</p>

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					<p>provide the list of regulations that must follow the RIA Procedure. Furthermore, the Ministry of Entrepreneurship and Crafts has through BIZIMPACT II project developed tools for assessment. These include developed methodology for Economic Impact Assessment (EIA) for SMEs (measuring the economic impact of new laws and regulations on SMEs) which includes an “SME test” in line with best EU practice as well as the tool for e-Consultations for SMEs. In addition to the e-Con tool for the general SME stakeholders, MEC is also preparing the Business Test Panel specifically for consultations with SMEs (and partly for the SME Test). However, the mechanism to assess the impact of the legislation on SMEs is still not widely implemented.</p> <p>References:</p> <ul style="list-style-type: none"> • Act on Regulatory Impact Assessment (OG No. 90/11) • Regulation on the Implementation of the RIA (OG No. 66/12) • SME Development Strategy of the RoC 2013–2020 (OG No.136/13 http://narodne-novine.nn.hr/clanci/sluzbeni/2013_11_136_2926.html) • SME Encouragement Act (OG no.29/02, 63/07, 53/12, 56/13)

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					http://www.minpo.hr/UserDocsImages/NN%2053_2012%20Zakon%20o%20izmjenama%20i%20dopunama%20Zakona%20o%20poticanju%20razvoja%20malog%20gospodarstva.pdf
T01.2-Research and Innovation infrastructure. The existence of a multi annual plan for budgeting and prioritisation of investments.	No	1. An indicative multi-annual plan for budgeting and prioritisation of investments linked to Union priorities, and, where appropriate, the European Strategy Forum on Research Infrastructures (ESFRI) has been adopted.	No		<p>Roadmap has been adopted in April 2014.</p> <p>The Roadmap covers an indicative budget for financing of research infrastructure for the period 2014-2023. Defined priorities regarding national infrastructure and large international projects (projects from the ESFRI/ERIC Roadmap) are listed as well in the S3 draft and developed taking into account same analysis that has been used in S3. For each of these infrastructures, financial obligations have been listed.</p> <p>Investment plan in research infrastructure on an annual basis for 2014-2020 and funding sources for 3 ministries (MSES, MoEC and MoE) is included.</p> <p>Coherence of the ESFRI Roadmap prioritisation with the Smart specialisation strategy will be checked upon S3 completion.</p>

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T04.1-Actions have been carried out to promote cost effective improvements of energy end use efficiency and cost effective investment in energy efficiency when constructing or renovating buildings.	Partially	4. The actions are: measures consistent with Article 13 of Directive 2006/32/EC of the European Parliament and of the Council on energy end-use efficiency and energy services to ensure the provision to final customers of individual meters in so far as it is technically possible, financially reasonable and proportionate in relation to the potential energy savings.	Yes	<p>Energy End-use Efficiency (OG 152/08, 55/12, 101/13, 14/14)</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2008_12_152_4159.html</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2012_05_55_1358.html</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2013_08_101_2275.html</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2014_02_14_298.html</p> <p>Law on energy (OG 120/12)</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2014_02_14_298.html</p> <p>The Energy Act, (OJ 68/01, 177/04, 76/07)</p> <p>http://www.hera.hr/en/html/laws.html</p> <p>Thermal energy Market Act (OG 80/13, 14/14)</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2013_06_80_1655.html</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2013_06_80_1655.html</p>	<p>Act on Energy End-use Efficiency sets the rules for Metering and information on billing in Art 28 as follows:</p> <p>(1) Distribution system operator is obligated to secure to the final consumers (for every part of the object that presents independent self-contained units) offer for energy consumption metring device that provides to the end consumers accurate data on energy consumption as well as time of consumption, within the limits of technical feasibility, at competitive prices .</p> <p>(2) Distribution system operator is obligated to secure to the final consumers for energy consumption metering device at competitive prices especially in the case where a device is being replaced, especially within the reconstruction of the building and the establishment of a new connection of the building to the power grid, unless it is not technically feasible or economically justifiable compared to the estimated long-term energy savings.</p> <p>Provisions for smart grids are established in the Art 38 of the Law on energy as follows:</p> <p>- the network/system operator</p>

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				<p>novine.nn.hr/clanci/sluzbeni/2014_02_14_297.html)</p> <p>The Law on electricity (OG 22/13) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_02_22_358.html</p> <p>General Conditions for Electricity Supply (OG 14/06) http://files.hrote.hr/files/PDFen/Documents/Secondary%20legislation/General_Conditions_for_Electricity_Supply.pdf</p> <p>Network rules Distribution System (OG 36/06) http://www.hops.hr/wps/portal/en/web/documents/legislation/secondary</p> <p>Act on Regulation of Energy Activities (OG 120/12) http://narodne-novine.nn.hr/clanci/sluzbeni/2012_10_120_2584.html</p> <p>The methodology for determining the amount of tariff items for a guaranteed supply of electricity (OG 158/13)http://narodne-novine.nn.hr/clanci/sluzbeni/dodatni/429826.pdf</p> <p>The methodology for determining the amount of tariff items for electricity supply within the universal service (OG 116/13) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_02_22_358.html</p>	<p>shall specify technical requirements and costs of introducing advanced metering devices and the system for their networking and shall submit them to the Regulatory Agency.</p> <ul style="list-style-type: none"> - Based on these requirements, the Regulatory Agency shall carry out a cost-benefit analysis and shall obtain the opinion of the representative of the consumer protection body for the introduction of advanced metering devices to final customers. - Based on the CBA analysis prepared by Croatian Energy Regulatory Agency – HERA the Minister of Economy shall draw up the Plan and Programme of measures to introduce advanced metering devices to final customers. - The Cost benefit analysis will be developed by the end of 2015. <p>Heating / cooling sector:</p> <ul style="list-style-type: none"> - Individual metering for measuring energy consumption including heating energy has been legally prescribed as of 2001 for all the new objects that are being connected to the heating system (The Energy Act, in VIII Conditions of Energy Supply to Customers Art. 29) - Thermal energy Market Act in

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				<p>novine.nn.hr/clanci/sluzbeni/dodatni/428740.pdf</p> <p>General conditions of gas supply (OG 158/13) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_158_3319.html</p> <p>The decision on the amount of tariff items for gas distribution (OG 158/13) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_158_3320.html</p> <p>Network Rules for gas distribution system (OG 158/13) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_158_3321.html</p> <p>The methodology of determining the prices of non-standard services for gas transport, gas distribution, gas storage and gas supply to public service (OG 158/13) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_158_3323.html</p> <p>The methodology of determining the amount of tariff items for public service and a guaranteed supply of gas supply (OG 158/13, 2/14) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_158_3324.html</p>	<p>Art 52, prescribes that for all residential / commercial spaces connected to the joint metering device an individual electronical heating energy allocator or heating energy metering device and thermostat vaults must be installed. Deadlines for the installation of these device are as follows:</p> <ul style="list-style-type: none"> • At latest 31 December 2015 for the building that have more than 70 residential / commercial spaces • At latest 31 December 2016 for the buildings that have more than 70 but less that 2 residential / commercial spaces <p>- Thermal energy Market Act in Art 52, prescribes that in terms of water metering devices (for hot and cold water usage) in all new building that are buildings connected to the heating system after 5 July 2013, installation of the separate water metering devices for cold water and water metering devices for hot water is obligatory for each residential / commercial space.</p> <p>As regards electricity, the Law on electricity in Art 4) determines the rules on metering trough the:</p> <ul style="list-style-type: none"> - General Conditions for Electricity Supply (OJ 14/06) in Art. 78. prescribe: (1) The distribution system operator shall render possible to

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				<p>http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_158_3323.html</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/dodatni/430047.pdf</p> <p>The methodology of determining the amount of tariff items for gas distribution (OG 104/13)</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/dodatni/428344.pdf</p> <p>The methodology of determining the amount of tariff items for gas transmission (OG 85/13, 158/13)</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2013_07_85_1892.html</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_158_3326.html</p> <p>The decision on the amount of tariff items for gas transmission for energy undertaking PLINACRO, Savska cesta 88A, Zagreb (OG 102/13)</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2013_08_102_2293.html</p> <p>General Conditions for gas supply (OG 158/13)</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_158_3319.html</p>	<p>customers, at their request, to meter an balance the accounts for electricity consumed using the subscription meter. (2) The costs of purchasing and installation of a subscription meter shall be borne by the customer, and the installation at the metering point may be performed solely by the distribution system operator.</p> <p>- Network rules Distribution System specifically prescribes: properties of the measuring equipment or standards of measurement equipment in an accounting point of network users must comply with the functional requirements, accuracy of measurement devices and measurement of electricity in the distribution system, particularly with regard to: - the method of installation, reception, tests and maintenance of measuring equipment - a way of measuring and collecting other data on the measuring point and - methods of processing, availability and transfer of measurement and other data about users of measuring points, as well as the grouping and archiving data.</p> <p>Act on Energy End-use Efficiency sets the rules for Metering and information on billing in Art 28 (paragraphs 3, 4 and 5) as follows:</p> <p>(3) Distribution System Operator and / or</p>

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				<p>General Conditions for electricity (OG 14/06) http://narodne-novine.nn.hr/clanci/sluzbeni/126113.html</p> <p>Act on the Electricity market (OG 22/13) http://www.hrote.hr/default.aspx?id=142</p>	<p>the supplier of electricity or thermal energy or natural gas, is obligated to ensure, where possible, for the calculation of energy consumption to be based on actual energy consumption and that is expressed in a clear and understandable way.</p> <p>(4) Calculations based on actual consumption will be conducted periodically so that end customers themselves can regulate their own energy consumption.</p> <p>(5) Distribution System Operator and/or the supplier of electricity or thermal energy or natural gas, is obligated to provide to the end customer, through its bill or its annexes, in a clear and understandable manner, the information that contain information on:</p> <ol style="list-style-type: none"> 1. A comprehensive view of current energy costs for energy consumed 2. current prices and actual consumption of energy; 3. comparison of the current energy consumption with consumption of energy in the same period of the previous year , preferably in graphic form; 4. comparison of the energy consumption with the normalized values or consumption values or consumption of referent customer from the, wherever

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					<p>possible and useful;</p> <p>5. Organizations of end customers, bodies or institutions for energy with contact information, including the Internet address from which it is possible to obtain information on available energy efficiency measures, equipment specifications and comparisons of energy consumption of different groups of customers.</p> <p>Act on Regulation of Energy Activities in Art11. sets the Obligation to the Energy Regulatory Agency to ensure end customer right to ensuring customers the right to access information about their energy consumption, by preparing and making available to end consumers: easily understandable and uniformed (at national level) display of consumption data and procedure for determining rights of the end consumers to access data on consumption in order for the end consumers to have possibility to provide access to information about their own consumption to the registered suppliers</p> <p>In 2013 Croatian Energy Regulatory Agency issued the following subordinate legislation that inter alia regulates billing procedures:</p>

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					<p>In the electricity sector:</p> <ol style="list-style-type: none"> 1. The methodology for determining the amount of tariff items for a guaranteed supply of electricity 2. The methodology for determining the amount of tariff items for electricity supply within the universal service <p>In the gas sector:</p> <ol style="list-style-type: none"> 1. General conditions of gas supply 2. The decision on the amount of tariff items for gas distribution 3. Network Rules for gas distribution system 4. The methodology of determining the prices of non-standard services for gas transport, gas distribution, gas storage and gas supply to public service 5. The methodology of determining the amount of tariff items for public service and a guaranteed supply of gas supply 6. The methodology of determining the amount of tariff items for gas distribution 7. The methodology of determining the amount of tariff items for gas transmission

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					<p>8. The decision on the amount of tariff items for gas transmission for energy undertaking PLINACRO, Savska cesta 88A, Zagreb</p> <p>New “General conditions for Electricity” is expected to be adopted in second semester of 2014. As regards provisions of Art 13 of the Directive 2006/32/EC (that relates to sub-criteria for ECA) they are completely fulfilled even at this moment and will remind fulfilled within new General Conditions for Electricity.</p> <p>General Conditions for gas supply in Art 22 prescribe obligatory content of the bill for energy use that includes all the relevant data. General Conditions for electricity in Art 29 prescribe obligatory content of the bill for energy use that includes all the relevant data.</p> <p>Act on the Electricity market in VII Electricity supply, Performance of electricity Supply, Art 46 prescribe processing of accounting and billing electricity consumptions to customers.</p>
T04.1-Actions have been carried out to promote cost effective	Partially	1. The actions are: measures to ensure minimum requirements are in place related	No		Ordinance on energy audits of construction works and energy

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improvements of energy end use efficiency and cost effective investment in energy efficiency when constructing or renovating buildings.		to the energy performance of buildings consistent with Article 3, Article 4 and Article 5 of Directive 2010/31/EU of the European Parliament and of the Council;			<p>certification of buildings (OG 81/12, 29/13, 78/13 http://narodne-novine.nn.hr/clanci/sluzbeni/2012_07_81_1906.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2013_03_29_518.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2013_06_78_1616.html) prescribes that necessary calculations are in line with Methodology for calculating energy performance of buildings.</p> <p>Methodology is defined as set of procedures for conducting energy audits of building which also consists of Algorithm for calculation of energy performance of buildings (Published on the official web site of The Ministry of Construction and Physical Planning: http://www.mgipu.hr/doc/EnergetskaUcinovitost/Metodologija_provodenja_EPG.pdf)</p> <p>Algorithm consists:</p> <ul style="list-style-type: none"> • Algorithm for the calculation of energy needs for space heating and cooling in buildings (Published on the official web site of The Ministry of Construction and Physical Planning: http://www.mgipu.hr/doc/EnergetskaUcinovitost/Algoritam_%20HRN_EN_13790.pdf) • Algorithm for the

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					<p>determination of energy requirements and efficiency of thermal technical systems in buildings (Systems for space heating and sanitary hot water) (Published on the official web site of The Ministry of Construction and Physical Planning in 2012. http://www.mgipu.hr/doc/EnergetskaUcinovitost/Algoritam_GrijPTV.pdf)</p> <ul style="list-style-type: none"> Algorithm for the determination of energy requirements and efficiency of thermal technical systems in buildings (Cogeneration systems, district heating systems, photovoltaic systems) (Published on the official web site of The Ministry of Construction and Physical Planning in 2012. http://www.mgipu.hr/doc/EnergetskaUcinovitost/Algoritam_CHP_DH_PV.pdf) Algorithm for the determination of energy requirements and efficiency of lighting systems in buildings, Energy requirements for lighting (Published on the official web site of The Ministry of Construction and Physical Planning in 2012.: http://www.mgipu.hr/doc/EnergetskaUcinovitost/Algoritam_Rasvjeta.pdf) Algorithm for the calculation of energy requirements for application of ventilation and air-conditioning systems at space heating and cooling in buildings

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					<p>(Published on the official web site of The Ministry of Construction and Physical Planning in 2012.: http://www.mgipu.hr/doc/EnergetskaUcinovitost/Algoritam_HVAC.pdf)</p> <p>The definition of the energy performance of a building is transposed in Art 3 (1) of The Building Act (OG 153/13 http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_153_3221.html).</p> <p>Energy performance indicator and numeric indicator of primary energy use are calculated according to the Technical regulation on energy economy and heat retention in buildings for single-family houses which is in process of notification at the European Commission. (OG 110/08, 89/09, 79/13, 90/13; http://www.mgipu.hr/default.aspx?id=12841)</p> <p>For the others types of buildings the indicator is expressed as energy need for heating.</p> <p>Energy performance of building expressed as primary energy will be prescribed for other types of buildings in the new Technical regulation on energy economy and heat retention in buildings by the 3Q 2014.</p>

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					<p>Algorithms which are part of Metodology take in consideration all aspects influencing energy:</p> <p>I) Algorithm for the calculation of energy needs for space heating and cooling in buildings according to HRN EN ISO 13790 consists of:</p> <p>1. ANNUAL THERMAL ENERGY REQUIREMENTS FOR HEATING QH,nd according to HRN EN ISO 13790</p> <p>1.1 Input data necessary for the calculation</p> <p>1.2 Calculation zones</p> <p>1.3 Calculation of annual thermal energy needs for heating QH,nd</p> <p>1.3.1 Thermal energy exchanged by transmission</p> <p>1.3. Thermal energy exchanged by ventilation</p> <p>1.3.3 Total heat gains in the calculation period</p> <p>1.3.3.1 Internal heat gains</p> <p>1.3.3.2 Heat gains from solar radiation</p> <p>1.3.4 Utilisation factor of heat gains for heating</p>

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					<p>1.3.5 Calculation of monthly energy needs for heating</p> <p>1.3.6 Heating season duration</p> <p>2. ANNUAL THERMAL ENERGY REQUIREMENTS FOR COOLING QC,nd according to HRN EN ISO 13790</p> <p>2.1 Total heat gains for the considered calculation period</p> <p>2.1.1 Heat gains from solar radiation</p> <p>2.2 Exchanged thermal energy of the calculation zone for the considered period</p> <p>2.3 Utilisation factor of heat losses for cooling</p> <p>2.4 Calculation of hourly and monthly thermal energy values for cooling</p> <p>2.5 Cooling season duration</p> <p>3. THERMAL RESISTANCE – THERMAL TRANSMITTANCE according to HRN EN ISO 6946</p> <p>4. THERMAL BRIDGES according to HRN EN ISO 14683</p> <p>II) Algorithm for the determination of energy requirements and efficiency of thermal technical systems in buildings (Systems for space heating and sanitary</p>

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					<p>hot water) includes:</p> <ol style="list-style-type: none"> 1. HRN EN 15316-1:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies - Part 1: General" 2. HRN EN 15316-2-1:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies – Part 2-1: Space heating emission systems 3. HRN EN 15316-2-3:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies – Part 2-3: Space heating distribution systems 4. HRN EN 15316-4-1:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies – Part 4-1: Space heating generation systems, combustion systems (boilers). 5. HRN EN 15316-4-7:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies – Part 4-7: Space heating generation systems, biomass combustion systems 6. HRN EN 15316-3-1:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies – Part 3-1:

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					<p>Domestic hot water systems, characterisation of needs (tapping requirements)</p> <p>7. HRN EN 15316-3-2:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies – Part 3-2: Domestic hot water systems, distribution</p> <p>8. HRN EN 15316-3-3:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies – Part 3-3: Domestic hot water systems, generation</p> <p>9. HRN EN 15316-4-2:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies – Part 4-2: Space heating generation systems, heat pump systems</p> <p>10. HRN EN 15316-4-3:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies – Part 4-3: Heat generation systems, thermal solar systems</p> <p>11. Primary and delivered energy</p> <p>12. Analysis of calculation results – example</p> <p>13. Energy certificate of a building – example</p>

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					<p>III) Algorithm for the determination of energy requirements and efficiency of thermal technical systems in buildings (Cogeneration systems, district heating systems, photovoltaic systems) includes:</p> <ol style="list-style-type: none"> 1.HRN EN 15316-4-4:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies -- Part 4-4: Heat generation systems, building-integrated cogeneration systems 2.HRN EN 15316-4-5:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies -- Part 4-5: Space heating generation systems, the performance and quality of district heating and large volume systems 3.HRN EN 15316-4-6:2008 Heating systems in buildings - Methods for calculation of system energy requirements and system efficiencies – Part 4-6: Heat generation systems, photovoltaic systems <p>IV) Algorithm for the determination of energy requirements and efficiency of lighting systems in buildings, Energy requirements for lighting includes:</p> <ol style="list-style-type: none"> 1. HRN EN 15193:2008 Energy

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					<p>performance of buildings - Energy requirements for lighting</p> <p>2. Calculation of annual energy needs for lighting – complex method</p> <p>3. Calculation of annual energy needs for lighting - quick method</p> <p>4. Annex 1: Example of annual energy needs calculation for lighting for the reference building</p> <p>V) Algorithm for the calculation of energy requirements for application of ventilation and air-conditioning systems at space heating and cooling in buildings includes:</p> <p>1. Calculation of energy requirements for building ventilation - concept</p> <p>2. Calculation of air flow in the building</p> <p>3. Thermal energy requirement for ventilation</p> <p>3.1 Natural ventilation</p> <p>3.2 Mechanical ventilation</p> <p>4. Calculation of energy requirements for generator operation</p> <p>4.1 Heat generator</p> <p>4.1.1 Heating, ventilation and air-conditioning systems</p> <p>4.1.2 Room systems for space heating</p>

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					<p>4.1.3 Heating, ventilation and air-conditioning systems + room systems for space heating</p> <p>4.1.4 Thermal loss calculation (heating, ventilation and air-conditioning systems and/or room systems)</p> <p>4.1.5 Thermal energy delivered to the generation sub-system</p> <p>4.2 Cooling effect generator</p> <p>4.2.1 Heating, ventilation and air-conditioning systems</p> <p>4.2.2 Room systems for space cooling</p> <p>4.2.3 Heating, ventilation and air-conditioning systems + room systems for space cooling</p> <p>4.2.4 Thermal loss calculation (heating, ventilation and air-conditioning systems and/or room systems)</p> <p>4.2.5 Thermal energy delivered to the generation sub-system</p> <p>4.2.6 Electricity delivered to the cooling effect generator</p> <p>4.2.7 Cooling device by absorption</p> <p>4.2.8 Gas cooling devices</p> <p>5. Auxiliary energy calculation</p> <p>5.1 Pumps</p>

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					5.1.1 Heating medium distribution 5.1.2 Cooling medium distribution 5.2 Ventilators in the channel distribution of heating, ventilation and air-conditioning systems 5.3 Ventilators in room systems for space cooling 5.3.1 Heating system 5.3.2 Cooling system 5.4 Condensers 5.5 Water dampening pumps 5.6 Heat recovery systems 5.6.1 Pumps 5.6.2 Rotors of rotation regenerators 5.7 Recovered and utilisable auxiliary energy 6. Calculation of total delivered primary energy for heating and cooling 6.1 Delivered energy 6.2 Primary energy 6.3 Annual CO2 emission 7. Analysis of calculation results – example

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					Cost-optimal levels of minimum energy performance requirements have been calculated for single family houses. The other buildings category will be covered till the end of 2014 by completion of technical regulation.
T04.1-Actions have been carried out to promote cost effective improvements of energy end use efficiency and cost effective investment in energy efficiency when constructing or renovating buildings.	Partially	2. The actions are: measures necessary to establish a system of certification of the energy performance of buildings consistent with Article 11 of Directive 2010/31/EU;	No		Art 22-26 of the Building Act (OG 153/13) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_153_3221.html) prescribe the energy performance certificate. The Building Act and Ordinance on energy audit of buildings and energy certification (OG 81/12, 29/13, 78/13 http://narodne-novine.nn.hr/clanci/sluzbeni/2012_07_81_1906.html ; http://narodne-novine.nn.hr/clanci/sluzbeni/2013_03_29_518.html ; http://narodne-novine.nn.hr/clanci/sluzbeni/2013_06_78_1616.html) prescribe the requirements for (buildings) energy performance certificates to contain at least the following information: energy performance of the building, reference values of the energy performance of the buildings such as minimum energy performance requirements, and recommendations for the cost-effective improvement of the energy performance of the building or

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					building unit. Ordinance on energy audit of buildings and energy certification” also contains the indication as to where the owner or tenant can receive more detailed information on energy performance of the building reference. As for the requirements from the Art 11(2) a) and b) of the Directive 2010/31/EU they are transposed (prescribed) in the Article 19 (4) and Article 3(25) of the Ordinance on energy audit of building and energy certification. As for the requirements from the Art 11(3) of the Directive 2010/31/EU they are transposed (prescribed) in the Article 19(5) of the Ordinance on energy audit of building and energy certification.
T04.1-Actions have been carried out to promote cost effective improvements of energy end use efficiency and cost effective investment in energy efficiency when constructing or renovating buildings.	Partially	3. The actions are: measures to ensure strategic planning on energy efficiency, consistent with Article 3 of Directive 2012/27/EU of the European Parliament and of the Council;	Yes	Third National Energy Efficiency action plan https://vlada.gov.hr/UserDocsImages//Sjednice/2014/178%20sjednica%20Vlade//178%20-%202.pdf	The national indicative energy efficiency targets (as per Article 3 of the Directive 2012/27/EU) are contained in the third National Energy Efficiency Action plan, adopted by the Government on 30 July 2014, and which was officially submitted to European Commission on 31 July 2014. The targets are contained in the Annex A1 of the third NEEAP.
T04.2-Actions have been carried	No	1. Support for co-generation is based on	No		In 2009 Ministry of economy developed

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out to promote high efficiency co generation of heat and power.		useful heat demand and primary energy savings consistent with Article 7(1) and points (a) and (b) of Article 9(1) of Directive 2004/8/EC;			<p>“National potential for cogeneration in the RoC” http://www.mingo.hr/userdocsimages/energetika/Nacionalni%20potencijal%20kogeneracije%20u%20Republici%20Hrvatskoj.pdf) with technical and economical potential outlook to year 2020, and in accordance with the requirements of the Directive 2004/8. The document assessed the potential for generation of thermal energy form the high efficient cogeneration, having in mind available energy sources and technologies that can be used in the co-generation facilities and the potential barriers for realisation of the high efficient cogeneration potential.</p> <p>In 2015 it is expected to draw up a new, expanded version of a document from 2009 subsequent to new Directive 2012/27. The requirement to prepare this new version of the document is contained in the Article 17 of the new Thermal Energy Market Act that was enacted in 2013 (OG 80/13, 14/14</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2013_06_80_1655.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2014_02_14_297.html). Namely Article 17 of the Act proscribes that the Government of the Republic of Croatia will adopt a programme for the use of efficiency potential in heating and cooling that will</p>

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					<p>encompass inter alia:</p> <ul style="list-style-type: none"> - Analysis of demand for thermal energy for heating and cooling that can be met using highly efficiency cogeneration; - Analysis of needs in terms of development of infrastructure for efficient closed and district heating system so as to enable the development of highly efficient cogeneration <p>This Programme for the use of efficiency potential in heating and cooling for the period 2016-2030 will be adopted by 1 July 2015 and is to be developed by the Ministry of economy.</p> <p>“National potential for cogeneration in the RoC” besides assessment of the current situation (i.e. up to 2009) also contains (in Chapter 4) the assessment of the cogeneration potential, including methodology development, technical potential, economic feasibility modelling (of cogeneration potential) and subsequent economic potential (benefits) as well as impact in terms of (reduction) emissions.</p> <p>The following goals are extracted from the mentioned document:</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation																								
					<p>Total installed Cogeneration capacity:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2006 2020</th> <th>2010</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td>Industry</td> <td>208 387</td> <td>221</td> <td>278</td> </tr> <tr> <td>CTS</td> <td>495 629</td> <td>581</td> <td>612</td> </tr> <tr> <td>Households</td> <td>8</td> <td>0 21</td> <td>0</td> </tr> <tr> <td>Services</td> <td>0 86</td> <td>3</td> <td>32</td> </tr> <tr> <td>Total</td> <td>703 930</td> <td>805</td> <td></td> </tr> </tbody> </table> <p>The corresponding avoidance of emission is estimated as follows (CO2 kt): 54 kt in 2010, 131 kt in 2015 and 247 kt in 2020.</p> <p>However like stated this document has been developed in 2009 and it needs to be upgraded and extended. That will be done (as explained) through programme for the use of efficiency potential in heating and cooling that is due in 2015 which will also include, inter alia, updated assessment of the cogeneration potential and</p>	Year	2006 2020	2010	2015	Industry	208 387	221	278	CTS	495 629	581	612	Households	8	0 21	0	Services	0 86	3	32	Total	703 930	805	
Year	2006 2020	2010	2015																										
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					corresponding emission reduction.
T04.2-Actions have been carried out to promote high efficiency co generation of heat and power.	No	2. Member States or their competent bodies have evaluated the existing legislative and regulatory framework with regard to authorisation procedures or other procedures in order to: (a) encourage the design of co-generation units to match economically justifiable demands for useful heat output and avoid production of more heat than useful heat; and (b) reduce the regulatory and non-regulatory barriers to an increase in co-generation.	No		<p>The National Energy Strategy (OG 130/2009 http://narodne-novine.nn.hr/clanci/sluzbeni/2009_10_130_3192.html)provides overall directions in its Section 6.3.3.1. – Electricity and Heat Cogeneration for the sector, including the goal of development of cogeneration units by year 2020. District heating systems with the heat and electricity cogeneration will be stimulated, if this proves to be economically viable regarding the external cost. (National Energy Strategy – 7.1.3.)</p> <p>Electricity act (OG 22/2013 http://narodne-novine.nn.hr/clanci/sluzbeni/2013_02_22_358.html) in its Art. 11 specifies:</p> <p>An electricity undertaking or another legal or natural person generating electricity and heat at the same time in a single generation facility in a highly efficient manner or uses waste or renewable energy sources for the generation of electricity in an economically appropriate and environmental acceptable manner may, regardless of the power of his generation plant, acquire the status of an eligible</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>producer of electricity.</p> <p>Such eligible producer status is acquired on the basis of a decision issued by the Croatian Energy Regulatory Agency in accordance with the requirements laid down by the minister in a relevant ordinance.</p> <p>Before acquiring the eligible producer status, an electricity undertaking or another legal or natural person shall obtain from the Agency a prior decision on the acquisition of such eligible producer status, in accordance with the requirements laid down in the ordinance.</p> <p>Eligible producers may become entitled to an incentive price determined by using the tariff system for the generation of electricity from renewable sources and cogeneration. (system description available at http://www.hrote.hr/default.aspx?id=125)</p> <p>The Government of the Republic of Croatia through its Regulation on the Tariff system for the production of electricity from RES and cogeneration (OG 133/13, 151/13, 20/14 http://www.hrote.hr/default.aspx?id=126) determined a fee for stimulating the generation of electricity from renewable sources and cogeneration, which shall be collected by the electricity market operator from final customer suppliers, including</p>

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					<p>those final customer suppliers who supply electricity on a public service basis.</p> <p>The transmission system operator or the distribution system operator shall, in accordance with the requirements of operating reliability and security, ensure and control the takeover of the aggregate amount of generated electricity from eligible producers subject to the conditions determined by special regulations, especially the transmission system Grid Code and the distribution system Grid Code.</p> <p>To fulfil the obligations of the Republic of Croatia in connection with the amounts of electricity generated from renewable sources and cogeneration, the electricity market operator shall have precedence in purchasing electricity from renewable sources and cogeneration from an eligible producer who is within the incentive system (i.e. incentive price) for a period of 25 years.</p> <p>Eligible producers of electricity from renewable sources and cogeneration shall have equal rights and obligations with respect to delivery of electricity to the network and generation planning, regardless of whether they are within the incentive system (i.e. incentive price) or not. Information about incentive prices is available at the websites:</p>

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					<p>http://www.hrote.hr/default.aspx?id=126</p> <p>Guarantees of origin may not be issued for electricity generated from reversible hydro power plants to the extent such generation is a result of such power plant's pumped storage operation. The generation of electricity shall be balanced on the basis of the technical parameters for such hydro power plant.</p> <p>Ordinance on RES and cogeneration (OG 88/2012 http://narodne-novine.nn.hr/clanci/sluzbeni/2012_08_88_2015) in Art. 11 proscribe that request for energy permit of individual installation (de facto approval for production for energy) must contain the assessment and justification of feasibility of such installation.</p> <p>Thermal Energy Market Act (OG 80/13, 14/14, http://narodne-novine.nn.hr/clanci/sluzbeni/2013_06_80_1655.html ; http://narodne-novine.nn.hr/clanci/sluzbeni/2014_02_14_297.html) in Art. 15 proscribe the need for Cost Benefit Analysis of the individual facility for production of electricity and heat, while Art 28 prescribes that all distributors of the thermal energy (heat) must prepare a development plan that should include analysis of the feasibility / justification of the planned investments, as well as demand projection.</p>

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					<p>Energy legislation is continually amended in accordance with the needs and experiences arising from the use / application of existing regulations as well as market conditions. This process applies to legislation binding to CHP which is also continuously updated and changed according to the needs. The coordination process of adopting and updating the regulatory framework is the responsibility of Ministry of Economy.</p> <p>This evaluation of existing legislative and regulatory framework will be part of the Programme for the use of efficiency potential in heating and cooling for the period 2016-2030</p>
T05.1-Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	No	1. A national or regional risk assessment with the following elements shall be in place:	No		<p>This criterion is applicable both to ERDF and EAFRD.</p> <p>The existing regulation i.e. Law on Protection and Rescue (OG 174/04, 79/07, 38/09, 127/10</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2004_12_174_3011.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2007_07_79_2494.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2009_03_38_</p>

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					<p>846.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2010_11_127_3294.html) and Law on Protection from Natural Disasters (OG 73/97 http://narodne-novine.nn.hr/clanci/sluzbeni/1997_07_73_1259.html) merely state the responsible body to deal with catastrophes in the Republic of Croatia.</p> <p>Republic of Croatia currently has a Hazards assessment (http://www.duzs.hr/download.aspx?f=dokumenti/Clanci/PROJENA_web_20.03.2013..pdf) that was made on the national and on local levels and has been sufficient for the protection and rescue needs in the Republic of Croatia and for development of protection and rescue plans on all operational, tactical and strategic levels.</p> <p>In order to fulfil the conditionality (to have a national or regional risk assessment, description of the process, methodology, methods and non-sensitive data; a description of single-risk and multi-risk scenarios; and to have national climate change adaptation strategies taken into account) and have a disaster risk assessment we have developed and adopted additional legal documents such as the Government decision deciding on the bodies responsible to calculate certain risks and writing scenarios, methodology</p>

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					etc.
T05.1-Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	No	2. a description of the process, methodology, methods, and non-sensitive data used for risk assessment as well as of the risk-based criteria for the prioritisation of investment;	No		<p>This criterion is applicable both to ERDF and EAFRD.</p> <p>The existing regulation i.e. Law on Protection and Rescue (OG 174/04, 79/07, 38/09, 127/10</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2004_12_174_3011.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2007_07_79_2494.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2009_03_38_846.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2010_11_127_3294.html) and Law on Protection from Natural Disasters (OG 73/97 http://narodne-novine.nn.hr/clanci/sluzbeni/1997_07_73_1259.html) merely state the responsible body to deal with catastrophes in the Republic of Croatia.</p> <p>Republic of Croatia currently has a Hazards assessment (http://www.duzs.hr/download.aspx?f=dokumenti/Clanci/PROCJENA_web_20.03.2013..pdf) that was made on the national and</p>

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					<p>on local levels and has been sufficient for the protection and rescue needs in the Republic of Croatia and for development of protection and rescue plans on all operational, tactical and strategic levels.</p> <p>In order to fulfil the conditionality (to have a national or regional risk assessment, description of the process, methodology, methods and non-sensitive data; a description of single-risk and multi-risk scenarios; and to have national climate change adaptation strategies taken into account) and have a disaster risk assessment we have developed and adopted additional legal documents such as the Government decision deciding on the bodies responsible to calculate certain risks and writing scenarios, methodology etc.</p>
T05.1-Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	No	3. a description of single-risk and multi-risk scenarios;	No		<p>This criterion is applicable both to ERDF and EAFRD.</p> <p>The existing regulation i.e. Law on Protection and Rescue (OG 174/04, 79/07, 38/09, 127/10</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2004_12_174_3011.html; http://narodne-</p>

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					<p>novine.nn.hr/clanci/sluzbeni/2007_07_79_2494.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2009_03_38_846.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2010_11_127_3294.html) and Law on Protection from Natural Disasters (OG 73/97 http://narodne-novine.nn.hr/clanci/sluzbeni/1997_07_73_1259.html) merely state the responsible body to deal with catastrophes in the Republic of Croatia.</p> <p>Republic of Croatia currently has a Hazards assessment (http://www.duzs.hr/download.aspx?f=dokumenti/Clanci/PROJENA_web_20.03.2013..pdf) that was made on the national and on local levels and has been sufficient for the protection and rescue needs in the Republic of Croatia and for development of protection and rescue plans on all operational, tactical and strategic levels.</p> <p>In order to fulfil the conditionality (to have a national or regional risk assessment, description of the process, methodology, methods and non-sensitive data; a description of single-risk and multi-risk scenarios; and to have national climate change adaptation strategies taken into account) and have a disaster risk assessment we have developed and adopted additional legal documents such</p>

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					as the Government decision deciding on the bodies responsible to calculate certain risks and writing scenarios, methodology etc.
T05.1-Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	No	4. taking into account, where appropriate, national climate change adaptation strategies.	No		<p>This criterion is applicable both to ERDF and EAFRD.</p> <p>The existing regulation i.e. Law on Protection and Rescue (OG 174/04, 79/07, 38/09, 127/10</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2004_12_174_3011.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2007_07_79_2494.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2009_03_38_846.html; http://narodne-novine.nn.hr/clanci/sluzbeni/2010_11_127_3294.html) and Law on Protection from Natural Disasters (OG 73/97 http://narodne-novine.nn.hr/clanci/sluzbeni/1997_07_73_1259.html) merely state the responsible body to deal with catastrophes in the Republic of Croatia.</p> <p>Republic of Croatia currently has a Hazards assessment</p>

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					<p>(http://www.duzs.hr/download.aspx?f=dokumenti/Clanci/PROCJENA_web_20.03.2013..pdf) that was made on the national and on local levels and has been sufficient for the protection and rescue needs in the Republic of Croatia and for development of protection and rescue plans on all operational, tactical and strategic levels.</p> <p>In order to fulfil the conditionality (to have a national or regional risk assessment, description of the process, methodology, methods and non-sensitive data; a description of single-risk and multi-risk scenarios; and to have national climate change adaptation strategies taken into account) and have a disaster risk assessment we have developed and adopted additional legal documents such as the Government decision deciding on the bodies responsible to calculate certain risks and writing scenarios, methodology etc.</p>
T06.1-Water sector: The existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate contribution of the different water uses to the recovery of the costs of water services at a rate determined	No	1. In sectors supported by the ERDF, the Cohesion Fund and the EAFRD, a Member State has ensured a contribution of the different water uses to the recovery of the costs of water services by sector consistent with the first indent of Article 9(1) of Directive 2000/60/EC having regard, where appropriate, to the social, environmental and	No		<p>An economic analysis is part of the River Basin Management Plan adopted in June 2013. The economic analysis contains estimates of the volume, prices and costs associated with water services with regards to operational costs of the water service providers.</p> <p>A water pricing policy reflecting the</p>

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in the approved river basin management plan for investment supported by the programmes.		economic effects of the recovery as well as the geographic and climatic conditions of the region or regions affected.			<p>principle of cost recovery of water services and the “polluter pays” / “users pay” principle (as per Article 9 of WFD) is integrated in water management legislative framework:*</p> <ul style="list-style-type: none"> - the Strategy on Water Management (OG No 91/08) - the Water Act (OG No. 153/09, 130/11, 56/13, 14/14) - Articles 5 and 197 which determine the cost recovery of water services as one of the main principles regulating water management in Croatia and Article 199 “cost recovery” being one of the criteria for establishing service areas; - the Water Management Financing Act (OG No. 153/09, 56/13) – Article 3; - the Regulation by MoA on contents of river basin management plans (OG No. 3/11) and the River Basin Management Plan of June 2013 (OG No. 82/13) - Regulation on efficiency benchmarks for the providers of water service (OG 11/2010) where particular emphasis has been put on the need for efficiency - Regulation on the lowest base price of water services and the cost types which are covered by the price of water

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					<p>services (OG 112/10)</p> <p>Concerning Article 9 of the Directive and the need to ensure an adequate contribution of the different water users (disaggregated into at least industry, households and agriculture) to the recovery of costs of water services (based on the economic analysis and taking account of the polluter pays principle), within the economic analysis the initial estimate/calculation of the cost recovery rate has been done only for the public providers of water supply and wastewater services at the level of financial costs. This is in accordance with provisions of Water act, where water services are defined as water supply, wastewater collection and treatment.</p> <p>Croatia is awaiting the outcome of the case C-525/12 before the European Court of Justice between the European Commission and Germany concerning the issue of costs of water services not recovered in full (de facto, on the definition of water services).</p> <p>Without prejudice to the definition of water services, the economic analysis is planned to be made for every activity of water use (“an economic analysis of water</p>

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					<p>use”; WFD Art.5, 1.3).</p> <p>The economic analysis will calculate the recovery of costs of water services (including environmental and resource costs) within the limits of the national definition. The calculation will include O&M costs but also cost of infrastructure and ERC. Those principles are already reflected in water pricing for users of water supply and wastewater collection and treatment through internal fees. Those principles are also defined in national legislation and as such present baseline for CBA of all projects nominated in OP. Other potential adjustments (as a result of economic analysis) will be reflected in next version of RBMP. The methodology to determine environmental and resource costs (ERC), including diffuse pollution, is in preparation. The ERC are planned to be included in the economic analysis</p> <p>For other forms of water use, the economic analysis will estimate environmental costs and resource costs.</p> <p>Incentive pricing in the domestic sector (especially metering and volumetric pricing):</p>

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					<p>References to the elaboration of water fee pricing policy are set in the Act on Financing Water Management (OG 153/09, 56/13), especially to the following: Water contribution (Articles 6-12); Water regulation fee (Articles 13-21); Water use fee (Articles 22-28); Water protection fee (Articles 29-37)</p> <p>Explanation</p> <p>Water Management Financing Act has set the elaborative system of the sources of funds for the financing of water management, and in particular water fees, including payment obligation, fee payer, the basis and method of their calculation, determining the fee rate, spending purpose, and other issues related to obtaining and using such funds. Water use fee and Water protection fee thus reflect the incentive policy towards other businesses. More precisely, Water use fee (as per Art 23 and 24 of Water financing Act) shall be paid by legal and natural persons: a) abstracting the water from surface and/or groundwater bodies to be used for various purposes (calculation of water fee by quantity – m3), b) persons using water power for the production of electricity or for operating plants (calculation of water fee by quantity of produced electricity (kWh) or the power of the plant (kW)) or c) persons using water from public water supply structures (calculation of water fee by quantity -</p>

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					<p>m³of abstracted water).</p> <p>Water protection fee (as per Art 30 and 31 of Water financing Act) shall be paid by a) the persons who discharge wastewater (calculation of water fee by quantity + correction coefficient related to the wastewater composition) and the b) persons who produce or import mineral fertilizers and plant protection products and placed on the market on the territory of the Republic of Croatia (calculation of water fee by the quantity of produced mineral fertilizers and plant protection products, or the quantity of mineral fertilizers and plant protection products imported into the Republic of Croatia).</p> <p>The financing of development (C&I) is also regulated and is implemented in practice. Representative body of the regional self-government unit may introduce the Development fee (as per Art 59 to 65 of Water financing Act) when increased investments in water utility structures are needed. The development fee shall be used to ensure the balanced development of public water supply and public sewerage systems on the water supply area or in the agglomeration.</p> <p>Based on the legislation, a system of fixed and variable (volumetric) parts of the price of water service has been established in</p>

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					<p>practice. Volumetric pricing has been universally introduced. In new buildings, the 2009 Water Act (as per art. 212) lays down that all new buildings must be designed and built in a way to have individual meters installed, and this is implemented in practice. In old dwellings consumption is more often defined on the basis of a shared water meter for the building and is, as a rule, divided by the number of users or the space area. For certain old buildings, there is the possibility to introduce individual water meters, and pilot projects for instalment of individual water meters in some of the old dwellings along Croatia are in implementation. The register of shared and individual meters is not yet set up, but the method to collect and verify this data will be established through benchmarking of water service providers which is currently in preparation by CW.</p> <p>In addition to the overall explanation (provided above), for the EAFRD it is relevant to stipulate that according to the Art 23 and 24 of Water Management Financing act the following payments are made by agricultural sector:</p> <ul style="list-style-type: none"> - The water use fee (ERC,C&I) when it uses water from its own water intake structures;

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					<ul style="list-style-type: none"> - The price of the water service (O&M) and the water use fee (ERC,C&I) when it uses water from the public water supply system (a rare case even for small areas; a frequent case on the islands); and - The irrigation fee (O&M) when it uses the public irrigation system. <p>In the first case, when there is water metering device, the basis for payment is consumption. The water use fee is then calculated and paid on the basis of actually abstracted water quantities (Art 24 of this Act defines the basis for the calculation of the water use fee, which is the quantity (cubic metre) of abstracted water);</p> <p>In case there are no water meters, a lump sum is paid per area (ha or m2) of irrigated land.</p> <p>All users of irrigation systems, whether they are public (owned by the Counties) or private, are obliged on permitting procedure for water abstraction. In that sense, concessions or water rights permits are necessary, depending on the quantification limit. Within concessions or water rights, special conditions on water uses are prescribed, referring, among others, on:</p> <ul style="list-style-type: none"> - obligation to install the metering device, - obligation to keep the data on

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					<p>daily abstracted water quantities, as measured by metering device, in the pertaining register, and to inform (on monthly basis) Croatian waters on the amounts of the water being abstracted,</p> <p>- obligation to conduct measures for protection of the environment, etc</p> <p>As indicated, the price of water to be paid by users of irrigation systems is based on volumetric pricing, putting thus certain incentives on its users to use this resource more rational and more efficient.</p> <p>*All references mentioned above can be accessed through Hrvatske vode official website – http://www.voda.hr/001-945 On the respective website the Water management strategy, Water Act, Water management financing Act and all corresponding bylaws are hyperlinked to the Official Journal publication. Also, all amendments to these acts can be traced systematically.</p>
T06.1-Water sector: The existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate	No	2. The adoption of a river basin management plan for the river basin district consistent with Article 13 of Directive 2000/60/EC.	No		Decision on Adoption of River Basins Management Plan was enacted by the Government of the Republic of Croatia with RBMP covering the whole territory of the Republic of Croatia being adopted

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contribution of the different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes.					<p>in June 2013. (OG, 82/13) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_06_82_1737.html</p> <p>Legal basis, scope, type and method of testing the water status in Croatia is regulated by the Water Act (OG 153/09, 130/11, 56/13, 14/14) and accompanying bylaws: Ordinance on water quality standards (OG 73/13) and the Ordinance on special conditions for the performance of sampling and testing of waters (OG No. 74/13)*. These regulations are harmonized with the Directive 2000/60/ES of the European Parliament and the Council, establishing a framework for Community action in the field of water policy. According to Article 44 of the Water Act Croatian Waters are responsible for implementing the monitoring of water status and the Central Water Management Laboratory (WML) of Croatian waters is the official laboratory for sampling and analysis in the framework of the monitoring and other official controls of water quality. Besides WML, collaborative laboratories also perform the activities of sampling and testing of waters for certain indicators or groups of parameters for the purpose of monitoring on Croatian territory. These laboratories are authorized by the Ministry in charge for water management. Subsequently Monitoring network has been set up for the purposes</p>

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					<p>of Article 8 and Annex V, with monitoring points listed and mapped as part of the RBMP. However, not all points and all the required monitoring parameters are monitored (limiting factors appears to be the availability of certified laboratories and partial geographical coverage, monitoring of dangerous substances and biological quality). Complete and consistent classification system will be established by 2015. Nevertheless, an individual case-by-case assessment based on already available upstream and downstream data within the monitoring network, combined with flow data, statistical data will ensure a sound basis in particular for decisions on planning and construction of waste water treatment plants, thus steering clear of a risk of re-planning or re-construction of plants.</p> <p>A list of environmental objectives for water bodies is part of the RBMP adopted in June 2013, including candidates for derogations from the standard objective “good status by end-2015”. For water bodies that are unlikely to achieve good status by the end of 2015 Croatia will in next RBMP apply for extension of deadlines in sense of Article 4 (4) of the WFD. In the present RBMP only candidates for such extension are listed. Also this RBMP contains a list of artificial and HMWBs marked as ‘candidates’, with</p>

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					<p>the final assessment and designation still to be completed. Following completion of the on-going assessment, the RBMP 2015-2021 will include a definitive list of HMWBs.</p> <p>As regards the summary of the measures taken under Article 11(5) for bodies of water which are unlikely to achieve the objectives set out under Article 4, this RBMP lists and maps this water bodies in the two scenarios:</p> <ul style="list-style-type: none"> - all measures implemented per 22.12.2015 (end of 1st river basin management plan), and - all measures implemented per 1.1.2024 (completion of basic measures as set out in the transitional arrangements of the Accession Treaty). <p>The current RBMP to a large extent only implicitly provides information referred to in article 11(5) WFD. A clear and reasoned explanation for water bodies not achieving the objectives within this RBMP will be added to the RBMP 2016 -2021</p> <p>*Documents available at http://www.voda.hr/001-945</p>

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T06.2-Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly through the development of waste management plans consistent with Directive 2008/98/EC, and with the waste hierarchy.	Partially	1. An implementation report as requested by Article 11(5) of Directive 2008/98/EC has been submitted to the Commission on progress towards meeting the targets set out in Article 11 of Directive 2008/98/EC.	Yes	Act on Sustainable Waste Management (OG No 94/13) (http://www.mzoip.hr/doc/Propisi/Act_sustainable_waste_management.pdf)	Article 13 of the Act on Sustainable Waste Management determines the Croatian Environmental agency as competent body for coordination of reporting and reporting on implementation of Directive 2008/98/EC. Following that requirement an implementation report was submitted to the Commission (Eurostat) through the eDAMIS web portal on 22 October 2013 by the Croatian Environment Agency. The report contains data on the progress in accordance with the Article 11 requirements.
T06.2-Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly through the development of waste management plans consistent with Directive 2008/98/EC, and with the waste hierarchy.	Partially	2. The existence of one or more waste management plans as required under Article 28 of Directive 2008/98/EC;	Yes	Waste Management Strategy of the Republic of Croatia (OG 130/05) http://narodne-novine.nn.hr/clanci/sluzbeni/289920.html Waste Act (OG 178/04) http://narodne-novine.nn.hr/clanci/sluzbeni/313723.html	The Waste Management Plan (WMP) for the Republic of Croatia 2007-2015 and respective Waste Management Plans for each County are in force. All Plans are in line with the Waste Management Strategy of the Republic of Croatia and Waste Act. Articles 9, 10 and 11 of the Waste Act prescribe the content of the national, county and local WM plans respectively. All of these plans contain data required by

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				<p>Information about the WM plans developed so far on all levels: http://www.azo.hr/PlanoviGospodarenjaOtpadom01</p> <p>Act on Sustainable Waste Management (OG No 94/13) http://www.mzoip.hr/doc/Propisi/Act_sustainable_waste_management.pdf)</p>	<p>the Directive.</p> <p>Information about the WM plans developed so far on all levels are available at Croatian Environment Agency.</p> <p>The Plans will remain in force until the end of 2015, as the planning period was from 2007 up to 2015. The objective of the above mentioned Plans is to establish an integrated waste management system in every region or county. The integrated system includes inter alia: system for separate collection at local level, recycling system and waste treatment. As the current planning period finishes in the year 2015 in the course of this year (2014) preparatory activities for development of new Waste Management Plan for the next (six-year) planning period. The content of the new plans is prescribed by the existing Act on Sustainable Waste Management – Article 17, 21 and 22. The proscribed content includes all relevant and mandatory elements as required by the Article 28 of the Directive 2008/98/EC.</p> <p>The new Waste Management Plan for the Republic of Croatia for the period 2015-2021 will build upon the strategic focus of the WMP 2007-2015 and continue the implementation of the Waste Management Strategy for the Republic of Croatia which</p>

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					sets the strategic framework for waste management until 2025. When the new WMP comes into force it will replace the current WMP with the date of its promulgation. Units of self-governments will adjust, update and extend their (existing) WM Plans according to the new WMP.
T06.2-Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly through the development of waste management plans consistent with Directive 2008/98/EC, and with the waste hierarchy.	Partially	3. The existence of waste prevention programmes, as required under Article 29 of Directive 2008/98/EC;	No		The National Waste Prevention program will be prepared together with the new National Waste Management Plan for the period 2015-2021, as a constituent part of the new Plan. The content of the Waste Prevention program is prescribed by the Articles 17 and 18 of the Act on Sustainable Waste Management (OG No 94/13 http://www.mzoip.hr/doc/Propisi/Act_sustainable_waste_management.pdf) and it shall include waste prevention targets and measures required to attain waste minimisation or waste prevention targets
T06.2-Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly through the development of waste management	Partially	4. Necessary measures to achieve the targets on preparation for re-use and recycling by 2020 consistent with Article 11(2) of Directive 2008/98/EC have been adopted.	No		Articles 27 and 29 of the Act on Sustainable Waste Management (OG No 94/13 http://www.mzoip.hr/doc/Propisi/Act_sustainable_waste_management.pdf)

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plans consistent with Directive 2008/98/EC, and with the waste hierarchy.					<p>prescribes municipal waste disposal charge as a new landfill tax, which will be applied if amount of deposited waste exceeds the amount laid down in the decision on the mass of waste allowed to be landfilled. Also, the Act on Sustainable Waste Management prescribes additional tax to stimulate units of local self-government to implement, within the scope of their competences, measures to reduce the quantity of mixed municipal waste generated in their respective areas. This incentive charge for reducing the amount of mixed municipal waste will be applied to the unit of local self-government if the mass of mixed municipal waste collected exceeds the prescribed limit amount of mixed municipal waste for particular unit of local self-government.</p> <p>As the Republic of Croatia does not have any incinerator, there is no tariff policy. At the moment regulations regarding waste energy recovery and incineration are under development and in that respect the introduction of incineration tariff policy is being considered. It will be regulated through new regulations. This regulation is scheduled to be adopted latest by the end of 1st quarter 2015. As all aspects of introducing of incineration policy are under analysis we are still unsure how or if it will be developed. Concerning landfill taxes and other tariffs/charges it is still an</p>

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					<p>ongoing process for which the regulation will be in place latest by the end of 1st quarter 2015.</p> <p>According to the Article 33 of the Act on Sustainable Waste Management (OG 94/13) for the mixed municipal / biodegradable waste the service provider shall charge the user of the public service a fee which is proportional to the amount of the waste submitted during the accounting period, whereby the quantity criterion in a given accounting period shall mean the mass of the waste submitted or the volume of the waste container and the number of times the container has been emptied. Deposit system for certain type of waste (PET, glass or Al containers/bottles with volume $\geq 0,2l$) is proscribed in the Republic of Croatia through the Article 65 and 66 of Act on Sustainable Waste Management which establishes the system of charges for operation of special categories of waste and corresponding refunding (deposit) system. The deposit system is managed by the Environmental Protection and Energy Fund and its extension (to some other special categories of waste) is also under consideration.</p> <p>In addition to some necessary measures to incentives adequate management of</p>

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					<p>municipal waste (like landfill tax, deposit system, public service fee which is proportional to the amount of the produced waste etc) that were mentioned previously, Act on Sustainable Waste Management also (in Art 53) foresees / established procedures and targets for individual special waste management systems, the conditions for the management of special categories of waste, types of waste to be collected separately (paper, metal, plastic and glass, electric and electronic waste, waste batteries and accumulators, end-of-life vehicles, end-of-life tyres, waste oils, textile and footwear waste and clinical waste) and the method of treatment of special waste categories. At the moment all regulations related to the special waste streams are under revision and are being updated. This action stems also from the Waste Act (OG 178/04 http://narodne-novine.nn.hr/clanci/sluzbeni/313723.html) that prescribes the enactment of a set of additional regulations (i.e. revision and upgrade of the existing regulations related to the special waste streams) which will contribute to target achievement by regulating specific waste streams (EE, batteries, packaging waste, scraped cars). Those (updated) regulations are scheduled to be adopted latest by the end of 1st quarter 2105.</p> <p>Main improvements of the MW</p>

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					<p>management system in the Act on Sustainable Waste Management are related to the necessary measures to achieve the targets on preparation for re-use and recycling by 2020 consistent with Article 11(2) of Directive 2008/98/EC. Namely by Article 35 of the Act all necessary measures for achievement of 2020 targets for re-use and recycling of paper, metal, glass, plastic, textile and bulky waste are provided. More specifically 4 main means (measures) to execute the necessary measure are prescribed; namely a) the operation of at least one recycling yard or a mobile unit, b) the installation of an adequate number and type of containers on public surfaces for the separate collection of waste, c) notification of the households on the location and changes in the location of recycling yards and mobile units or containers for separate collection and d) establishment of system for transportation of bulky municipal waste on user request.</p> <p>These measures (i.e. their implementation) are to be in more details elaborated and prescribed in the new Regulation on the municipal waste that is under preparation. The Regulation contains further and detailed instructions on implementation as per each of the 4 mentioned measures. Following the enactment of the Regulation on municipal waste the MENP will soon initiate a public campaign related to waste prevention and separate collection, as</p>

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					<p>separate collection infrastructure will be assured it is important to send a broad message to the general public.</p> <p>Furthermore the Act on Sustainable Waste Management prescribes that establishment of separate collection system is responsibility of the local government self-units. According to art 179(4) of the Act all municipalities / towns should have started with ensuring possibility for separate collection system by 24 July 2014, that includes at least separate collection of hazardous component of household wastes, waste paper, metal, glass, plastic, textiles and bulky municipal waste, by providing 4 means (measures) as listed above. According to the data given by environmental Protection Inspection on 24 July 2014 71,6% of local government self-units established the system. This is huge improvement due to the fact that in 2012 only 39,5% had some kind of separate collection system. Due the fact that some of LGS units are undeveloped and without adequate resources it is expected that there will be some delays. It is expected that all municipalities will have an established system of separate collection by the end of this year. In the period from February 2013 up to August 2014, 322 local government self-units applied to the Environmental Protection Fund for co-financing of equipment for</p>

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					<p>separate collection, in the same period there is more than 600 projects approved in the value of 471 million HRK. By the end of this year it is expected that all municipalities will have an established system of separate collection. All projects are or will be co-financed by EPEEF in the amount of up to 80%.</p> <p>All of the above described measures shall lead to expected increase of the recycling rate at least by 3,5% yearly over the following years to guarantee the compliance with the recycling targets, which was an average increase for middle developed EU members like Slovenia, Poland, Czech.</p> <p>Finally within the process of preparation of the new Waste management plan 2015-2021 the existing system of separate collection, recycling and re-use is currently being asses. On the basis of assessment of the current status (system), which shall include all measures implemented in the last year as is mentioned before, it will be possible to see which further measures will have to be set in the following years to achieve the targets for 2020.</p>

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T07.1-Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	No	5. a realistic and mature pipeline for projects for which support from the ERDF and the Cohesion Fund is envisaged;	No		Existing pipeline not at appropriate level, Action Plan is proposed.
T07.1-Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	No	1. The existence of a comprehensive transport plan or plans or framework or frameworks for transport investment which complies with legal requirements for strategic environmental assessment and sets out:	No		Criterion will be partially fulfilled with the adoption of the Interim Transport Strategy (end of October). Action Plan will be established to develop a finalized Strategy.
T07.1-Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure	No	2. the contribution to the single European Transport Area consistent with Article 10 of Regulation (EU) No .../2013 of the European Parliament and of the Council, including priorities for investments in:	No		See above

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development and improves connectivity to the TEN T comprehensive and core networks.					
T07.1-Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	No	3. the core TEN-T network and the comprehensive network where investment from the ERDF and the Cohesion Fund is envisaged; and	No		See above
T07.1-Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	No	4. secondary connectivity;	No		See above
T07.1-Transport: The existence of a comprehensive plan or plans or framework or frameworks for	No	6. Measures to ensure the capacity of intermediary bodies and beneficiaries to	No		Measures of appropriate level are not in place, Action Plan is proposed for capacity

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.		deliver the project pipeline.			building.
T07.2-Railway: The existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on railway development in accordance with the Member States' institutional set up (including concerning public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks. The investments cover mobile assets, interoperability and capacity building.	No	1. The existence of a section on railway development within the transport plan or plans or framework or frameworks as set out above which complies with legal requirements for strategic environmental assessment (SEA) and sets out a realistic and mature project pipeline (including a timetable and budgetary framework);	No		Criterion will be partially fulfilled with the adoption of the Interim Transport Strategy (end of October). Action Plan will be established to develop a finalized Strategy.
T07.2-Railway: The existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on railway development in accordance with the Member States' institutional set up (including	No	2. Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.	No		Measures of appropriate level are not in place Action Plan is proposed for capacity building.

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concerning public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks. The investments cover mobile assets, interoperability and capacity building.					
T08.1-Active labour market policies are designed and delivered in the light of the Employment guidelines.	Partially	1. Employment services have the capacity to, and do, deliver: personalised services and active and preventive labour market measures at an early stage, which are open to all jobseekers while focusing on people at highest risk of social exclusion, including people from marginalised communities;	No		<p>Act on Mediation in Employment and Rights during Unemployment (Articles 34, 35 and 36) defines the procedures, contents and objectives for the implementation of active labour market policy. Act on Employment Mediation and Rights during Unemployment (Official Gazette 80/08; amended 118/12, 25/12, 121/10, 153/13; consolidated text: 12/2013) http://www.hzz.hr/UserDocsImages/Posredovanje.pdf http://www.hzz.hr/UserDocsImages/12_28_01_2013_Zakon_o_posredovanju_pri_za_posljavanje_i_pravima_za_vrijeme_nezaposenosti-procisceni_tekst.pdf</p> <p>The labour market analysis within Guidelines for implementation of ALMPM identifies the groups of unemployed who are in an unfavourable position in the local labour market; young people without relevant work experience, long-term</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>unemployed persons, persons over 50, persons with disabilities, people from marginalised communities and other specific groups of unemployed. The Guidelines for ALMPM set specific objectives, activities and measures for tackling unemployment. In response to the objectives and priorities of employment policy in Croatia, CES has developed personalized packages of measures including supported employment, self-employment, public works employment and training aimed at not only above mentioned groups of unemployed persons but also employers who need additional training for their workers in order to prevent lay-offs. As regards personalisation of services, there are specific activities planned for specific groups of users, such as youth, potential entrepreneurs, hard-to-place unemployed, persons with disabilities, persons in threat of social exclusion, employers, pupils, etc, but also activities of individualised service provision, such as individual consultations for job search support, individual career guidance, individual entrepreneurship potential activation sessions, business counselling, etc. (Annual CES Work Plan for 2014, Section 5). Also, CES offers different ALMP packages suited to the needs of different groups of users, including youth, PWD, older persons, Roma national minority, women and other special groups</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>(http://www.hzz.hr/default.aspx?id=11696).</p> <p>Guidelines for implementation of Active labour market policy measures for 2014 (annual) available at: http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2013/126_sjednica_vlade_republike_hrvatske/126_10/(view_online)/1#document-preview (Section 5).</p> <p>Furthermore, CES activities, including the implementation of ALMP measures, are detailed in the annual CES Work Plan. (http://www.hzz.hr/default.aspx?id=11696). CES also provides services of Mobile teams, in-work services of PES, as well as various forms of support for preservation of jobs and maintaining employment (Guidelines for implementation of ALMPM for 2014, Section 5; Annual CES Work Plan for 2014, Section 5 CES services are free of charge, and are available to all citizens (Act on Employment Mediation and Rights during Unemployment, Article 2, Article 28 & 29) (OG 80/08, amended 118/12, 25/12, 121/10, 153/13; consolidated text: http://www.hzz.hr/UserDocsImages/Posredovanje.pdf http://www.hzz.hr/UserDocsImages/12_28_01_2013_Zakon_o_posredovanju_pri_za_poslivanje_i_pravima_za_vrijeme_nezaposenosti-procisceni_tekst.pdf Individual Action Plans are drafted in cooperation of</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>CES and the unemployed person within 60 days of registration (Act on Employment Mediation and Rights during Unemployment, Article 21). (Regulations on Records of Croatian Employment Service, Article 25; Regulation on active job search and availability for work, Articles 9, 10, 11, 12) available at : (OG 74/09; amended 123/12) http://www.hzz.hr/UserDocsImages/Pravilnik%20o%20evidencijama%20HZZ-a.pdf As registered unemployed, a person is obliged to participate in active job search and to be available for work. Regulation on active job search and availability for work (OG 2/14) (Art.2 -7) http://www.hzz.hr/UserDocsImages/Pravilnik_o_aktivnom_trozenju_posla_i_raspolozivosti_za_rad_NN_2_2014.pdf The approach to career guidance services of disadvantaged groups, as well as all unemployed, is based on the so-called 'tiered system' (Life-long Career Guidance in CES, Section II available at: http://www.hzz.hr/UserDocsImages/Cjelovivotno_profesionalno_usmjeravanje_u_HZZ-u.pdf The Act on Professional Rehabilitation and Employment of Persons with Disabilities (Article 4), as well as Act on Employment Mediation and Rights during Unemployment (Article 26), outlines the specialised services of professional rehabilitation (OG 157/13) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_157</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>_3292.html An important aspect of a holistic individual approach to disadvantaged groups is also partnership and inter-institutional cooperation.</p> <p>(National Life-long Career Guidance Strategy for Croatia, 2014-2020, proposed draft, Section 2.11.)</p> <p>http://www.hzz.hr/default.aspx?id=11093</p>
T08.1-Active labour market policies are designed and delivered in the light of the Employment guidelines.	Partially	2. Employment services have the capacity to, and do, deliver: comprehensive and transparent information on new job vacancies and employment opportunities taking into account the changing needs of the labour market.	No		<p>Access to published vacancy on the national job vacancy data base is available to all employers and jobseekers. National job vacancy data base gathers all vacancies registered at the regional and local level. Furthermore, all clients are informed about job mobility and the vacancies through enhanced transnational labour mobility (European Job Mobility Portal -EURES). On the other hand; EURES provides information on job vacancies and living and working conditions in Croatia as well, thus enabling a two-way transfer of information on vacancies.</p> <p>The Croatian Employment Service regularly makes recommendations for education enrolment policy and career guidance that contains the lists of professions in high demand and the lists of professions in low demand at regional and</p>

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					<p>local level.</p> <p>Rights during Unemployment (Official Gazette 80/08; amended 118/12, 25/12, 121/10, 153/13; consolidated text: 12/2013)</p> <p>http://www.hzz.hr/UserDocsImages/Posredovanje.pdf</p> <p>http://www.hzz.hr/UserDocsImages/12_28_01_2013_Zakon_o_posredovanju_pri_za_posljavanju_i_pravima_za_vrijeme_nezaposlenosti-procisceni_tekst.pdf</p> <p>and related regulations:</p> <p>Regulation on active job search and availability for work (OG 2/14)</p> <p>http://www.hzz.hr/UserDocsImages/Pravilnik_o_aktivnom_trazenju_posla_i_raspodjeli_zivosti_za_rad_NN_2_2014.pdf</p> <p>Regulation on Records of Croatian Employment Service (OG 74/09; amended 123/12)</p> <p>http://www.hzz.hr/UserDocsImages/Pravilnik%20o%20evidencijama%20HZZ-a.pdf</p>
T08.1-Active labour market policies are designed and delivered in the	Partially	3. Employment services have set up formal or informal cooperation arrangements with	Yes	Act on Employment Mediation and Rights during Unemployment (Official Gazette 80/08; amended 118/12,	According to Act on Employment Mediation and Rights during

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
light of the Employment guidelines.		relevant stakeholders.		<p>25/12, 121/10, 153/13; consolidated text: 12/2013)</p> <p>http://www.hzz.hr/UserDocsImages/Posredovanje.pdf</p> <p>http://www.hzz.hr/UserDocsImages/12_28_01_2013_Zakon_o_posredovanju_pri_zaposljavanju_i_pravima_za_vrijeme_nezaposlenosti-procisceni_tekst.pdf</p> <p>Regulation on providing activities in relation to employment (Official Gazette Nr. 19/11)</p> <p>http://www.hzz.hr/UserDocsImages/8_22_01_2014%20Pravilnik%20o%20obavljanju%20djelatnosti%20u%20svezi%20sa%20zapo%20C5%A1ljavanjem.pdf</p> <p>Protocol on procedures in the provision of services to long-term unemployed users of subsistence assistance</p> <p>http://www.mspm.hr/media/files/protokol_o_postupanju_otpisan_25_11_2012</p>	<p>Unemployment, CES operates in cooperation with employers, educational institutions and other legal persons (Article 63). The provisions on cooperation with employers, educational institutions and other legal persons, as well as social partners and other labour market stakeholders are also a part of the CES Statute (Article 13). The cooperation with private employment agencies, temporary employment agencies and NGOs is done in the same way as with all other employers, i.e. the relation established is transparent and equivalent for all who need support and services in employment. According to the good practices within EURES Network, for all the private mediators whose credibility is verified by EURES advisers from EU Countries, Croatia also implements EURES practice to provide them with placement services.</p> <p>Act on Employment Mediation and Rights during Unemployment (Official Gazette 80/08; amended 118/12, 25/12, 121/10, 153/13; consolidated text: 12/2013)</p> <p>http://www.hzz.hr/UserDocsImages/Posredovanje.pdf</p> <p>http://www.hzz.hr/UserDocsImages/12_28_01_2013_Zakon_o_posredovanju_pri_za_posljavanju_i_pravima_za_vrijeme_nezaposlenosti-procisceni_tekst.pdf</p> <p>Regulation on providing activities in</p>

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					<p>relation to employment (Official Gazette Nr. 19/11)</p> <p>http://www.hzz.hr/UserDocsImages/8_22_01_2014%20Pravilnik%20o%20obavljanju%20djelatnosti%20u%20svezi%20sa%20zapo%20C5%A1ljavanjem.pdf</p> <p>Protocol on procedures in the provision of services to long-term unemployed users of subsistence assistance</p> <p>http://www.mspm.hr/media/files/protokol_o_postupanju_potpisan_25_11_20112</p>
<p>T08.3-Labour market institutions are modernised and strengthened in the light of the Employment Guidelines; Reforms of labour market institutions will be preceded by a clear strategic policy framework and ex-ante assessment including the gender dimension.</p>	<p>No</p>	<p>1. Actions to reform employment services, aiming at providing them with the capacity to deliver: personalised services and active and preventive labour market measures at an early stage, which are open to all jobseekers while focusing on people at highest risk of social exclusion, including people from marginalised communities;</p>	<p>No</p>		<p>Act on Mediation in Employment and Rights during Unemployment (Articles 34, 35 and 36) defines the procedures, contents and objectives for the implementation of active labour market policy. Act on Employment Mediation and Rights during Unemployment (Official Gazette 80/08; amended 118/12, 25/12, 121/10, 153/13; consolidated text: 12/2013)</p> <p>http://www.hzz.hr/UserDocsImages/Posredovanje.pdf</p> <p>http://www.hzz.hr/UserDocsImages/12_28_01_2013_Zakon_o_posredovanju_pri_za_poslavanje_i_pravima_za_vrijeme_nezaposlenosti-procisceni_tekst.pdf The Guidelines for ALMPM set specific objectives, activities and measures for</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>tackling unemployment. In response to the objectives and priorities of employment policy in Croatia, CES has developed personalized packages of measures including supported employment, self-employment, public works employment and training aimed at not only groups of unemployed persons but also employers who need additional training for their workers in order to prevent lay-offs (Guidelines for implementation of ALMPM for 2014, Section 5) available at http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2013/126_sjednica_vlade_republike_hrvatske/126_10/(view_online)/1#document-preview CES activities, including the implementation of ALMP measures, are detailed in the annual CES Work Plan. CES also provides services of Mobile teams, in-work services of PES, as well as various forms of support for preservation of jobs and maintaining employment (Guidelines for implementation of ALMPM for 2014, Section 5; Annual CES Work Plan for 2014, Section 5). http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2013/126_sjednica_vlade_republike_hrvatske/126_10/(view_online)/1#document-preview The approach to career guidance services of disadvantaged groups, as well as all unemployed, is based on the so-called 'tiered system'. (Life-long Career Guidance in CES, Section II available at</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p> http://www.hzz.hr/UserDocsImages/Cjelovivotno_profesionalno_usmjeravanje_u_HZ_Z-u.pdf CES services are free of charge, and are available to all citizens (Act on Employment Mediation and Rights during Unemployment, Article 2, Article 28 & 29 available at http://www.hzz.hr/UserDocsImages/Posredovanje.pdf http://www.hzz.hr/UserDocsImages/12_28_01_2013_Zakon_o_posredovanju_pri_za_poslavanje_i_pravima_za_vrijeme_nezaposlenosti-procisceni_tekst.pdf) </p> <p> Individual Action Plans are drafted in cooperation of CES and the unemployed person within 60 days of registration (Act on Employment Mediation and Rights during Unemployment, Article 21). According to the Act on Professional Rehabilitation and Employment of Persons with Disabilities (Article 4), as well as Act on Employment Mediation and Rights during Unemployment (Article 26), specialised services of professional rehabilitation are available to persons with disabilities. (OG 157/13) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_157_3292.html An important aspect of a holistic individual approach to disadvantaged groups is also partnership and inter-institutional cooperation (National Life-long Career Guidance Strategy for Croatia, 2014-2020, proposed </p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>draft, Section 2.11. available at http://www.hzz.hr/default.aspx?id=11093)</p> <p>Majority of CES buildings are currently not physically accessible to persons with disabilities. There is a lack of accessible informational and communicational infrastructure for persons with disabilities in CES regional and offices. Assessment shows that out of a total of 120 buildings / objects, 49 have appropriate accessibility for persons with disabilities. 4 CES regional offices are equipped with sound software adapted to persons with visual impairments. Web accessibility of CES also needs to be ensured as well as communication channels adapted to various types of impairment. According to the “Developing Investment Plan of the Croatian Employment Service”, Section 4.2., the investment strategy has made provisions for planning investments for facilities related to disabled persons, as they are one of the categories targeted by the ALMP which are managed by the CES. The new investment plan will enable the CES to serve better this category and to meet current standards and regulations regarding accessibility for disabled people. The stated document is the output of the project “Development of CES Investment Plan”, which was completed in August 2013, and has as such been accepted by the Project Steering Committee. The</p>

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					<p>analysis provided within has served as the basis for the planning of activities, that are to be implemented through ESF.</p> <p>Even though the employment service, as presented above, has strong legislative and strategic support as regards the scope and personalisation of services for various groups, as well as the operating principle of openness to all job seekers, further developments are needed. The 2014 CSRs for Croatia stress the importance of improvement of capacities of employment services, and in line with this a CES reorganisation is planned.</p> <p>In order to face the increased workload due to large number of clients, increasing demands and introduction of new services, as well as to handle additional challenges, functions and resources emerging from the EU membership, an increase in number of employees is necessary, in particular front-line counsellors and project implementation administrators (due to almost an order of magnitude increase in EU funding of PES as beneficiary organization). The inflow should be gradual throughout the next three years and substantively supported from ESF, spearheaded by strengthening of PIU and reinforcing counsellor staff in areas with</p>

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					<p>critical work pressure. From the current base of about 1300, this process should increase number of employees up to 1525 by end-2015 and 1800 by end-2017, thus reaching an acceptable 1:350 counsellor-unemployed ratio and adequate workforce to provide for all the specializations and introduced services.</p> <p>At the same time steps are about to be taken with respect to workplace systematization in order to reduce outflow and keep capacity in key expert roles, while heavily investing towards employee training via internal training centre (with both online and in-person training provision).</p> <p>Main organizational changes:</p> <p>Local offices: in order to increase efficiency, some specializations and services will be devolved, with small and medium-sized local offices offering more basic set of services and introduction of “office days” in least populated areas, while reinforcing access with “remote office” services installed at several places and organized through ESF actions..</p> <p>Youth centres: in order to facilitate youth employment and YG goals, those offices will provide services for insertion of youth into labour market, with tailored approach aimed at offering employment, traineeship, education or opportunity for self-</p>

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					<p>employment within four months. Currently present in Zagreb and Split, it is to be expanded to all regional offices by end-2014 and developed through ESF funding. About 30 dedicated counsellors in 2015-2017 period through ESF actions.</p> <p>Centri za informiranje i savjetovanje o karijeri (CISOK): Serving as accessible outreach point and provider of career guidance and lifelong learning advice, in particular for young people and persons at increased risk of social exclusion. Involvement of local community is to be expanded, as will be the services provided and number of locations. About 20 dedicated counsellors in 2015-2017 period through ESF actions.</p> <p>Self-employment Centres: Supporting the self-employment by networking relevant stakeholders, informing would-be entrepreneurs about opportunities, providing start-up education and support, as well as access to ESF and national schemes to support self-employment. About 49 dedicated counsellors in 2015-2017 period through ESF actions.</p> <p>Job-shops: Dislocated offices in highly visible places with extended working hours, offering employment counselling, information on jobs and placements for jobseekers, as well as offering services to employers. About 50 dedicated counsellors in 2015-2017 period through</p>

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					<p>ESF actions.</p> <p>Contact-centre: Integrated multi-tiered, multi-channel (phone/mail/online) communication centre providing information to general public, jobseekers and employers, serving as point of contact, basic services, and forwarding/scheduling towards counsellors. Current call-centre solution to be upgraded in comprehensive fashion and about 33 dedicated counsellors in 2015-2017 period through ESF actions.</p> <p>Main changes in business processes (specializations):</p> <p>Counsellors for employment mediation and work with employers – focusing on collection of placements and cooperation with employers as well as prompt and effective job mediation services. The basic role most similar to current generalist counsellor, but with additional training and manageable workload assignment.</p> <p>Youth employment counsellors – as discussed above</p> <p>Self-employment counsellors – as discussed above</p> <p>EURES counsellors – to be assigned with existing Migration information centres in PES regional offices, plus one EURES assistant to be trained in every county-level office. About 8 dedicated counsellors in 2015-2017 period through ESF actions.</p>

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					<p>As well development of cross-border cooperation and adoption of vacancy data formats and exchange standards, including ESCO framework through ESF actions.</p> <p>Activation counsellors – focusing on engagement with hard-to-employ persons, including intensive counselling, support services, ALMP intervention provision and networking with other stakeholders. New specialization to be developed.</p> <p>Counsellors for employment of persons with disabilities – intensive work on professional rehabilitation of job-seekers with disabilities, in line with the recently changed legal framework. Development of professional rehabilitation centre network.</p> <p>Career guidance Counsellors – facilitating development of career management skills and increasing employability, in particular among the vulnerable clients and youth. Sub-specialisations are to be developed for: school career guidance, career guidance for the unemployed, profiling counsellors.</p> <p>ALMP counsellors – shying away from front-desk work and focusing on back-office support role: vetting requests, oversight of quality and formal compliance in ALMPs, as well as related reporting and follow-up activities, in order to improve targeting, effectiveness and quality of ALMPs, in particular</p>

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					<p>interventions introduced through ESF.</p> <p>Counsellors for unemployment benefits and rights – increased role in intra and inter-national coordination of social security rights. Supported by development of document management system.</p> <p>Main changes in support processes:</p> <p>E-services and self-service:</p> <p>Improvement in on-line e-services provision: online professional intention survey for pupils, testing of professional aptitudes (IPA), integrated “labour exchange / burza rada” service with search history, self-candidature tools, insight in ones’ own unemployment register data, access to jobseeker diary, and automated messaging on status change. E-counselling to be implemented gradually. As of summer 2014 access is integrated in e-citizen system and using national-level authentication (NIAS), with implementation of employer access via standardized certificates to be implemented soon.</p> <p>Analytics and statistics:</p> <p>Improving analytical capacity via large-scale Occupational standards survey (IPA), development of statistical profiling model (WB), improvement of annual employer survey (cca 10.000 respondents), establishment of framework for project</p>

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					<p>cooperation with scientific community (end-2014) and regular external evaluations (two in 2015, followed by ESF scheme). After having established outcome monitoring system for ALMPs in 2014, indicators providing feedback on developments in other business processes and services are to be established (based both on register data and targeted collection), in order to warrant their efficiency and quality. Data is to be made accessible to citizens and stakeholders using and improving easy-to understand visualisation online tools (statistika online, LMS, ALMIS).</p> <p>Human resource development:</p> <p>Changes in organization, specialization, technology and techniques, coupled with increased client expectations calls for permanent improvement of skills through in-house Labour market training Centre. Starting early 2015, online training platform will be set up (Moodle). As for the trainers, about 10 dedicated counsellors are to be promoted in this role in 2015-2017 period through ESF actions. As well, IT tools like statistically assisted client profiling (WB) and Advanced Labour Market Information System (IPA/ISF) are to be piloted, trained for, and implemented gradually in counselling work, thus improving its efficiency.</p>

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					<p>Expected outcomes:</p> <p>Organizational:</p> <ul style="list-style-type: none"> • greater efficiency • better utilization of EU funds • improved human resource management. <p>Client-centred:</p> <ul style="list-style-type: none"> • Greater availability of services • Better needs-oriented targeting • More efficient job mediation <p>Improved identification of needs and creation of new.</p>
<p>T08.3-Labour market institutions are modernised and strengthened in the light of the Employment Guidelines; Reforms of labour market institutions will be preceded by a clear strategic policy framework and ex-ante assessment including the gender dimension.</p>	<p>No</p>	<p>2. Actions to reform employment services, aiming at providing them with the capacity to deliver: comprehensive and transparent information on new job vacancies and employment opportunities taking into account the changing needs of the labour market.</p>	<p>No</p>		<p>Access to published vacancy on the national job vacancy data base is available to all employers and jobseekers. National job vacancy data base gathers all vacancies registered at the regional and local level. Furthermore, all clients are informed about job mobility and the vacancies through enhanced transnational labour mobility (European Job Mobility Portal -EURES). On the other hand, EURES provides information on job vacancies and living</p>

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					<p>and working conditions in Croatia as well, thus enabling a two-way transfer of information on vacancies.</p> <p>The system for nationwide collection and the analysis of labour market data collects information from the unemployment register and the employers' survey, as well as the information from regional and local development and investment plans.</p> <p>A robust model and tool for forecasting future demand for skills and qualifications is envisaged for development through labour market monitoring and analysis system (measure 22, YGIP). To ensure information on the current labour market trends as a basis for career decision , to address skills mismatches and improve digital skills it is envisaged upgrading of LMIS- Labour Market Information System (measure 24, YGIP)</p> <p>(Youth Guarantee Implementation Plan, April 2014 (YGIP)</p> <p>http://www.mrms.hr/wp-content/uploads/2014/04/implementation-plan-yg.pdf)</p>
T08.3-Labour market institutions are modernised and strengthened in	No	3. Reform of employment services will include the creation of formal or informal	No		According to Act on Employment Mediation and Rights during

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the light of the Employment Guidelines; Reforms of labour market institutions will be preceded by a clear strategic policy framework and ex-ante assessment including the gender dimension.		cooperation networks with relevant stakeholders.			<p>Unemployment, CES operates in cooperation with employers, educational institutions and other legal persons (Article 63). The provisions on cooperation with employers, educational institutions and other legal persons, as well as social partners and other labour market stakeholders are also a part of the CES Statute (Article 13). In line with that, cooperation agreements are signed with many partners and stakeholders, and/or Informal cooperation is established. The cooperation with private employment agencies, temporary employment agencies and NGOs is done in the same way as with all other employers, i.e. the relation established is transparent and equivalent for all who need support and services in employment. market needs. (Act on Employment Mediation and Rights during Unemployment (Official Gazette 80/08; amended 118/12, 25/12, 121/10, 153/13; consolidated text: 12/2013)</p> <p>http://www.hzz.hr/UserDocsImages/Posredovanje.pdf</p> <p>http://www.hzz.hr/UserDocsImages/12_28_01_2013_Zakon_o_posredovanju_pri_za_poslavanje_i_pravima_za_vrijeme_nezaposlenosti-procisceni_tekst.pdf</p> <p>Due to the new reforms and planned activities an agreement on exchanging</p>

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					<p>information between CES and Ministry of science, education and sport has been signed regarding data on pupils, schools and programs (e-matica) - for establishing e-survey on vocational intentions of pupils. The survey is expected to be active on-line by the end of 2014 (Annual CES Work Plan for 2014, Section 5).</p> <p>Forum for lifelong career guidance as a multi-disciplinary and multi-institutional network with the main aim of improving and fostering overall policy and the legal framework of lifelong career guidance in Croatia, which was initiated through the project "CES Services to Clients: Improving LLCG and ICT support, has been formally established in September 2014, following the Decision on establishing the Forum from March 2014;). The National forum will facilitate and support the coordination of and co-operation between the work of stakeholders nationally and regionally and raise public awareness of the importance of lifelong career guidance (National LLCG Strategy for Croatia, 2014-2020, proposed draft; Section 3). One of the priorities in the work of the Forum is the adoption of the LLCG Strategy.</p> <p>(Decision on establishing Forum for LLCG</p>

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					rasprava.mrms.hr/bill/prijedlog-odluke-o-osnivanju-foruma-za-cjelozivotn/print; National LLCG Strategy for Croatia, 2014-2020, proposed draft; Section 3 available at http://www.hzz.hr/default.aspx?id=11093
T09.1-The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	Partially	1. A national strategic policy framework for poverty reduction, aiming at active inclusion, is in place that:	Yes	Strategy for combating poverty and social exclusion in Republic of Croatia (2014 – 2020), Link: http://www.mspm.hr/djelokrug_aktivnosti/socijalna_skrb/sstrategija_borbe_protiv_siromastva_i_socijalne_iskljucenosti_2014_2020/strategija_borbe_protiv_siromastva_i_socijalne_iskljucenosti_republike_hrvatske_2014_2020 - link to document is at the end of the text.	Strategy for combating poverty and social exclusion in Republic of Croatia (2014 – 2020) - adopted by Government of Republic of Croatia in March 2014
T09.1-The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	Partially	2. provides a sufficient evidence base to develop policies for poverty reduction and monitor developments;	Yes	Strategy for combating poverty and social exclusion in Republic of Croatia (2014 – 2020) http://www.mspm.hr/djelokrug_aktivnosti/socijalna_skrb/sstrategija_borbe_protiv_siromastva_i_socijalne_iskljucenosti_2014_2020/strategija_borbe_protiv_siromastva_i_socijalne_iskljucenosti_republike_hrvatske_2014_2020 : Evidence base is presented in chapter 2, p 4-11; CHAPTER 4 (p21, 27, 32) Data on employment- p21, , on housing p27, social/ health services – p 32	The Strategy identifies the priorities and goals which are based on the analysis of the Croatian context. The analysis of the Croatia’s context is based on, among others, the indicators for active inclusion in different policy areas. (Data: p4-11, p21.27.32) The analysis covers all three stands of active inclusion – adequate income support (social welfare, family assistance, supports form pension and health system, etc.), labour market activation (analysis of

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				Data on p. 8-12	population in risk of poverty according to their labour market situation, and analysis of the active labour market measures that have been implemented so far) and access to enabling services (analysis of needs for services in different sectors, such as social welfare sector, health, education sector on the basis of data analysis of needs for services and number of people at a disadvantage (e.g. people with disabilities, old and infirm people, children at risk of poverty)). (Data on p. 8-12) .
T09.1-The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	Partially	3. contains measures supporting the achievement of the national poverty and social exclusion target (as defined in the National Reform Programme), which includes the promotion of sustainable and quality employment opportunities for people at the highest risk of social exclusion, including people from marginalised communities;	No		Measures for implementation of the Strategy for combating against combating against poverty and social exclusion will be developed within the Implementation Programme accompanying the Strategy, which will cover 3-year periods until 2020. The Implementation Programme 2014-2016 will include concrete measures, bodies responsible for them, deadlines for fulfilment and indicators of achievement that will be in line with the active inclusion indicators for Europe 2020 and

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					<p>will contribute to the achievement of the national poverty and social inclusion target. (Strategy for combating poverty and social exclusion in Republic of Croatia (2014 – 2020) http://www.mspm.hr/djelokrug_aktivnosti/socijalna_skrb/strategija_borbe_protiv_sir_omastva_i_socijalne_iskljucenosti_2014_2020/strategija_borbe_protiv_siromastva_i_socijalne_iskljucenosti_republike_hrvatske_2014_2020, page 16).</p> <p>MSPY is responsible for submitting report on implementation of measures to Government of Croatia until 30th June every year.</p>
T09.1-The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	Partially	4. involves relevant stakeholders in combating poverty;	Yes	<p>Decision on establishment of working group for development of Strategy combating poverty: Government decision, Class: 022-03713-04/112, Reg.no: 50301-04/04-13-2, 21 March 2013, can be obtained at: https://vlada.gov.hr/UserDocsImages//Sjednice/Arhiva//81.%20-%2022.pdf</p> <p>Call for public debate on draft strategy: http://www.mspm.hr/novosti/vijesti/poziv_na_javnu_raspravu_o_prijedlogu_strategije_borbe_protiv_siromastva_i_s</p>	<p>Working group was established for the design and preparation of the Strategy (Decision, Class: 022-03713-04/112, Reg.no: 50301-04/04-13-2, 21 March 2013, at: https://vlada.gov.hr/UserDocsImages//Sjednice/Arhiva//81.%20-%2022.pdf</p> <p>It shows that all relevant stakeholders have been included in the design of the Strategy. These include relevant bodies from sector of education, health, social</p>

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				ocijalne_iskljucenosti_u_republici_hrvatskoj_2014_2020	welfare, pension system, labour market, NGO sector , social partners Also, Public debate on draft Strategy was organized in February 2014. Link on call for public debate: http://www.mspm.hr/novosti/vijesti/poziv_na_javnu_raspravu_o_prijedlogu_strategije_borbe_protiv_siromastva_i_socijalne_iskljucenosti_u_republici_hrvatskoj_2014_2020
T09.1-The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	Partially	5. depending on the identified needs, includes measures for the shift from institutional to community based care;	Yes	Strategy for fight against poverty and social exclusion in Republic of Croatia (2014 – 2020) http://www.mspm.hr/djelokrug_aktivnosti/socijalna_skrb/strategija_borbe_protiv_siromastva_i_socijalne_iskljucenosti_2014_2020/strategija_borbe_protiv_siromastva_i_socijalne_iskljucenosti_republike_hrvatske_2014_2020 , chapter 4.4 page 27-32. Plan of Deinstitutionalisation and Transformation of Social Welfare homes and Other Legal Entities Performing Social Welfare Activities in Republic of Croatia 2011–2016/2018), PDF version can be found at : http://www.mspm.hr/djelokrug_aktivnosti/socijalna_skrb/reforma_sustava_socijalne_skrbi , please click on plan_DEINSTITUCIONALIZACIJE.pdf (Identified needs and goals can be found in chapter 3 (p22-24); chapter	The Strategy for combating poverty and social exclusion (Chapter 4, p27-32) includes priorities related to broadening out of institution services for people at risk of poverty and social exclusion in order to support the goals and measures set out in national Plan of deinstitutionalisation and transformation of social welfare homes and other legal entities performing social welfare activities in Republic of Croatia 2011-2016 (2018) Based on Plan of deinstitutionalisation, MSPY and relevant stakeholders

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				<p>4(p33-34); chapter 5(p44-46); chapter 6, p50-51)</p> <p>Decision on Operational plan o transformation and deinstitutionalisation of Social Welfare homes and other legal entities performing social welfare activities in Republic of Croatia 2014 –2016, The Decision and Operational Plan were adopted on June 18th 2014 and can be found at http://www.mspm.hr/novosti/vijesti/operativni_plan_deinstitutionalizacije_i_transformacije_domova_socijalne_skrbi_i_drugih_pravnih_osoba</p> <p>(Measures related to transition from institutional to community based care - chapter 2.2 (measures on deinstitutionalisation:2.2.1, 2.2.2., 2.2.3; measures related to enabling access to social services: – Measure 3.1)</p> <p>Draft implementation programme of Strategy for fight against poverty and social exclusion (Strategic areas: 4.1 (education), 4.2. Employment, 4.3. Housing, 4.4. Social services)</p> <p>National strategy for rights of children in Republic of Croatia 2014 – 2020, adopted 25th September 2014, available at: https://vlada.gov.hr/UserDocsImages//Sjednice/2014/184%20sjednica%20Vlade//184%20-%202.pdf</p>	<p>developed the Operational plan of transformation and deinstitutionalisation of social welfare homes and other legal entities performing social welfare activities in Republic of Croatia for the period 2014 – 2016 which was adopted by Minister’s decision on 18th June 2014. It contains concrete measures for implementing deinstitutionalisation process until 2016 (Measures 2.2.1, Deinstitutionalisation; Measure 2.2.2 Activities related to coordinated planning on all levels; Measure 2.2.3 Transformation of social welfare homes) Also, it contains the list of priority institutions that will be deinstitutionalised until 2016 and measures for developing transformation and deinstitutionalisation plan for remaining institutions according to further priorities.</p> <p>Draft Implementation Programme of the Strategy for combating poverty and social exclusion 2014 – 2016. Education - Strategic area 4.1 – Education and life-long learning – 4.increasing availability of education on all levels regardless on economic status of person and (Main strategic activity 4.1.1.) and fostering inclusive education through inclusion of children and pupils with developmental difficulties in regular education system (4.2.2.). These include measures such as financing assistants for pupils, ensuring</p>

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					<p>traveling expenses, inclusion of pupils with special needs in regular school system...</p> <p>Health – Strategic area 4.5. Access to health system and long-term care, with measures that include reorganisation of hospitals to achieve better accessibility and availability of services (Main strategic activity 4.5.1., Measure 1), organising support and help for most vulnerable (4.5.1., measure 7), improving indicators of health, especially in most vulnerable groups through preventive and educative programmes (Main strategic activity 4.5.2.) and ensuring health insurance to the vulnerable groups (Main strategic activity 4.5.3.).</p> <p>Employment – Strategic area 4.2. Employment and access to employment with measures of active employment policy (providing trainings, practice, and access to public works...) to unemployed – Main strategic activity 4.2.1. Measure 1; and encouraging self-employment (Main strategic activity 4.2.3.)</p> <p>Housing – Strategic area 4.3. Housing and energy includes measures related to improving renting apartment system for vulnerable groups and programmes of living units (Main strategic activities 4.3.1 and 4.3.2.)</p> <p>Social welfare system – Strategic area 4.4.</p>

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					<p>Access to social benefits and services includes measures related to broadening the network of social services in the community and psychosocial programmes for all groups of beneficiaries (Main strategic activities (4.4.2. and 4.4.5.) The measures of expanding the network of social services is presented in Operational plan of deinstitutionalisation (measure 3.1).</p> <p>Measures related to access to mainstream services to children are presented in National strategy for rights of children in republic of Croatia for the period 2014 – 2020, (Health p 17-25, Social welfare 26-30, Education 31-38, leisure activities p 39-43).</p>
T09.1-The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	Partially	6. Upon request and where justified, relevant stakeholders will be provided with support for submitting project applications and for implementing and managing the selected projects.	Yes	<p>Government ordinance on internal organisation of Ministry of Social Policy and Youth (Official gazette 102/13):</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2013_08_102_2290.html , Articles: 28-32.</p>	According to Government ordinance on internal organisation of MSPY, Service for EU Funds within MSPY is responsible for providing support to potential applicants / stakeholders of projects funded from EU structural funds in project preparation and implementation in the area of social inclusion an within the responsibility of MSPY.

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					Also, as IB level 1, MSPY organises information sessions for potential applicants for every grant scheme under responsibility of MSPY and published within EU structural funds. Furthermore, IB2 organises implementation sessions for grant beneficiaries in order to support the implementation and to provide information about financing, reporting, indicators etc
T09.3-Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	Partially	1. A national or regional strategic policy framework for health is in place that contains:	No		<p>National Health Care Strategy (NHCS) 2012-2020, adopted by the Croatian Government and Parliament, is the umbrella strategic document in health sector. Priorities and measures defined in the Strategy clearly aim to improve access to high-quality health services and to ensure efficient and sustainable health care system (OG 116/2012)</p> <p>http://www.zdravlje.hr/programi_i_projekti/nacionalne_strategije/nacionalna_strategija_zdravstva</p> <p>Draft National plan for the Development of Clinical Hospital Centers, Clinical Hospitals, Clinics, and General Hospitals in Republic of Croatia for the period 2014-2016 (NPDH) as a strategic document</p>

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					<p>which refers to the development of hospitals and hospital care, as well as the principles of achieving cost-effectiveness in the hospital system, is in public discussion and needs to be adopted by the Parliament.</p> <p>The document will be accompanied by the National Registry of Hospitals which will include specific statistical data for every hospital in Croatia. Also, within one month from the adoption of the NPDH, all hospitals under the National plan must submit their implementation plans, outlining the activities and resources necessary for the achievement of the goals identified by the NPDH, which will need to be approved by the Ministry of Health</p> <p>http://www.zdravlje.hr/zakonodavstvo/savjetovanje_sa_zainteresiranom_javnoscu_nacionalni_plan_razvoja_klinickih_bolnickih_centara_klinickih_bolnica_klinika_i_opcih_bolnica_u_rh_2014_2016</p>
T09.3-Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	Partially	2. coordinated measures to improve access to health services;	No		<p>Regarding the organisation of care:</p> <p>-Strengthening primary care, especially through equipping primary health care providers and the development of group practices) is tackled under the National Health Care Strategy (English version, pp. 76-79,</p>

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					<p>http://www.zdravlje.hr/programi_i_projekt_i/nacionalne_strategije/nacionalna_strategija_zdravstva</p> <p>-Decreasing waiting lists in hospitals is a result of establishing and developing day hospitals and day surgeries and is one of the goals under the draft NPDH (pp 12) , which needs to be adopted by the Parliament.</p> <p>http://www.zdravlje.hr/zakonodavstvo/savjetovanje_sa_zainteresiranom_javnoscu/nacionalni_plan_razvoja_klinickih_bolnickih_centara_klinickih_bolnica_klinika_i_opcih_bolnica_u_rh_2014_2016</p> <p>-The Strategic Plan for Public Health Development 2013-2015 stipulates that one of the main priorities of public health for this period is disease prevention and health promotion (pp 30-33)</p> <p>http://www.zdravlje.hr/programi_i_projekt_i/nacionalne_strategije</p> <p>-Education of health workforce to increase their skills, mobility, and safety at work, and thus improve access to health care is addressed in NHCS (English version, pp.</p>

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					<p>71-74) and Ministry of Health Strategic Plan for the period 2014-2016 (pp. 8.-9)</p> <p>http://www.zdravlje.hr/programi_i_projekti/nacionalne_strategije</p> <p>Strengthening the network of specialised care by stimulating young physicians to specialise in deficitary specialisations is described in the draft National Plan for the Development of Human Resources in Health Care.</p> <p>Regarding the territorial access:</p> <p>-the need to strengthen the emergency medical service and primary care, especially on islands and in geographically remote or scarcely populated areas, is addressed in the National Health Care Strategy, (English version, pp. 76-79).</p> <p>Network of primary health care providers, outlining where teams should be established as well as the current status, is available at http://www.hzzo.hr/zdravstveni-sustav-rh/zdravstvena-zastita-pokrivena-obveznim-zdravstvenim-osiguranjem/ugovoreni-sadrzaji-zdravstvene-zastite-u-rh. ERDF investments focus on primary health care providers which are located in the 1st and</p>

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					<p>2nd group according to the development index on the national level, mapa available at: http://www.mrrfeu.hr/UserDocsImages/Regionalni%20razvoj/Vrijednosti%20indeksa%20razvijenosti%20i%20pokazatelja%20za%20izračun%20indeksa%20razvijenosti%20na%20županijskoj%20razini%202013..pdf</p> <p>Network of emergency health care teams is available at http://narodne-novine.nn.hr/clanci/sluzbeni/2012_06_71_1679.html</p> <p>The network of Conjoint Emergency Medical Wards in hospitals is a part of the Registry of Hospitals, which needs to be approved by the Minister.</p> <p>Regrading the physical access to health care facilities for disabled persons: -the Ordinance on Minimal Conditions for the Provision of Health Care Services sets the minimal standards for ensuring physical access to health care premises for people with disabilities and reduced mobility (Article 6, OG 61/2011)</p>

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					<p>Regarding the out-reach initiatives for vulnerable groups:</p> <p>CHILDREN</p> <p>Strategy on the Rights of Children in the Republic of Croatia 2014-2020 was adopted by the Government on 25 September 2014. It includes measure B5.1 which stipulates the need to ensure the preconditions for parents to stay with children patients in hospitals during their treatment as well as the need to improve and further develop day hospitals for children and youth (pp 23)</p> <p>https://vlada.gov.hr/UserDocsImages//Sjednice/2014/184%20sjednica%20Vlade//184%20-%202.pdf</p> <p>The Strategy will be accompanied by operational plan, including detailed actions, responsible bodies and deadlines for their implementation.</p> <p>DYING PATIENTS</p> <p>The Strategic Plan for Palliative Care Development in Republic of Croatia for the period 2014-2016 includes an assessment of the needs for stationary palliative capacities per county according to the recommendations of the European Association for Palliative Care as well as</p>

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					<p>the need to create such a facility in the vicinity of Zagreb/Zagrebačka County where the needs are most pronounced. (pp 14, 18)</p> <p>http://www.zdravlje.hr/programi_i_projekti/nacionalne_strategije</p> <p>PATIENTS WITH SEVERE PHYSICAL AND MENTAL DISABILITIES</p> <p>National Strategy for the Protection of Mental Health 2011-2015 envisages measures to improve conditions in special psychiatric hospitals and specialist psychiatric wards (pp 22)</p> <p>http://www.zdravlje.hr/programi_i_projekti/nacionalne_strategije</p>
T09.3-Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	Partially	3. measures to stimulate efficiency in the health sector, through deployment of service delivery models and infrastructure;	No		<p>Regarding service delivery models:</p> <p>The National Health Care Strategy 2012-2020 envisages measures regarding integration and cooperation in primary healthcare and public health such as establishment and equipping of group practices in primary health care; strengthening interdisciplinary cooperation</p>

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					<p>in health care (English version, pp. 76-79) http://www.zdravlje.hr/programi_i_projekti/nacionalne_strategije/nacionalna_strategija_zdravstva</p> <p>Reorganization of the hospital system through the increase in day hospital/day surgery, with a corresponding reduction in acute hospital inpatient capacities, as well as strengthening community-level health care are included in the draft Draft National plan for the Development of Clinical Hospital Centers, Clinical Hospitals, Clinics, and General Hospitals in Republic of Croatia for the period 2014-2016 (pp 24-29) http://www.zdravlje.hr/zakonodavstvo/savjetovanje_sa_zainteresiranom_javnoscu/nacionalni_plan_razvoja_klinickih_bolnickih_centara_klinickih_bolnica_klinika_i_opcih_bolnica_u_rh_2014_2016</p> <p>and the National Health Care Strategy 2012-2020 (English version, pp. 76-79) http://www.zdravlje.hr/programi_i_projekti/nacionalne_strategije/nacionalna_strategija_zdravstva</p> <p>To support the hard infrastructure in the health system, new service delivery models and cost-efficiency models are envisaged by the Strategic Plan for e-Health Development (draft)</p> <p>Regarding infrastructure including mapping:</p>

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					<p>Primary care network, document containing information on the existing network of primary health care providers and where they are lacking (per unit of local and regional self-government): Network of public health services in family medicine available at http://www.hzzo.hr/zdravstveni-sustav-rh/zdravstvena-zastita-pokrivena-obveznim-zdravstvenim-osiguranjem/ugovoreni-sadrzaji-zdravstvene-zastite-u-rh);</p> <p>Ordinance on Minimal Conditions for the Provision of Primary Health Care (OG 61/11) prescribes the minimal conditions for Primary Health Care Centres (incl. disability access, Art.6).</p> <p>In order to assess the infrastructure needs of Primary Health Care Centers, the Ministry of Health has deployed a questionnaire, which will help assess the exact needs.</p> <p>The delivery of emergency health care through specialized vessels equipped for emergency health care (http://narodne-novine.nn.hr/clanci/sluzbeni/2012_06_71_1679.html) and improvement of the access to hospital emergency care are addressed in the National Health Care Strategy (pp 394 http://www.zdravlje.hr/programi_i_projekt</p>

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					<p>i/nacionalne_strategije/nacionalna_strategija_zdravstva).</p> <p>Network of emergency health care teams is available at</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2012_06_71_1679.html</p> <p>The network of Conjoint Emergency Medical Wards in hospitals is a part of the Registry of Hospitals, which needs to be approved by the Minister.</p> <p>Reorganization of hospital system is presented in the Draft National plan for the Development of Clinical Hospital Centers, Clinical Hospitals, Clinics, and General Hospitals in Republic of Croatia for the period 2014-2016 (pp 24-29) as well as in the National Health Care Strategy (NPDH) (English version, pp. 76-79). The NPDH is in the process of public consultation since 26 September 2014 and available at: http://www.zdravlje.hr/zakonodavstvo/savjetovanje_sa_zainteresiranom_javnoscu/nacionalni_plan_razvoja_klinickih_bolnickih_centara_klinickih_bolnica_klinika_i_opcih_bolnica_u_rh_2014_2016.</p>

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					It contains the strategic part and will be accompanied by concrete statistical data regarding the current situation per hospital in the so called Registry of Hospitals to be adopted by the minister. The concrete needs in terms of infrastructure will be assessed through implementation plans which each hospital under the NPDH needs to develop within one month of its adoption. (NPDH, pp 31) . Those plans will be assessed and approved by the Ministry of Health.
T09.3-Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	Partially	4. a monitoring and review system.	No		Monitoring and review of the strategy implementation is indicated in the National health care strategy 2012-2020 (3rd paragraph of the chapter on Strategic development directions, priorities and measures, p. 66 in English version) and specified in shorter-term strategic plans covering different segments of health care: Strategic plan for public health development for the period 2013-2015 (p. 42), Strategic plan for palliative care development in Republic of Croatia for the period 2014-2016 (p. 31), National plan of development of clinical hospital centers, clinical hospitals, clinics, and general hospitals in Republic of Croatia for the period 2014-2016 (draft, pp. 30-33).

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					National plan of development of clinical hospital centers, clinical hospitals, clinics, and general hospitals for the period 2014-2016 is to be adopted by the Government of Croatia in June 2014 and by the Croatian Parliament in July 2014
T09.3-Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	Partially	5. A Member State or region has adopted a framework outlining available budgetary resources on an indicative basis and a cost-effective concentration of resources on prioritised needs for health care.	Yes	State budget of the Republic of Croatia for 2014, with projections for 2015 and 2016 (OG No. 152/13 and 39/14) Ministry of Health Strategic Plan for the period 2014-2016	Short- and mid-term budgetary resources framework, outlining available resources for health care, is provided in the State Budget (OG 152/13, pp. 188-198, OG 38/14, pp. 134-140) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_152_3213.html , http://narodne-novine.nn.hr/clanci/sluzbeni/dodatni/429690.pdf) and the Ministry of Health Strategic Plan for the period 2014-2016, which is updated annually. Ministry of Health Strategic Plan for the period 2014-2016 defines general and specific goals in health sector and provides a link between those goals and the budgetary resources (Table 8, pp. 28-26), demonstrating the concentration of the resources for achievement of defined goals. http://www.zdravlje.hr/programi_i_projekt

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					i/nacionalne_strategije
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	No	7. encourage the development of "transversal skills", including entrepreneurship in relevant higher education programmes;	No		<p>This particular issue will be addressed through the implementation of the measures in Strategy for Education, Science and Technology such as: : improvement of study programmes by consistent implementation of Bologna process, harmonizing the number and profile of study programmes in line with labour market needs (ensuring integration and bigger scope of transversal competences in study programmes), improvement of student standard placing focus on social dimension of studying; internationalization of higher education, More detailed measures are listed in the Strategy for Education, Science and Technology – Section: Higher Education-p 102 – 103 (measures no: 1.1.1, 1.2.1. and 1.2.2.)</p> <p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p>
T10.2-Higher education: the existence of a national or regional strategic policy framework for	No	8. reduce gender differences in terms of academic and vocational choices.	No		Based on data provided in national Eurostudent report, female students make up 56% of all tertiary level students,

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increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.					<p>whereas male students make up 44%. In this respect particular measures are foreseen on the basis of criteria of socio-economic status and other criteria relevant for vulnerable groups .</p> <p>Socijalna i ekonomska slika studentskog života u Hrvatskoj: nacionalno izvješće istraživanja EUROSUDENT za Hrvatsku, Institut za razvoj obrazovanja Zagreb 2011. Research available at: http://public.mzos.hr/Default.aspx?sec=2254</p> <p>Free education at higher education public institutions has been ensured for successful and regular students in the 2012/2013, 2013/2014 and 2014/2015 academic years.</p> <p>According to the Constitution (Article 66), in the Republic of Croatia, everyone shall have access to education under equal conditions and in accordance with his/her aptitudes. The Constitution, as well as the recent judgement by the Constitutional Court in relation to the requirements for enrolment in secondary education, (which additionally confirms constitutional right to equal access to education in Croatia in accordance with candidate's ability), prevent an unequal treatment of the candidates in the context of enrolment into education, and thus on the basis of gender.</p> <p>Gender imbalances are currently not seen</p>

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					as specific issue to be addressed
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	No	1. A national or regional strategic policy framework for tertiary education is in place with the following elements:	No		<p>Draft Strategy for Education, Science and Technology encompasses relevant interventions and measures in the following areas: Lifelong learning, Early Childhood Education and Care, Pre-tertiary Education, Higher Education as well as Adult Education. The draft Strategy includes Action plan for the implementation of each identified measure (the Action plan identifies responsible institution/s for the implementation of each measure as well as timeframe and indicators of achievement)</p> <p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p> <p>The draft Strategy complies with all the criteria of the EAC, but the EAC is considered as non-fulfilled because the Strategy is not yet adopted</p>
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency	No	2. where necessary, measures to increase participation and attainment that:	No		The draft Strategy for Education, Science and Technology aims to introduce financing for underrepresented groups and support for disabled students (measures 6.1.2., 6.2.1. – 6.2.3., 6.4.1. - 6.4.7. of the

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within the limits of Article 165 TFEU.					Strategy). https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	No	3. increase higher education participation among low income groups and other under-represented groups with special regard to disadvantaged people, including people from marginalised communities;	No		<p>The draft Strategy for Education, Science and Technology aims to introduce financing for underrepresented groups and support for disabled students (measures 6.1.2., 6.2.1. – 6.2.3., 6.4.1. - 6.4.7. of the Strategy). https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p> <p>A national research was implemented related to socio-economic situation of student life in Croatia (EUROSTUDENT). Information related to social profile of students is available at p. 3 (Socijalna i ekonomska slika studentskog života u Hrvatskoj: nacionalno izvješće istraživanja EUROSTUDENT za Hrvatsku, Institut za razvoj obrazovanja</p> <p>Zagreb 2011. Research available at: http://public.mzos.hr/Default.aspx?sec=22540</p> <p>National Foundation for Support to Student Standard provides annual scholarships to different student categories (including students with disabilities, Roma minority students, social welfare students, etc....)</p>

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					<p>Ordinance on conditions for gaining rights to state scholarship (OG 15/13) Information related to Call for scholarships: http://public.mzos.hr/Default.aspx?sec=3532</p> <p>One of the goals of the draft Strategy for Education, Science and Technology is to provide a satisfactory spatial and information and communication resources of HE institutions. Ensuring necessary infrastructure will be one of the priorities in the field of higher education and science. (measures 5.1.1, 5.1.2, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5 of the Strategy)</p>
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	No	4. reduce drop-out rates/improve completion rates;	No		Preliminary analysis shows that the main reasons for dropping out are the lack of adequate competences when entering higher education, decline in student motivation or insufficient resources to study (Social inclusion of Higher Education in Croatia by Thomas Farnell, Teo Matković, Karin Doolan, Mirna

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					<p>Cvitan, 2014 (Institute for Education Development)</p> <p>Report available at: http://www.iro.hr/hr/publikacije/socijalna-ukljucivost-visokog-obrazovanja-2014/)</p> <p>The document on the performance analysis / drop-out is planned to be made. Based on the data that will be collected during several years, a comprehensive analysis of the performance of students will be made, according to the area of study in order to evaluate the system of subsidies at national level and increase its efficiency. At the institutional level, measures will be defined, within the funding agreements that higher education institutions should take to reduce dropouts and increase graduation.</p> <p>The three-year pilot of funding agreements (programme contracts) were concluded in 2012 in consultation with all public higher education institutions which defined shortening of the period of studying as one of the five main goals. In 2015 it is planned to sign the new funding agreements, in which the emphasis will also be on the strategic priority of reducing the time of study.</p>

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					<p>In 2013, the Law on Science and Higher education has been amended in order to be able to contract funding agreements with HE institutions (Article 109, paragraph 6). http://public.mzos.hr/Default.aspx?sec=2127</p> <p>YGIP – STEM</p> <p>Key objective: To introduce measures aimed at increasing enrolment rate into tertiary education in STEM and ICT fields (through remedial MOOCs (Massive open online courses) http://www.mrms.hr/wp-content/uploads/2014/04/implementation-plan-yg.pdf</p> <p>Measure 1.2.6. of the Strategy for Education, Science and Technology aims to encourage completion of studies within the prescribed completion period, while ensuring the quality and accessibility of study programmes and achieving learning outcomes. (Draft Strategy – pp. 104)</p> <p>Better efficiency regarding measure 1.2.6. means reducing the duration of the study and increasing the completion of studies.</p>

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					<p>(Draft Strategy – pp. 101 – 102) . Targeted actions to categories of students who are most vulnerable and who are in risk to drop out higher education (measures in the draft Strategy for Education, Science and Technology : 1.3.2, 6.1.2., 6.2.4., 6.3.1., 6.4.1., 6.4.5.) and measures of the CES in the draft OP ESF under IP 8.11.</p> <p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p>
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	No	5. encourage innovative content and programme design;	No		<p>Based on the provisions of the Croatian Qualifications Framework Act, quality assurance and development in science and higher education via procedures of initial accreditation, re-accreditation, thematic evaluation and audit status, activity and organisation of the Agency for Science and Higher Education (ASHE) as a public institution of the Republic of Croatia tasked with quality assurance and development in science and higher education, and role of other institutions in the Republic of Croatia tasked with quality assurance and development in science and higher education (Croatian Qualifications Framework Act (OG, 22/2013).</p> <p>By implementing procedures and</p>

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					<p>implementation steps under the CROQF as envisaged by the National Reform Programme the content and the quality of programmes currently implemented will be revised and improved (see NRP Croatia 2014. – page 29).</p> <p>2013 Economic Programme of Croatia: http://www.mfin.hr/adminmax/docs/2013%20Economic%20Programme%20of%20Croatia.pdf</p> <p>National Reform Programme 2014.</p> <p>The Agency for Science and Higher Education carries out part of the procedure of initial accreditation of higher education institutions, pursuant to the Act on Quality Assurance in Science and Higher Education (OG 45/09) and the Ordinance on the Content of a Licence and Conditions for Issuing a Licence for Performing Higher Education Activity, Carrying out a Study Programme and Re-Accreditation of Higher Education Institutions (OG 24/2010). The initial accreditation is carried out in accordance with the Procedure for the Initial Accreditation for Performing Higher Education Activity.</p>

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					Data related to accreditation of study programmes available at: https://www.azvo.hr/index.php/en/vrednovanja/postupci-vrednovanja-u-visokom-obrazovanju/inicijalna-akreditacija-studijskih-programa
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	No	6. measures to increase employability and entrepreneurship that:	No		This particular issue will be addressed through the implementation of the measures in Strategy for Education, Science and Technology. https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	No	1. A strategic policy framework for reinforcing a Member State's public authorities' administrative efficiency and their skills with the following elements are in place and in the process of being implemented:	No		TO11.1 is covering specific target groups: state administration, local administration, public administration, judiciary and others. The Strategy of Modernization of Public Administration 2014-2020 is currently in the phase of Public consultations that will last till 31 October 2014. After the consultation the Strategy will be given to the relevant governmental bodies to provide feedback. By the end of 2014 the Strategy will be submitted for adoption by the government Decision.

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>With the adoption of the government decision, expected by the end of this year and taking into account the timeline envisaged for its implementation, at this point the ministry of public administration can confirm that each of its elements will start with its implementation in the second half of 2015.</p> <p>The Strategy of the Development of the Judiciary 2013 – 2018 determines the priorities and goals whose implementation will ensure a stable and secure environment for a faster and more efficient operation of judicial bodies in the Republic of Croatia.</p> <p>Based on an analysis of the current and past efforts and on an assessment of the fulfilment of the set up activities, the Strategic (Action) Plan for the two-year period is regularly updated (http://www.mprh.hr/reforma-pravosuda). By the end of the validity of the Strategy, the new (updated one) will be adopted with the measures contributed to the further development of the justice sector.</p>

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T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	No	2. an analysis and strategic planning of legal, organisational and/or procedural reform actions;	No		<p>The Strategy of Modernization of Public Administration 2014-2020 is currently in the phase of Public consultations that will last until the 31st of October 2014. After the consultation the Strategy will be given to the relevant governmental bodies to provide feedback. By the end of 2014 the Strategy will be submitted for adoption by the government Decision. In this respect the analyses of its legal, organizational and procedural elements is still underway and could be altered in the finalization phase. Currently the analyses is covering organizational and procedural part through analysis of its public services and current development and management of human resources in the civil service and in local and regional government</p> <p>In the Strategy MOPA there are three main needs and goals identified and respective analyses investigating its current affairs. The first is the analyses of its procedures and business processes in public administration. The second is the current system of development and management of human resources in the civil service and in local and territorial (regional) self-government. The third one is the analyses of the</p> <p>Public administration system consisting from state administration bodies, legal</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>entities with public authorities and local and regional government.</p> <p>All of the mentioned areas and reform process related and envisaged in the Strategy are consequently supporting the process of reinforcing the efficiency in the public administration</p> <p>There is a mechanism of coordination only for the third element of the Strategy concerning coordination of The Public administration system consisting from state administration bodies, legal entities with public authorities and local and regional government</p> <p>For each of the three main areas identified there are particular measures developed and targets with the relate time frame set, Since the strategy is currently in the consultation phase, after it completion, that will consider taking on board qualitative suggestions form the public and relevant governmental bodies, thus final target and milestones could be altered or revised. The strategy states that no additional financial means in terms of allocation of buget will be needed .</p>

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					<p>Goals of the Strategy of Development of the Judiciary for 2013 – 2018 are primarily the achievement of the highest European standards regarding the independence, impartiality, professionalism and efficiency of the judiciary which entirely justifies the confidence of the citizens and the entire society to whose prosperity it serves, and which is accessible to all without difference and based on the principles of transparency and the rule of law and fully equipped to operate within the European Union.</p> <p>Continuous care in the development of the judicial system shall be ensured through unique and comprehensive mechanisms of assessment and monitoring of the work of all judicial bodies,, timely and efficient allocation of human resources, engagement of all available material resources, analyses of the effects of the conducted measures and strategic planning of the further reform operations and establishment of consolidated instruments over functioning of the system.</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	No	3. the development of quality management systems;	No		<p>The Strategy of Modernization of Public Administration 2014-2020 is currently in the phase of Public consultations that will last till 31 October 2014. After the consultation the Strategy will be given to the relevant governmental bodies to provide feedback. By the end of 2014 the Strategy will be submitted for adoption by the government Decision</p> <p>The Strategy (Chapter 6.1.4.) includes the part referring on relations of public administration and public service users. The modernization of public administration implies the involvement of citizens, civil and private sector in public administration</p> <p>The strategy recognizes need for further development of social relationships and adaptation to democratic standards in the conduct of public services, according to which citizens are no longer considered just passive users of administrative services, but increasingly active participants, requiring the establishment of a new relationship between citizens and government, in which citizens have active role and their participation will improve the quality of government services.</p> <p>Mutual respect, trust and cooperation between citizens and public administration as well as their mutual communication to</p>

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					<p>provide a better and more efficient performance of public services, as well as strengthening the democratic status of citizens must be further encouraged and intensified. Still there is a need for further development of main practice and models within the Strategy since currently the draft recognizes only main needs and gaps and not going in to the detail on how to deliver better services to various stakeholders and enhance their involvement. MOPA has developed a methodology and proposed a project under IPA FFRAC 2012-Development and field implementation of the ICT System for Supervision of the new General Administrative Act (GAPA) to enable reporting on implementation of new General Administrative Procedure Act, i.e.service delivery of the administration.</p> <p>Considering set of actions referring to the establishment or use of already established QMS – Ministry of Public Administration currently does have defined set of actions in the draft Strategy (measure 1.1.Services standardization of public administration as well as 1.3. Simplification of services of public administration and 1.11. Public administration services for business enhancement). Most of the internal tools for establishing of QMS in public administration are already defined in the PIFC law and FMC methodology (link at</p>

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					<p>www.mfn.hr/hr/regulatorni-okvir).</p> <p>The Strategy (Chapter 4.1.2) defines informatization procedure of public bodies – Croatia public administration does not use enough ICT solutions. Reasons for insufficient and inadequate use of ICT are: insufficient developed knowledge of ICT possibilities, insufficient employees education for use of ICT, insufficient number of professional employees with knowledge of business processes and new technologies, too old and inadequate ICT equipment.</p> <p>The goal is to build a modern system of public administration as mutual business, organizational, informational and communicational infrastructure as a way to enable usage and collecting information without users involvement. For delivering and providing of data will be used e-service through the system e-Citizens.</p> <p>The Strategy (Chapter 4.1.3.) - Access to information – Act on the right of Access to Information establishes information Commissioner as independent body and improves mechanism for supervision. The aim of Croatian government is to stimulate joint action in creation, implementation and monitoring of politics that are of mutual interest to state government, citizens, business sector and civil society.</p>

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					<p>With that aim government wants to stimulate transparency and openness of public authorities work.</p> <p>The direction in which the measures and actions will be taken are: strengthening of democratic processes and usage of the economic potential, transparency and participation of citizen, business sector and civil society in shaping public policies.</p> <p>The Strategy (Chapter 5.1.1.) - Competence of employees in public administration – Management and development of HRM system is to complex, burdened with unnecessary processes and, in certain cases inapplicable. The functions of the management and development of HRM system are not standardized (recruitment, installation, training, performance evaluation and efficiency, promotion, remuneration, termination of service) and are not applicable to the whole public administration. Current classification system does not enable employees advancement and career development but is based on knowledge of employees and work experience. The Strategy foresees a merit based career development. (Chapter 5 - link at http://www.uprava.hr/UserDocsImages/Savjetovanja%20sa%20zainteresiranom%20javno%C5%A1%C4%87u/2014/Strategija</p>

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					<p>%20razvoja%20javne%20uprave/Prijedlog%20strategije%20razvoja%20javne%20uprave%202014.-2020..pdf).</p> <p>Croatia has implemented the Registry of employess in the public sector with information needed for HR management thus making it possible to manage the workforce.</p> <p>MOPA implemented the project for establishing competency framework. (IPA FFRAC 2010 - Support to strengthening administrative capacity through development of the competency framework in civil service).</p> <p>The Strategy (Chapter 5.1.4.) – Ethics in Public Administration – Successful public administration needs integrity, objectivity and efficiency of employees. Croatia needs to establish unique system of standards of behaviour of employees.Ethical beviour is defined in Civil Servants (http://narodne-novine.nn.hr/clanci/sluzbeni/2012_04_49_1166.htm)Act and Ethical codex(http://www.uprava.hr/UserDocsImages/01022012%20Eti%C4%8Dki%20kodes%20dr%C5%BEavnih%20slu%C5%BEbenika%20PRO%C4%8CI%C5%A0%C4%86ENI%20TEKST.pdf) Act and Ethical codex of civil servants, special codex,other regulations and acts. Ethical codex is</p>

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					<p>applied only on civil servants but need to be expanded on employees in the whole public sector even on State officials.</p> <p>PIFC is a good base for implementing quality management system but it has to be improved which will be done with new Strategy of Modernization of Public Administration.</p> <p>The law defines ways to establish internal audit requirements prescribed by the internal auditor, defines obligations of the internal audit unit, the independence of the internal audit and the internal auditor, compliance, internal audit performance standards, planning and conduct of internal audit and internal audit programs and projects funded by the European Union.</p>
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	No	4. integrated actions for simplification and rationalisation of administrative procedures;	No		Public consultations are currently in process and will last till 31 October 2014. After the consultation Strategy is given to relevant bodies to provide feedback. By the end of 2014 the Strategy will be submitted for adoption by the government Decision.

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>In the Strategy (Chapter 5.1.1.) - Competence of employees in public administration –</p> <p>In public administration, legal and labor relations of employees are not regulated in a uniform manner. Employment, rights, obligations, responsibilities of</p> <p>civil servants are regulated by the Civil Servants Act. Legal and labor relations of employees of civil servants and employees on local and regional (regional) level is regulated Civil Servants and Employees Act on Local and Regional level.</p> <p>While on the other employees in the public administration applies Labour Act. In the future with the acceptance of the new Civil Servants Act rights of civil servants and servants on local and regional level will be unified.</p> <p>Management and development of HRM system is to complex, burdened with unnecessary processes and, in certain cases inapplicable. The functions of the management and development of HRM system are not standardized (recruitment, installation, training, performance evaluation and efficiency, promotion, remuneration, termination of service) and are not applicable to the whole public administration. Current classification system does not enable employees</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>advancement and career development but is based on employees knowledge and work experience. MOPA implemented the project for establishing competency framework. Initial activities in this area started in 2014 with implementation of the IPA 2010 TWL</p> <p>Project "Support to strengthening administrative capacity through development of the competency framework in civil service" in collaboration with the twinning partner - the Dutch Institute for Public Administration. The aim of the project is to increase the efficiency and professionalism of employees in civil service through the development of a methodology for assessing the key competence of civil servants.</p> <p>Development and implementation of human resources strategies and policies covering identified main gaps in this field are anticipated within the Strategy's new proposal (which is in the public consultation process).. Regarding improvement HRM and HRD in public sector in the Strategy will have a part considering development and implementation of HR strategies and policies.</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>This is related to a better reward system. It is identified in the draft Strategy (Chapter 5 - link at http://www.uprava.hr/UserDocsImages/Savjetovanja%20sa%20zainteresiranom%20javno%20razvoja%20javne%20uprave/Prijedlog%20strategije%20razvoja%20javne%20uprave%202014.-2020..pdf. New model assessment and of bill of salaries proposals are made, that is a single legal framework for public sector wages.</p> <p>Due to start of public sector reform (public administration) there is a need to emphasize and implement a business function HRM and HRD in the main control functions off all bodies in a standardized way (who approved, who monitors, etc.).</p> <p>Human Resources Development Strategy in the civil service for the period 2010-2013 (hereinafter: the Strategy) was adopted on 30 December 2009 and Action Plan for the development of human resources in the civil service was adopted on 22 April 2010.</p> <p>In 2010 and 2011 the Ministry of Administration has submitted annual</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>reports to the Croatian Government on the implementation of activities of the Action Plan, which are fully accepted by the conclusions of the Croatian Government.</p> <p>The MoPA will continue to coordinate and monitor the implementation of amendments of the Action Plan of the Strategy and the regular annual report on implementation will be submitted to the Croatian Government.</p> <p>Independence, impartiality and professionalism of the judiciary are one of priorities of the Strategy of the development of the judiciary in the Republic of Croatia for the period 2013-2018. In this area, especially through the reform of the system of entering the judicial profession, appointments, promotions and transfer of judicial officials and establishment of the system of continuous professional training, in the past years an enormous progress has been made, but the system still needs to be encouraged and developed in the upcoming period to ensure functioning of the Croatian justice system as a part of the EU.</p> <p>Greater specialization of the judicial officials and judicial bodies also contributes to bigger efficiency of the system. Through the Judicial academy initial and advanced trainings for judicial officials are conducting as well as lifelong</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					learning.
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	No	5. the development and implementation of human resources strategies and policies covering the main gaps identified in this field;	No		<p>Development and implementation of human resources strategies and policies covering identified main gaps in this field are anticipated within the Strategy's new draft. Regarding improvement HRM and HRD in public sector in the Strategy we will have a part considering development and implementation of HR strategies and policies. It will identify main needs/gaps and goals (targets and milestones) in terms of development and implementation of HR in the civil service and mechanisms for developing and implementing human resources strategies and policies.</p> <p>Regarding improvement HRM and HRD in public sector . The draft Strategy is in process in revising. The draft Strategy contains a chapter of HRM Regarding improvement HRM and HRD in public sector . Current strategy is in process in revising. Development Strategy of PA will be brought it will contain all chapters, also HRM part. It is planned to adopt a new Strategy of Modernization of Public Administration 2014-2020.</p> <p>The first draft of the Strategy was sent to the governing bodies so as to be reviewed and has been commented in March 2014. The draft is currently under second</p>

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					<p>revision. MoPA is actively working on the second draft of the Strategy and supplementing parts according to the comments.</p> <p>This is related to better reward system. It is identified in the amended action plan of HRM strategy for 2013. New model assessment and of bill of salaries proposals are made, that is a single legal framework for public sector wages.</p> <p>Due to start of public sector reform (public administration) there is a need to emphasize and implement a business function HRM and HRD in the main control functions off all bodies in a standardized way (who approved, who monitors, etc.).</p> <p>Human Resources Development Strategy in the civil service for the period 2010-2013 (hereinafter: the Strategy) was adopted on 30 December 2009 and Action Plan for the development of human resources in the civil service was adopted on 22 April 2010.</p> <p>In 2010 and 2011 the Ministry of Administration has submitted annual reports to the Croatian Government on the</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>implementation of activities of the Action Plan, which are fully accepted by the conclusions of the Croatian Government.</p> <p>The MoPA will continue to coordinate and monitor the implementation of amendments of the Action Plan of the Strategy and the regular annual report on implementation will be submitted to the Croatian Government.</p> <p>Using the improved system of training of civil servants through the implementation of the competency framework in all the key functions of human resource management system and recruitment and retention of high-quality civil servants, while taking care of organizational development of public authorities. We will be closer to realization of the ultimate goal of modern and efficient public administration which will provide quality services to its customers. Introducing new, efficient performance appraisal model along with personal development plan in civil service – new Decree on Performance Appraisal</p> <p>Independence, impartiality and professionalism of the judiciary are one of priorities of the Strategy of the development of the judiciary in the Republic of Croatia for the period 2013-2018. In this area, especially through the reform of the system of entering the judicial profession, appointments,</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>promotions and transfer of judicial officials and establishment of the system of continuous professional training, in the past years an enormous progress has been made, but the system still needs to be encouraged and developed in the upcoming period.</p> <p>Conducting the rationalization of judicial bodies' network and changes in their subject -matter and territorial jurisdiction a need occurred for assuring a more uniform distribution and more dynamic transfer of staff from less burdened to more burdened judicial bodies.</p> <p>Greater specialization of the judicial officials and judicial bodies also contributes to bigger efficiency of the system.</p> <p>Efficiency of the judiciary is the most demanding area of strategic planning in our judicial system in professional, material and technical way which at the same time includes resolving problems of reduction of the court backlog and lengthiness of court proceedings, but also ensuring the conditions for resolving new cases in a reasonable time, with full protection of all human rights and the principle of the rule of law.</p> <p>Strategy of Modernization of Public</p>

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					<p>Administration 2014-2020.(draft)</p> <p>Civil Servants Act (Official Gazette 92/05, 107/07, 27/08, 49/11, 150/11, 34/12, 37/13 and 38/13) and implemented regulation</p> <p>Available at:</p> <p>http://www.uprava.hr/UserDocsImages/službenički%20sustav/ZAKON%20O%20DRŽAVNIM%20SLUŽBENICIMA%20PROČIŠĆENI%20TEKST%2009%2004%2013.pdf</p> <p>Action plan to implement HRM strategy in civil service 2010-2013 (http://www.uprava.hr/UserDocsImages/Državna%20služba/2012/211212-Action%20Plan%20HRD%20Strategy.pdf)</p> <p>Civil Service Act (Official Gazette 92/05, 107/07, 27/08, 49/11, 150/11, 34/12, 37/13 i 38/13, http://www.nn.hr/Default.aspx)</p> <p>The Strategy of the Development of the Judiciary for 2013-2018 http://www.mprh.hr/reforma-pravosuda</p> <p>The Strategic (Action) Plan 2014 -2016 http://www.mprh.hr/pstrateski-plan-ministarstva-pravosudap</p> <p>The Judicial Academy Act -Official</p>

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					Gazette 153/09 and 127/10 and link to the Judicial Academy http://www.pak.hr/Default.aspx?sec=16
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	No	6. the development of skills at all levels of the professional hierarchy within public authorities;	No		<p>Public consultations are currently in process and will last till 31 October 2014. After the consultation Strategy is given to relevant bodies to provide feedback. By the end of 2014 the Strategy will be submitted for adoption by the government Decision.</p> <p>In the Strategy (Chapter 5.1.1.)- The existing capacities are not sufficiently developed to satisfy the requirements put before modern public administration that serves citizens.</p> <p>The training of civil servants, officials in local and regional government units and employees in legal entities with public authority is carried by National School for Public Administration (NSPA) whose capacity is not sufficient to cover all the demands that are put before the public administration.</p> <p>To the concept of lifelong learning in</p>

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					<p>public administration is not given enough attention. After formal education the initiative for further education is a result of civil servants personal interest. Based on estimations of the MOPA NSPA is making a yearly estimation of annual trainings (program for managing officers, program for state exams, ICT education...)</p> <p>Development of skills at all levels of the professional hierarchy is anticipated within the Strategy's proposal. In which we have a part considering development of skills at all levels of the professional hierarchy within public authorities, including consideration of organisational learning and knowledge management, needs and goals in terms of training of civil servants and put in place necessary procedures in order to provide implementation of the Action Plan for the Implementation of the Civil Service Human Resources Development Strategy.</p> <p>Appropriate organisation in terms availability of resources, training institutions. Regarding improvement HRM and HRD in public sector . Current Strategy is in public consultation process.</p> <p>Development and implementation of Competences Framework in civil service/local self-government/agencies is</p>

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					<p>to be realised through project IPA FFRAC 2010.</p> <p>Project "Support to the strengthening of administrative capacity through the development of competencies in state Administration in collaboration with the twinning partner - the Dutch Institute for Public Administration. The aim of the project is to increase the efficiency and professionalism of employees in civil service through the development of a methodology for assessing the key competence of civil servants.</p> <p>The proposed amendments implemented in Action Plan were prepared in collaboration with the National School of Public Administration, and the realization of the proposed remaining activities was planned and customized to regular business processes and real implementation capacity of key implementation agencies - the Ministry of Administration and the National School of Public Administration, for the period of last quarter (2012 and 2013), without allocation of additional funds from the budget of the Republic of Croatia.</p> <p>In the Programme of the Croatian Government for mandate 2011- 2015 it is</p>

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					<p>anticipated a system of continuous education of government servants in public administration, changes in behaviour and ways of conducting tasks of state servants. Those are some of key elements of the reform related to better understanding of the role and tasks of the state and especially local officials. Also the Government will insist on improvement of work and mandatory education programs of government officials in the</p> <p>National School of Public Administration. Annual plan is associated with the Strategic Plan of the Ministry of Public Administration for the period 2015 – 2017.</p> <p>The NSPA was established by the Decree on establishment as a public institution and is responsible for in-service training of civil servants, as well as public employees in local and regional self-government bodies and legal entities vested with public authorities.</p> <p>As a public institution responsible for training of all public employees, NSPA is looking for comprehensive approach to training system.</p> <p>There are acts and regulations in force which only partially regulate training</p>

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					<p>system (such as Civil Service Act and Public Servants and Employees in local and regional self-government Act). These acts prescribe the right and obligation of civil servants and public employees in local and regional self-government bodies on training.</p> <p>There is also Regulation about forms, methods and conditions of civil servants training which prescribes categories of training, other forms of education, introductory program for new civil servants as well as status of trainers who are civil servants.</p> <p>The training of public employees in agencies and legal entities vested with public authorities has not been regulated so far by a general act or any strategic document.</p> <p>The status and forms of cooperation with trainers who are other public employees are regulated by NSPA's internal rules. The comprehensive approach to training and in-service training system will be achieved, among other things, by: - by the draft Strategy measure 2.2 Establishment of standardized training system for public administration (link http://www.uprava.hr/UserDocsImages/Savjetovanja%20sa%20zainteresiranom%20javno%C5%A1%C4%87u/2014/Strategija%20razvoja%20javne%20uprave/Prijedlog%20strategije%20razvoja%20javne%20up)</p>

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					<p>rave%202014.-2020..pdf) .</p> <p>The final result should be development of skills of all public employees by developing demand driven programs, based on real current and future needs and increasing the accessibility of training programs.</p> <p>The training system within the justice system is set up under the jurisdiction of the Judicial Academy (JA). The Academy is in charge of developing and implementing initial training of trainees in judicial bodies and the training of future judges and state attorneys through the State School for Judicial Officials, which is an integral part of the Academy. The JA is also in charge of developing and implementing the continuous judicial training of judges, state attorneys and judicial advisors. Moreover, the Academy takes care of the training of judicial trainers and mentors. Being actively involved in the activities of the European judicial training providers, the Academy is aware of the new trends and expectations of the judicial training institutions in the EU Member States in the years to come, particularly in the field of EU law, on-line training and the teaching of foreign languages. Additional efforts will have to</p>

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					be invested in providing training of Croatian judicial officials and employees in these fields.
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	No	7. the development of procedures and tools for monitoring and evaluation.	No		<p>Public consultations are currently in process and will last till 31 October 2014. After the consultation Strategy will be given to relevant bodies to provide feedback. By the end of 2014 the Strategy will be submitted for adoption by the government Decision.</p> <p>In the Strategy (Chapter 6.1.2.) – Planning in Public Administration</p> <p>One of the main shortcomings of the existing administrative system is inadequate supervision of its functioning. Often, the work plans are adopted primarily for formal reasons, i.e. the fulfilment of the obligations prescribed and their implementation is not monitored adequately. The system of indicators exists as part of three years strategic planning but need to be further improved. Monitoring requires a clear division of responsibility for the realization of plans and the effective functioning of the system, as well as promptly responding to any delay in carrying out planned activities. In order to achieve transparency and effectiveness of</p>

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					<p>public administration it is necessary to improve the methodology for strategic planning.</p> <p>Procedures, indicators and tools, including baselines, for monitoring and evaluation will be covered in the Strategy as a special measure.</p> <p>The application of innovative technologies can increase productivity and facilitate the working process and contribute to a bigger efficiency of work of the employees in the judicial system. In this sense the Strategy highlights full establishment of Joint Information System of Land Registry and Cadastre (ZIS) and development and implementation of the Integrated Land Administration System Project (ILAS) and continuation of further development and outspreading of e-registers, records, data bases, practice and knowledge, as well as their associating and interoperability with other systems, and employment of other modern technologies in work and education and the establishment of the integral judicial information system manageable on a consolidated basis.</p> <p>It will contribute to development of procedures and tools for monitoring and evaluation. In addition, it will help to provide reliable and objective data for the</p>

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					EU Justice Scoreboard tool, which is used to compare and to promote effective justice and thereby reinforce economic growth (CEPEJ indicators, implementation of SATURN guidelines).
T04.3-Actions have been carried out to promote the production and distribution of renewable energy sources.	Yes	1. Transparent support schemes, priority in grid access or guaranteed access and priority in dispatching, as well as standard rules relating to the bearing and sharing of costs of technical adaptations which have been made public are in place consistent with Article 14(1), Article 16(2) and 16(3) of Directive 2009/28/EC of the European Parliament and of the Council.	Yes	<p>Relevant energy legislation for support schemes: National Energy Strategy, Electricity market act, Thermal market act, Gas market act, Energy act, the Act on Energy Efficiency and Environmental Protection Fund, the Construction and physical planning act and the National action plans for energy efficiency and renewable energy</p> <p>The relevant information on support schemes can be found on following links:</p> <p>http://www.mingo.hr/default.aspx?id=3196 (Croatian only)</p> <p>http://www.hrote.hr/default.aspx?id=131</p> <p>http://www.hep.hr/oie/en/aboutus/default.aspx</p> <p>http://ops.hep.hr/ops/en/documents/default.aspx</p> <p>http://www.mgipu.hr/default.aspx?id=3969</p> <p>http://www.fzoeu.hr/hrv/index.asp?s=sredstva (Croatian only)</p>	<p>This criterion is applicable both to ERDF and EAFRD.</p> <p>Provisions for support schemes are transposed and regulated by the following acts: National Energy Strategy, Electricity market act, Thermal market act, Gas market act, Energy act, the Act on Energy Efficiency and Environmental Protection Fund, the Construction and physical planning act and the National action plans for energy efficiency and renewable energy. Information about these schemes is available at the websites of the Ministry of Economy, Croatian Market Operator (CEMO), Croatian Electric Utility(HEP), Croatian TSO for electricity (HOPS), Ministry of Construction and Spatial Planning and Energy Efficiency Fund;</p> <p>Priority and guaranteed access to the grid system and priority in dispatching to</p>

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				<p>Electricity Market Act (OG 22/13) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_02_22_358.html</p> <p>Tariff System for the production of electricity from renewable energy sources and cogeneration (OG 63/12)</p> <p>Ordinance on Acquiring the status of eligible electricity producer (OG 67/70)</p> <p>Tariff System for the production of electricity from renewable sources and cogeneration (OG 33/07)</p> <p>Grid Code (OG 36/06)</p> <p>General Conditions for energy supply (OG 14/06)</p> <p>All of those Regulations can be found on http://www.hrote.hr/default.aspx?id=143</p> <p>Standard rules - HOPS</p> <p>http://www.hops.hr/wps/portal/en/web/documents/legislation/secondary</p> <p>Standard rules - ODS</p> <p>http://www.hep.hr/ods/en/customers/default.aspx (ENG)</p> <p>http://www.hep.hr/ods/propisi/Default.aspx (CRO)</p>	<p>electricity of renewables is provided by the Electricity Market Act, Art 5.</p> <p>A number of secondary legal acts provide additional details (technical and market) on the implementation in terms of priority in dispatching:</p> <p>Tariff System for the production of electricity from renewable energy sources and cogeneration</p> <p>Ordinance on Acquiring the status of eligible electricity producer</p> <p>Tariff System for the production of electricity from renewable sources and cogeneration</p> <p>Grid Code</p> <p>General Conditions for energy supply</p> <p>Croatian authorities consider that all necessary secondary legislation is in place.</p> <p>The standard rules relating to the bearing and sharing of cost of technical adaptation are available at the website of HOPS (transmission operator) and ODS (distribution operator).</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
T04.3-Actions have been carried out to promote the production and distribution of renewable energy sources.	Yes	2. A Member State has adopted a national renewable energy action plan consistent with Article 4 of Directive 2009/28/EC.	Yes	National renewable energy action plan http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2013/120_sjednica_vlade_republike_hrvatske/120_2	<p>This criterion is applicable both to ERDF and EAFRD</p> <p>National renewable energy action plan has been adopted in 2013.</p> <p>National 2020 targets in electricity transport and heating & cooling are set in the Chapter 3.2. of the NREAP.</p> <p>List of measures (provides in Chapter 4.1. of the NREAP) sets the responsibilities and target groups for each single measure; follow up description of measures provide more details on the cooperation mode.</p> <p>Measures to develop existing / mobilise new biomass resources are set in the Chapter 4.6 of the NREAP.</p> <p>Measures to fulfil the requirements included in the Articles 13 to 19 of Directive 2009/28/EC are set in the Chapter 4 of the NREAP.</p> <p>The NREAP follows the template provided by the European Commission.</p>

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T07.3-Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.	No	1. The existence of a section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure within the transport plan or plans or framework or frameworks which:	No		Criterion will be partially fulfilled with the adoption of the Interim Transport Strategy (end of October). Action Plan will be established to develop a finalized Strategy.
T07.3-Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.	No	2. complies with legal requirements for strategic environmental assessment;	No		see above

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T07.3-Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.	No	3. sets out a realistic and mature project pipeline (including a timetable and budgetary framework);	No		Existing pipeline not at appropriate level, Action Plan is proposed.
T07.3-Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.	No	4. Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.	No		Measures of appropriate level are not in place, Action Plan is proposed for capacity building.

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T08.6-YEI: The existence of a strategic policy framework for promoting youth employment including through the implementation of the Youth Guarantee.	Partially	1. A strategic policy framework for promoting youth employment is in place that:	Yes	<p>Youth Guarantee Implementation Plan, April 2014 (YGIP) http://www.mrms.hr/wp-content/uploads/2014/04/implementation-plan-yg.pdf</p> <p>Government of Republic of Croatia Conclusion on establishment of YGIP, April 24th 2014 http://www.mrms.hr/wp-content/uploads/2014/04/zakljucak-vlade-rh-gzm.pdf</p> <p>Guidelines for implementation of Active labour market policy measures for 2014 (annual) (Chapter 2, segment 2.5 – Youth Guarantee) http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2013/126_sjednica_vlade_republike_hrvatske/126_10/(view_online)/1#document-preview</p>	<p>YGIP provides a strategic policy framework for promoting youth employment. All of the reforms and initiatives for implementation and promotion of youth employment are supported by Guidelines for implementation of Active labour market policy measures for 2014.</p> <p>Government of Republic of Croatia Conclusion on establishment of YGIP, April 24th 2014</p>
T08.6-YEI: The existence of a strategic policy framework for promoting youth employment including through the implementation of the Youth Guarantee.	Partially	2. is based on evidence that measures the results for young people not in employment, education or training and that represents a base to develop targeted policies and monitor developments;	No		<p>In the Guidelines for implementation of Active labour market measures there are data regarding NEETs (chapter 1, segment 1.4) but also projection of trends in the labour market for the years 2015 and 2016 (chapter 1, segment 1.6) (Guidelines for implementation of Active labour market policy measures for 2014 (annual) (Chapter 2, segment 2.5 – Youth Guarantee) http://www.vlada.hr/hr/naslovnica/sjednice</p>

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					<p>_i_odluke_vlade_rh/2013/126_sjednica_vlade_republike_hrvatske/126_10/(view_online)/1#document-preview YGIP provides data on the NEET group, with an emphases on registered NEETs and a need to establish better data coordination in order to provide quality information on non-active/non registered NEETs, to facilitate creation of focused policies (pages: 3, 6, 8 and 23 of the YGIP)</p> <p>http://www.mrms.hr/wp-content/uploads/2014/04/implementation-plan-yg.pdf</p> <p>Goals under section two of the draft National Youth Programme 2014-2017 envisage a set of measures/actions to tackle the integration of youth in the labour market, including: ensuring conditions for learning at the work place including exchange of good practice with foreign partners; encouraging labour market actors to practice partnership approach to improve conditions for youth employment and entrepreneurship; capacity building for youth CSOs.</p> <p>http://www.mspm.hr/djelokrug_aktivnosti/javna_rasprava/okoncane_rasprave/otvoreno_javno_savjetovanje_sa_zainteresiranom_javnoscu_o_nacrtu_prijedloga_nacionalnog_programa_za_mlade_od_2014_do_2017_godine</p>

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					<p>Forum for lifelong career guidance as a multi-disciplinary and multi-institutional network with the main aim of improving and fostering overall policy and the legal framework of lifelong career guidance in Croatia, which was initiated through the project “CES Services to Clients: Improving LLCG and ICT support, has been formally established in September 2014, following the Decision on establishing the Forum from March 2014;). The National forum will facilitate and support the coordination of and co-operation between the work of stakeholders nationally and regionally and raise public awareness of the importance of lifelong career guidance (National LLCG Strategy for Croatia, 2014-2020, proposed draft; Section 3). One of the priorities in the work of the Forum is the adoption of the LLCG Strategy.</p>
<p>T08.6-YEI: The existence of a strategic policy framework for promoting youth employment including through the implementation of the Youth Guarantee.</p>	<p>Partially</p>	<p>3. identifies the relevant public authority in charge of managing youth employment measures and coordinating partnerships across all levels and sectors;</p>	<p>Yes</p>	<p>Youth Guarantee Implementation Plan, April 2014 (YGIP) http://www.mrms.hr/wp-content/uploads/2014/04/implementation-plan-yg.pdf</p> <p>Government of Republic of Croatia Conclusion on establishment of YGIP, April 24th 2014 http://www.mrms.hr/wp-</p>	<p>YGIP provides detailed information on management and coordinating partnerships across all levels and sectors and involves stakeholders relevant for addressing youth unemployment (section 2.2. Partnership approaches, page 14 of the YGIP). Youth Guarantee Implementation Plan, April 2014 (YGIP) http://www.mrms.hr/wp-</p>

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				<p>content/uploads/2014/04/zakljucak-vlade-rh-gzm.pdf</p> <p>Government Decision on Establishing an Interministerial Task Force for Implementation of Youth Guarantee http://narodne-novine.nn.hr/clanci/sluzbeni/2014_02_20_377.html</p>	<p>content/uploads/2014/04/implementation-plan-yg.pdf</p> <p>Government Decision on Establishing an Interministerial Task Force for Implementation of Youth Guarantee states MLPS as the holder of administrative tasks and operational monitoring and coordination of implementation and development of YG (paragraph 6 of the Decision).</p> <p>MSPY is responsible for the coordination of the National Youth Programme.(Government Decision on Establishing an Interministerial Task Force for Implementation of Youth Guarantee http://narodne-novine.nn.hr/clanci/sluzbeni/2014_02_20_377.html)</p>
T08.6-YEI: The existence of a strategic policy framework for promoting youth employment including through the implementation of the Youth Guarantee.	Partially	4. involves stakeholders that are relevant for addressing youth unemployment;	Yes	<p>Government Decision on Establishing an Interministerial Task Force for Implementation of Youth Guarantee http://narodne-novine.nn.hr/clanci/sluzbeni/2014_02_20_377.html</p>	<p>Government Decision on Establishing an Interministerial Task Force for Implementation of Youth Guarantee states government stakeholders (11 stakeholders) to address this issue (paragraph 3 of the Decision).</p> <p>http://narodne-novine.nn.hr/clanci/sluzbeni/2014_02_20_377.html</p>

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					377.html
T08.6-YEI: The existence of a strategic policy framework for promoting youth employment including through the implementation of the Youth Guarantee.	Partially	5. allows early intervention and activation;	No		<p>YGIP provides detailed information on measures to take place regarding outreach strategies and measures that allow early intervention and activation (section 2.3. Early intervention and activation, page 23 and table 2.3 Key reforms and initiatives to ensure early intervention and activation, page 28 of the YGIP) Youth Guarantee Implementation Plan, April 2014 (YGIP) http://www.mrms.hr/wp-content/uploads/2014/04/implementation-plan-yg.pdf</p> <p>Croatian Employment Service (CES) include “early intervention” activities with pupils (partnership-based holistic approach) in career guidance as an integrated part of its responsibilities to prevent early – school leaving and to play a preventive role as assistance in making proper decisions on the choice of education programs and employment. Once a year CES conducts the Survey of Vocational Intentions of Primary School Pupils and Secondary School Students, on which basis target groups that need specific services of career guidance are defined. The pupils/students are offered an array of services, depending on their</p>

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					<p>individual needs, including information services (group, individual), self-informing through brochures, Internet, computer software for career guidance (My Choice) or vocational counselling services. Career guidance of the pupils/students is conducted through joint efforts of school counsellors and career guidance counsellors of the CES, which ensures adapted individual support and allows for follow-up if needed (National Life-long Career Guidance Strategy for Croatia, 2014-2020, proposed draft, Section 2.10.; Annual CES Work Plan for 2014, Section 5). The National Forum for lifelong career guidance was initiated within the project “CES Services to Clients: Improving Lifelong Career Guidance and ICT Support, implemented in CES from June 2011 to July 2013, gathering relevant stakeholders in the area and establishing communication and cooperation among them. It was within this project and through the cooperative work of all involved stakeholders that the draft National LCG Strategy was developed (National Life-long Career Guidance Strategy for Croatia, 2014-2020, proposed draft). The continuation of the initiated cooperation and work was ensured through the formalisation of the Forum - the Decision on establishing the Forum was issued on March 24 2014, and the Forum officially established after the constituting session held on September 10</p>

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					2014, led by the Ministry of Labour and the Pension System. The Forum gathers representatives of all relevant ministries, public employment service, agencies in the area of education and mobility, trade unions and employers' association. One of the priorities in the work of the Forum is the adoption of the LLCG Strategy, which is to be done by Q3 2015.
T08.6-YEI: The existence of a strategic policy framework for promoting youth employment including through the implementation of the Youth Guarantee.	Partially	6. comprises supportive measures for access to employment, enhancing skills, labour mobility and sustainable integration of young people not in employment, education or training into the labour market.	Yes	<p>Youth Guarantee Implementation Plan, April 2014 (YGIP) http://www.mrms.hr/wp-content/uploads/2014/04/implementation-plan-yg.pdf</p> <p>Government of Republic of Croatia Conclusion on establishment of YGIP, April 24th 2014 http://www.mrms.hr/wp-content/uploads/2014/04/zakljucak-vlade-rh-gzm.</p> <p>Annual CES Work Plan for 2014 http://www.hzz.hr/UserDocsImages/Godisnji_plan_rada_HZZ-a_za_2014_godinu.pdf</p> <p>Activity Plan for EURES Croatia, VP/2013/004/0041</p>	<p>YGIP provides detailed information on measures to take place regarding supportive measures for access to employment, enhancing skills, labour mobility and sustainable integration of young people not in employment, education or training into the labour market (section 2.4. Supportive measures for labour market integration, page 36 and table 2.4 Key reforms and initiatives to enable labour market integration, page 40 of the YGIP) Specific YGIP measures to encourage schools, including vocational training centres, and employment services to promote and provide continued guidance on entrepreneurship and self-employment for young people (Measure 32), measures to make available more start-up support (Measure 33)</p> <p>http://www.mrms.hr/wp-content/uploads/2014/04/implementation-</p>

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				(not publicly available)	<p>plan-yg.pdf</p> <p>CES redesigned and expanded the existing ALMP measures, which are targeted at raising competences and preparation of young persons for employment and they provide a wider range or forms of employment subsidies, promote workplace training as well as self-employment.</p> <p>Annual CES Work Plan for 2014</p> <p>http://www.hzz.hr/UserDocsImages/Godisnji_plan_rada_HZZ-a_za_2014_godinu.pdf</p> <p>The specific objectives of the EURES Croatia Activity Plan comprise all seven EURES guidelines and therefore proposed activities within the Activity plan serves as a preparation for smooth transition and full functioning of CES within and in collaboration with EURES network, as well as quality provision of EURES services to end-users, namely young people in job-search. Furthermore, all clients are informed about job mobility and the vacancies through enhanced transnational labour mobility (European Job Mobility Portal -EURES). On the</p>

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					other hand, EURES provides information on job vacancies and living and working conditions in Croatia as well, thus enabling a two-way transfer of information on vacancies
T10.4-The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.	No	1. A national or regional strategic policy framework is in place for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU which includes measures for the following:	No		<p>Further steps in implementation of VET reform are envisaged by the measures of the new Strategy for Education, Science and Technology. The reform will be implemented by using the procedures/principles of CROQF. In that way the quality of system and services and relevance in relation to labour market / economy needs will be ensured.</p> <p>Here are the areas of the VET reform as envisaged by the new Strategy:</p> <ul style="list-style-type: none"> <input type="checkbox"/> development and implementation of new curricula (measure 2.4.17.) <input type="checkbox"/> development of national competence standards for teaching professions (measure 4.1.1.) <input type="checkbox"/> conducting analysis of VET programmes taking into account regional developmental needs (measure 7.1.6) <input type="checkbox"/> external evaluation (validation) of qualifications obtained within regular

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					<p>VET system (measure 8.6.5.)</p> <p>Further elaboration of VET system reform will be additionally tackled within the separate strategic document for VET.</p> <p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p>
<p>T10.4-The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.</p>	<p>No</p>	<p>2. to improve the labour market relevance of VET systems in close cooperation with relevant stakeholders including through mechanisms for skills anticipation, adaptation of curricula and the strengthening of work-based learning provision in its different forms;</p>	<p>No</p>		<p>With regard to the provisions of the relevant legislation in terms of partnership with relevant stakeholders based on provisions of Art. 14 of VET Act National VET Council has 17 members – representatives of various national stakeholder organizations</p> <p>(Vocational Education and Training Act (OG 30/09)</p> <p>In the CROQF Act, Article 9 (OG 22/2013), there are different bodies and stakeholders listed that are involved in the development and implementation of the CROQF: The National Council for Development of Human Potential, the ministry responsible for education and science, the ministry responsible for labour, the ministry responsible for</p>

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					<p>regional development and Sector councils (The Croatian Qualifications Framework Act (OG, 22/2013</p> <p>Methodology for development of VET occupational standards, qualifications and curricula (Available at: http://www.asoo.hr/UserDocsImages/projekti/kvalifikacije/eu%20knjige/3%20Metodologija.pdf)</p> <p>Adoption of the Act on CROQF clearly defines the roles of each stakeholder in the process of harmonization of educational politics to the labour market needs (the role of individual ministries, the National Council for Human Resource Development and Sectoral Councils). Interventions in the area of further harmonization of education offer and the needs of labour market will use methodologies and analytical tools initially developed in the framework of IPA (sector profile methodology, methodology for development of occupational standards and qualifications, methodology for development of curricula based on learning outcomes).</p> <p>With regard to the skills forecasting in</p>

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					<p>2014, all information about competences required for performing work on specific jobs will be collected by surveying employers (page 29 in English version of NRP Croatia 2014) while part of short term measures targeting different target groups in order to increase their employability and chances at the labour market will be implemented under the Youth Guarantee Implementation Plan, April 2014 (YGIP) http://www.mrms.hr/wp-content/uploads/2014/04/implementation-plan-yg.pdf</p> <p>With regard to the question of monitoring outcomes in terms of employability and transitions of graduates as a part of Youth Guarantee Implementation Plan a new system for analysing the human resources and skills forecasting is going to be developed (setting up of NEET tracking system and development of Human Resources Register - centralized register which will follow a person from entering the educational system to employment)</p> <p>One of the complementary measure is envisaged by the new Strategy for Education, Science and Technology – measure 3.2.4. http://www.mspm.hr/djelokrug_aktivnosti/javna_rasprava/otvoreno_javno_savjetovanje_sa_zainteresiranom_javnoscju_o_nacrtu_prijedloga_nacionalnog_programa_za_</p>

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					<p>mlade_od_2014_do_2017_godine</p> <p>AVETAE Agency is beneficiary of the project that will further strengthen capacities of VET teachers. Implementation of this project is a first step in the process of establishing efficient and sustainable system of VET teacher training based on clear and measurable competences development supporting mechanisms.</p> <p>The area of improving teacher competences in line with labour market will be additionally tackled within the separate strategic document for VET (teacher work based learning forms) .</p> <p>Support in the frame of providing guidance to different group of users will be ensured through the implementation of National Lifelong Career Guidance Strategy to be adopted in September 2015.</p> <p>Biggest vocational and career guidance reform is establishing a Forum for lifelong professional guidance and career development .</p> <p>Other measures which will support development of this important preventive area are training of LLCG counsellors and</p>

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					<p>youth employment counsellors to provide high-quality support, setting up of e-counselling system in vocational and career guidance to have this kind of possibility available to all at all times (an on-line system of tests that provide one with a career choice by solving a questioner – “My choice”/”Moj izbor”.</p> <p>The system of vocational education in the Republic of Croatia supports work-based learning.</p> <p>Concretely, Croatian legislation acknowledges these work-based learning schemes:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Apprenticeship, exclusively as a part of secondary vocational education, as described by the Craft Act (Official Gazette, Nr. 143/13) and further explained under 2.4.; <input type="checkbox"/> Internship as per article 37 of the Labour Law (Official Gazette, Nr. 149/09, 61/11, 82/12, 73/13) <input type="checkbox"/> Traineeship as per article 41 of the Labour Law (Official Gazette, Nr. 149/09, 61/11, 82/12, 73/13) <input type="checkbox"/> Traineeship as per article 6 of the Employment promotion Act (Official Gazette, Nr. 57/12, 120/12),

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					<p>Development of additional training schemes and forms of work-based learning are envisaged through YGIP measures in close cooperation of social partners, chamber organisations and youth representatives, as well as through National Youth Programme 20014-2017 which is currently in the process of public discussion.</p> <p>http://www.mrms.hr/wp-content/uploads/2014/04/implementation-plan-yg.pdf</p> <p>The new Strategy for Education, Science and Technology (measure 2.4.18.) envisages development of an optimal model for work based learning in VET system and assessment of capacities required for conducting practical training at regional level (measure 7.1.7.).</p> <p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p>
T10.4-The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.	No	3. to increase the quality and attractiveness of VET including through establishing a national approach for quality assurance for VET (for example in line with the, European Quality Assurance Reference Framework for	No		<p>QA in VET system is regulated through the work of the following institutions:</p> <p>National Centre for External Evaluation of Education – performs external evaluation</p>

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		Vocational Education and Training) and implementing the transparency and recognition tools, for example European Credit system for Vocational Education and Training. (ECVET).			<p>of students achievements</p> <p>Agency for Vocational Education and Training and Adult Education – performs external evaluation of VET schools/programmes and monitors self-evaluation conducted at the level of schools.</p> <p>Sectoral Councils – performs external evaluation of occupational standards/qualification standards as a basis for programmes development.</p> <p>Significant progress related to development of Quality Assurance in VET has already been made, especially by development of “E-kvaliteta” tool for self-evaluation.</p> <p>http://e-kvaliteta.asoo.hr/pages/public/login.xhtml</p> <p>The AVETAE Agency joined to EQVET network in 2014 and became national contact point in the area of quality assurance in VET. http://www.asoo.hr/qavet/default.aspx?id=2489</p> <p>The area of further development of VET QA will be additionally tackled within the separate strategic document for VET to be</p>

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					<p>prepared by end 2016.</p> <p>Curricular reform envisaged by the new Strategy for Education, Science and Technology, including curricular reform in VET is based on principle and use of learning outcomes and unified use of procedures and principles defined by Act on CROQF and accompanied by laws. The common reference point for understanding and transferring qualification obtained at any level of education will be learning outcomes. Programmes based on learning outcomes can be validate in relation to learning outcomes defined by relevant qualification standard (SEST page 22)</p> <p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p> <p>VET Strategy envisaged development of the system for ECVET by the end of 2012. The working group for ECVET has been established (info available at) http://www.mobilnost.hr/index.php?id=640)</p> <p>Provisions of Article 7 of VET Act elaborate the system of attributing credits.</p> <p>This criterion related to increasing the attractiveness of VET is partially tackled</p>

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					<p>within measures of YGIP but additional effort are required and will be ensured within the separate strategic document for VET – http://www.mrms.hr/wp-content/uploads/2014/04/implementation-plan-yg.pdf</p> <p>With regard to the issue of promoting excellence in VET, Agency for Vocational Education and Adult Education is responsible for organization and implementation of state competitions in VET.</p> <p>Strategy for Education, Science and Technology envisages measures aimed to promote excellence in VET (e.g. establishing centres of competence in VET - measures 7.1.11., 7.1.12., 7.1.13.) https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p> <p>Both issues will be additionally tackled within the separate strategic document for VET .</p>
T10.3-Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the	Partially	1. A national or regional strategic policy framework for lifelong learning is in place that contains measures:	No		Draft Strategy for Education, Science and Technology introduces lifelong learning as integrated principle on which the whole education should be based upon. This

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
limits of Article 165 TFEU.					<p>concept encompasses learning at all life stages and in all forms, including formal education programs, but also unintentional, unorganized and spontaneous acquisition of knowledge and skills (pages 14-24).</p> <p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p>
T10.3-Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.	Partially	2. to support the developing and linking services for LL, including their implementation and skills upgrading (i.e. validation, guidance, education and training) and providing for the involvement of, and partnership with relevant stakeholders ;	No		<p>Some of the aims as outlined in the Strategy for Education, Science and Technology (section LLL, p.14.; 22) include development of system for validation of formal and non-formal learning. One of the aims as stated in the Strategy (section-Lifelong learning) is to integrate LLL policies with objectives of social, economic, regional and cultural development as well as with employment and social welfare policies. In that respect, one of the measures in the draft Strategy envisages development of database as well as the system for registering and analyzing human resources (in cooperation with other relevant ministries and state agencies).</p> <p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>Additional support in the frame of providing guidance to different group of users will be ensured through the implementation of National Lifelong Career Guidance Strategy (currently in the process of development).</p> <p>The CROQF ACT is adopted (OG 22/2013), Ordinance for recognition and validation of non-formal and informal learning is in process of drafting. The Ordinance will for the first time set up a nation-wide system of recognition of NFIL.</p> <p>In the CROQF Act, Article 9 (OG 22/2013), different bodies and stakeholders that are involved in the development and implementation of the CROQF are listed: The National Council for Development of Human Potential, the ministry responsible for education and science, the ministry responsible for labour, the ministry responsible for regional development and Sector councils.</p> <p>The National Pedagogical Standards for Pre-primary, Primary and Secondary Education were adopted by the Parliament</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>in 2008 and define targets for financial resources, human resources and minimum infrastructure in education.</p> <p>As written in the Strategy for Education, Science and Technology (p.77/78), a network of primary and secondary schools, dormitories and educational programs was adopted (OG 70/11).</p> <p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p>
T10.3-Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.	Partially	3. for the provision of skills development for various target groups where these are identified as priorities in national or regional strategic policy frameworks (for example young people in vocational training, adults, parents returning to the labour market, low skilled and older workers, migrants and other disadvantaged groups, in particular people with disabilities);	No		Strategy for Education, Science and Technology encompasses relevant interventions and measures in the following areas: Lifelong learning, Early Childhood Education and Care, Pre-tertiary Education, Higher Education as well as Adult Education. According to that, in different sections of the Strategy are listed measures for respective target groups: pupils/students at all education levels including pupils/students at a disadvantage, adults and teachers. All measures envisage strong partnerships and cooperation with various relevant stakeholders (i.e. adult education institutions, SMEs, social partners, etc...)

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p> <p>The Act on State Subsidy for Education and Training (OG 109/07) provides a tool through which employers can lower the costs of the education and training of their employees. Expenses recognized by the Act are: tuition rates, costs for seminars, conferences, workshops, trainings and specialisations both in Croatia and abroad, the costs of supporting materials and instructors (OG 109/07).</p>
<p>T10.3-Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.</p>	<p>Partially</p>	<p>4. to widen access to LL including through efforts to effectively implement transparency tools (for example the European Qualifications Framework, National Qualifications Framework, European Credit system for Vocational Education and Training, European Quality Assurance in Vocational Education and Training);</p>	<p>Yes</p>	<p>The Croatian Qualifications Framework Act (OG, 22/2013)</p> <p>Ordinance on the CROQF Register entered into force on 22 May 2014 (OG 62/14);</p> <p>Vocational Education and Training Act (OG 30/09)</p> <p>Adult Education Act (OG 17/07)</p>	<p>The implementation of CROQF will result in a higher degree of employability and it will enable the linking and comparing with other education systems in Europe, and facilitate the mobility, as well as access to further education to citizens and others who have obtained their qualifications in Croatia. (The Croatian Qualifications Framework Act (OG 22/2013).</p> <p>Ordinance on the CROQF Register entered into force on 22 May 2014 (OG 62/14).</p> <p>VET Strategy envisaged development of the system for ECVET by the end of 2012.</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>The working group for ECVET has been established (info available at: http://www.mobilnost.hr/index.php?id=640)</p> <p>Provisions of Article 7 of VET Act elaborate the system of attributing credits. (Vocational Education and Training Act (OG 30/09)).</p> <p>Some of the aims as outlined in the Strategy for Education, Science and Technology (section LLL, p.14) include development of system for lifelong personal and professional guidance taking into account specificities of each educational level as well as development of the system for validation of formal and non-formal learning.</p> <p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p> <p>The Adult Education Act (OG 17/07) recognizes adult education as an integral part of the Croatian education system, thus enabling anyone who had left the formal education system for any reason to re-enter the system and continue his or her education without any limitations.</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>The “State Matura” (SM) examination was developed by the National Centre for External Evaluation of Education (NCEEE) and introduced system-wide in 2009/10. The SM represents a significant achievement for the increased transparency of this educational assessment milestone and has improved access to higher education by replacing most of the higher education entrance exams.</p>
<p>T10.3-Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.</p>	<p>Partially</p>	<p>5. to improve the labour market relevance of education and training and to adapt it to the needs of identified target groups (for example young people in vocational training, adults, parents returning to the labour market, low-skilled and older workers, migrants and other disadvantaged groups, in particular people with disabilities).</p>	<p>No</p>		<p>The implementation of CROQF will result in a higher degree of employability and it will enable the linking and comparing with other education systems in Europe, and facilitate the mobility, as well as access to further education to citizens and others who have obtained their qualifications in Croatia.</p> <p>(The Croatian Qualifications Framework Act (OG, 22/2013) ,Ordinance on the CROQF Register entered into force on 22 May 2014 (OG 62/14).</p> <p>With regard to the skills forecasting, in 2014. All information about competences required for performing work on specific</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>jobs will be collected by surveying employers (page 29 in English version of NRP Croatia 2014) while part of short term measures targeting different target groups in order to increase their employability and chances at the labour market will be implemented under the Youth Guarantee Implementation Plan, April 2014 (YGIP) http://www.mrms.hr/wp-content/uploads/2014/04/implementation-plan-yg.pdf</p> <p>One of the aims as stated in the Strategy for Education, Science and Technology (section-Lifelong learning) is to integrate LLL policies with objectives of social, economic, regional and cultural development as well as with employment and social welfare policies. It is also envisaged to develop models and instruments for anticipation of future requirements for skills and qualifications in line with developmental goals, demographic and migration changes (in cooperation with other relevant ministries and state agencies).</p> <p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p> <p>Based on draft Strategy for Education development of National Curriculum for</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>VET is envisaged. The principles to be applied when developing the Curriculum are: VET flexibility through modularity and extracurricular, integrating acquiring basic skills and competences and more general knowledge in lower grades and postponing professional differentiation in upper grades; ensuring relevance of VET through labour market research and tripartite social partnership, introducing work-based learning models, etc. Strategy under the chapter dealing with pre-tertiary education envisaged measures with the aim to strengthen capacities of teachers and improve their competences. One of the aims (as highlighted in the Strategy) is to develop a comprehensive system of student support which includes early identification of developmental needs, provision of support in learning process, psychological support and career counselling services, etc. Various measures are envisaged in that respect (pp.66-77)</p> <p>https://vlada.gov.hr/sjednice-i-odluke/172-sjednica-vlade-republike-hrvatske/11839/doc/12648</p>
T05.2-Good Agricultural and Environmental Conditions (GAEC): standards for good agricultural and	Yes	1. GAEC standards are defined in national law and specified in the programmes;	Yes	Ordinance on cross-compliances (Official Gazette, No 27/14)	Cross-compliance includes the following requirements and conditions: good agricultural and environmental conditions

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
environmental condition of land referred to in Chapter I of Title VI of Regulation (EU) No 1306/2013 are established at national level					(GAEC) and statutory management requirements (SMR). Good agricultural and environmental conditions and SMRs are defined by the Ordinance on cross-compliances (Official Gazette, No 27/14) which was adopted on the basis of the Act on State Support in Agriculture and Rural Development (Official Gazette No 80/13).
T06.3-Minimum requirements for fertilisers and plant protection products: minimum requirements for fertilisers and plant protection products referred to in Article 28 of Chapter I of Title III of Regulation (EU) No 1305/2013 are defined at national level	Yes	1. minimum requirements for fertilisers and plant protection products referred to in Chapter I of Title III of Regulation (EU) 1305/2013 are specified in the programmes;	Yes	Ordinance on cross-compliances (Official Gazette, No 27/14)	The requirements concerning the use of fertilisers and plant protection products are laid down by the Ordinance on cross-compliance (Official Gazette, No 27/14).
T06.4-Other relevant national standards: relevant mandatory national standards are defined for the purpose of Article 28 of Chapter I of Title III of Regulation (EU) No 1305/2013	Yes	1. relevant mandatory national standards are specified in the programmes;	Yes	Ordinance on the integrated production of agricultural products (Official Gazette, No 137/12) Ordinance on the integrated production of agricultural products (Official Gazette, No 59/14)	Agriculture holders on voluntary basis for the integrated production of agriculture products work in accordance with the ordinance on the integrated production of agricultural products.

(ii) Table: For the applicable general and thematic/fund specific ex-ante conditionalities at national level for which national bodies are responsible and which are completely or partially unfulfilled, indication of the bodies responsible for their fulfilment, the actions to be taken at national level to fulfil these ex-ante conditionalities, and the timeframe for the implementation of such actions (tables).

Applicable general ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
<p>G1. The existence of administrative capacity for the implementation and application of Union anti-discrimination law and policy in the field of ESI Funds.</p>	<p>1. Arrangements in accordance with the institutional and legal framework of Member States for the involvement of bodies responsible for the promotion of equal treatment of all persons throughout the preparation and implementation of programmes, including the provision of advice on equality in ESI fund related activities.</p>	<p>1. Managing authorities will include bodies responsible for the promotion of anti-discrimination and equal opportunities in Monitoring Committees for ESI OPs. Namely, representatives of the Office for Gender Equality and the Office for Human Rights and Rights of Nation Minorities, as well as representatives of ombudsmen in Croatia, and representatives of civil society will be included in MCs.</p> <p>2. Plan for consulting bodies in charge of anti-discrimination and Plan indicating steps to facilitate active involvement of national equality bodies will be elaborated through measures of new Anti-discrimination plan</p> <p>3. Appointment of anti-discrimination coordinators (monitoring and enforcement) at the level of Managing Authorities and Intermediate Bodies with the task of providing support on anti-discrimination issues related to ESI Funds, with defined procedures.</p>	<p>31-Dec-2015</p>	<p>Ministry of Regional Development and EU funds Ministry of Labour and Pension System</p>

Applicable general ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		4. Continuation of practice established in 2007-2013 perspective for addressing horizontal antidiscrimination issues in project application and project implementation		
G1. The existence of administrative capacity for the implementation and application of Union anti-discrimination law and policy in the field of ESI Funds.	2. Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union anti discrimination law and policy.	<p>National Programme for Protection and Promotion of Human Rights for the period 2013-2016 has defined suppression of discrimination as a priority area and has identified a measure number 8.1 which refers to education and trainings on national and EU anti-discrimination and policy. The measure has resulted in development of the programme between Office for Human Rights and Rights of National Minorities and Ombudsman institution. Together with the National School for Public Administration a yearly plan is agreed.</p> <p>Office for Human Rights and Rights of National Minorities in cooperation with National School for Public Administration and bodies responsible for management and control of ESI funds will develop training programmes for staff of the ESI funds' authorities. Training programmes will be envisaged in the new Anti-discrimination Plan.</p>	30-Dec-2016	Office for Human Rights and Rights of National Minorities

Applicable general ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
G2. The existence of administrative capacity for the implementation and application of Union gender equality law and policy in the field of ESI Funds.	2. Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union gender equality law and policy as well as on gender mainstreaming.	<p>Plan needs to be developed for training on gender</p> <p>mainstreaming for staff involved in the implementation of the ESI Funds (MA, IB, CA, AA) at all relevant levels.</p> <p>Staff to be trained on gender mainstreaming, learning process monitored and evaluated. Training activities will be developed and implemented in coordination with the National School for Public Administration, Ministry of Labour and Pension System and the Office for Gender Equality.</p> <p>Expertise needs to be developed to monitor and evaluate interventions from the gender sensitive perspective.</p>	30-Dec-2016	Ministry of Labour and Pension System
G3. The existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC.	1. Arrangements in accordance with the institutional and legal framework of Member States for the consultation and involvement of bodies in charge of protection of rights of persons with disabilities or representative organisations of persons with disabilities and other relevant stakeholders throughout the preparation and implementation of programmes.	Managing authorities will include representatives of bodies and NGO's in charge of protection of rights of persons with disabilities in the Monitoring Committees for ESI OPs. Namely, representatives of Ministry of Social Policy and Youth, Ombudsman for Persons with Disabilities, but also representatives of civil society will	30-Dec-2015	Ministry of Regional Development and EU funds Ministry of Labour and Pension System Ministry of Social Policy and Youth

Applicable general ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>be included.</p> <p>Ministry of Social Policy and youth, as body in charge for policies aimed toward persons with disabilities, is part of the operational structure for OP EHR 2014-2020 and OP CC 2014-2020.</p>		
<p>G3. The existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC.</p>	<p>2. Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of applicable Union and national disability law and policy, including accessibility and the practical application of the UNCRPD as reflected in Union and national legislation, as appropriate.</p>	<p>Ministry of Social Policy and Youth in cooperation with the National School for Public Administration and Managing Authorities for ESI funds will develop training programmes for staff of the ESI funds' authorities. Training programmes will be envisaged in the Operational plan of the implementation of the National Strategy of Equalization of Opportunities for Persons with Disabilities 2016 – 2020.</p>	<p>30-Dec-2015</p>	<p>Ministry of Social Policy and Youth</p>
<p>G3. The existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC.</p>	<p>3. Arrangements to ensure monitoring of the implementation of Article 9 of the UNCRPD in relation to the ESI Funds throughout the preparation and the implementation of the programmes.</p>	<p>Managing authorities will include bodies in charge of protection of rights of persons with disabilities in Monitoring Committees for ESI OPs. Namely, representatives of Ministry of Social Policy and Youth, Ombudsman for Persons with Disabilities, but also representatives of civil society will be included.</p> <p>Ministry of Social Policy and Youth, as body in charge for policies aimed toward persons with disabilities, is part of the</p>	<p>30-Dec-2015</p>	<p>Ministry of Regional Development and EU funds Ministry of Labour and Pension System Ministry of Social Policy and Youth</p>

Applicable general ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		operational structure for OP EHR 2014-2020 and OP CC 2014-2020, and therefore will provide sectoral monitoring.		
G4. The existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	3. Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds.	Delivery of a new PP training plan for the ESIF bodies staff 2014-2020 Setting up an operational network of PP experts and coordinators	30-Jun-2015	Ministry of Regional Development and EU Funds
G4. The existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	4. Arrangements to ensure administrative capacity for implementation and application of Union public procurement rules.	New PP experts recruited in the central body for PP, to ensure an effective and regular PP application in the ESIF programmes and projects	30-Nov-2015	Ministry of Economy
G5. The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	1. Arrangements for the effective application of Union State aid rules.	Set up of a central State aid electronic register in the State aid central body connecting all granting authorities and introduction of an accompanying evaluation system	01-Jul-2016	Ministry of Finance
G5. The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	2. Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds.	Preparing a training strategy/plan related to State aid, Set up of the operational network of State aid experts and coordinators.	30-Jun-2015	Ministry of Finance and Ministry of Regional Development and EU Funds
G5. The existence of arrangements for the effective application of Union State aid rules in the field of	3. Arrangements to ensure administrative capacity for implementation and application of Union State	Needed supplementary State aid experts recruited in the Ministry of	30-Sep-2015	Ministry of Finance

Applicable general ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
the ESI Funds.	aid rules.	Finance (State Aid Unit)		

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
T01.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	1. A national or regional smart specialisation strategy is in place that:	Smart specialization strategy is in process of elaboration. First draft of Smart specialization strategy was submitted for assessment to ex-ante evaluator engaged by EC on 4th April 2014. Preliminary evaluator report was received on 16th May 2014 which was the basis for redrafting of S3. Components related to the monitoring and governance were not drafted at the time of submission of document to ex-ante evaluation, which means that those were not evaluated. Based on Ex-ante evaluator findings S3 strategy has been revised. Non-Formal submission of S3 Strategy to ex-ante evaluator is envisaged by the end of October and to the EC services in November 2014. Redrafting of S3, according to received comments is planned in January 2015. It is envisaged to	30-Jun-2015	Ministry of Economy and S3 Working core team composed of representatives from Ministry of Economy, Ministry of Science, Education and Sport (MSES), Ministry of Entrepreneurship and Crafts (MoEC) and Ministry of Regional Development and EU Funds (MRDEUF), Ministry of Agriculture.

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		submit S3 to EC formal opinion in January 2015. It will be adjusted, taking into consideration EC opinion within 1st quarter of 2015. Formal adoption of the S3 Strategy by the Government (including public consultation process) is envisaged by the end of June 2015. It will be composed of 7 chapters, in line with RIS guide: Analytical part, SWOT analyses, Strategic part, Thematic areas of investments, policy mixes, governance, monitoring and evaluation and budget plan. Advanced draft representing a preliminary basis for investment will be available by the end of January 2015.		
T01.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	2. is based on a SWOT or similar analysis to concentrate resources on a limited set of research and innovation priorities;	Based on ex-ante evaluator findings SWOT analyses as well as basic analyses and selected thematic priorities will be redrafted in a way to be evidence based and to reflect clear linkages and description of selection of priorities and concentration of resources. Consultation process with expert groups is organized, in order to receive expert opinion on SWOT and priority areas selected for investment and stakeholder consultations organized to receive additional inputs. Based on inputs received from experts, SWOT and priority areas will be redrafted and submitted to IMWG (Inter ministerial working group) and SC (Steering Committee) on opinion	30-Jun-2015	S3 Working core team composed of representatives from Ministry of Economy, Ministry of Science, Education and Sport (MSES), Ministry of Entrepreneurship and Crafts (MoEC), Ministry of Regional Development and EU Funds (MRDEUF) and Ministry of Agriculture IMWG and SC

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		for selected priorities (October 2014). Final version of SWOT and priority areas of investments are planned to be submitted to ex-ante evaluator by the end of October 2014. Based on ex-ante evaluation findings SWOT and thematic areas are planned to be revised by January 2015.		
T01.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	3. outlines measures to stimulate private RTD investment;	Based on ex-ante evaluator comments description of delivery mechanism, policy mixes and its explanation how these are tailored to the needs of stakeholders will be adjusted. Third round of partnership consultation and meetings with expert groups and relevant stakeholder was organized during September 2014, in order to receive expert opinion on delivery mechanisms and policy mixes and its correlation with priority areas selected for investment. Partnership consultations are organized to receive additional inputs regarding delivery mechanism and priority thematic areas. Document will be adjusted accordingly. Final opinion from the SC/IMWG is planned to be obtained in October 2014. Document will be sent to ex-ante evaluation by the end of October 2014. Based on ex-ante evaluation, it will be finalized by the end of January 2015.	30-Jun-2015	Core drafting team - Ministry of Economy - SC/IMWG
T01.1. Research and innovation: The existence of a national or regional smart specialisation strategy in	4. contains a monitoring mechanism.	Draft description of monitoring system for S3, including indicators	30-Jun-2015	MoE, MA, IMWG and SC

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.		chosen and governance structure will be submitted to ex-ante evaluator in October 2014. Base on ex-ante evaluation comments it will be finalized by the end of January 2015.		
T01.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	5. A framework outlining available budgetary resources for research and innovation has been adopted.	<p>A framework outlining available budgetary resources for research and innovation will be adopted, indicating various sources of finance and indicative amounts (EU, national and other sources as appropriate).</p> <p>The duration of the framework will be relevant for the 3 year period in accordance to standardized planning process of State budget.</p>	30-Jun-2015	Ministry of Economy, Ministry of Science, Education and Sport (MSES), Ministry of Entrepreneurship and Crafts (MoEC), Ministry of Regional Development and EU Funds (MRDEUF) and Ministry of Agriculture.
T02.1. Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.	1. A strategic policy framework for digital growth, for instance, within the national or regional smart specialisation strategy is in place that contains:	The development of e-Croatia strategy has started in October 2014 by setting up inter-institutional working group (stakeholders from administration and academia) for preparation of E-Croatia Strategy. Advanced draft representing an interim strategy will be available by 30 June 2015. The complete draft Strategy will be publicly presented and public consultation will be held in July 2015. Strategy will be updated in September 2015, according to feedback from consultation event held. Adoption of the Strategy by Government of the Republic of Croatia is planned in by the end of December 2015. It will set up strategic objectives and	31-Dec-2015	Ministry of Public Administration and inter-institutional e-Croatia working group

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		measures related to ICT investments in public sector, while SME Development Strategy of the Republic of Croatia 2013-2020 sets up strategic objectives and measures related to development of ICT products and services in private sector. Objectives in line with the DAE 2020 will be defined. Law on the State information infrastructure requests a coordinated approach to ICT project development in public sector and defines mechanism for monitoring and coordination of all public ICT projects, regardless on the sources of financing. The same mechanism defined by this Law, will be used to identify project pipeline to be financed from ESI funds.		
T02.1. Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.	2. budgeting and prioritisation of actions through a SWOT or similar analysis consistent with the Scoreboard of the Digital Agenda for Europe;	WG will prepare vision of the e-Croatia strategy in line with the DAE 2020 by the end of December 2014. A SWOT and gap analysis will be performed for every defined area: a snapshot of the ICT situation in the public sector will be performed; a desired ICT public sector situation will be envisaged in cooperation with all stakeholders and taking into account sectorial strategies; actions needed to implement the desired status will be outlined; a budgetary analysis will be done; different sources of financing will be envisaged; based on the results, feasible scenarios will be prepared having in mind	31-Mar-2015	Ministry of Public Administration and inter-institutional e-Croatia working group

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		needed financing resources (EU, national and other sources as appropriate);all stakeholders represented in e-Croatia working group will participate in the prioritisation/ elimination process. Based on justifiable decision Ministry of Public Administration will set up priorities for investment within the framework of e-Croatia strategy, by the end of March 2015.		
T02.1. Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.	3. an analysis of balancing support for demand and supply of ICT should have been conducted;	An analysis of ICT demand and supply will be performed by 31 March 2015 with a special attention on age structure, education, income, level of ICT training/skills, employment status, affordability of service, productivity, etc. An analysis of the desired ICT situation in relation to the demand for ICT solutions will be performed. Projects to address ICT training/skills needs and the accessibility of the equipment and Internet in public places will be envisaged, where needed. This will be prepared based on conducted analysis of all mentioned above. Workshops to involve all interested stakeholders will be organized.	31-Dec-2015	Ministry of Public Administration and inter-institutional e-Croatia working group
T02.1. Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including	4. indicators to measure progress of interventions in areas such as digital literacy, e-inclusion, e-accessibility, and progress of e-health within the limits of Article 168 TFEU which are aligned, where appropriate, with existing relevant sectoral Union, national or regional strategies;	Action plan with clear indicators (wherever appropriate indicators used in the Digital Agenda Scoreboard will be used) and a monitoring mechanism system to measure progress of ICT use and its impact on national and regional	31-Dec-2015	Ministry of Public Administration and inter-institutional e-Croatia working group

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
cross border initiatives.		level, will be set up by the end April 2015.		
T02.1. Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.	5. assessment of needs to reinforce ICT capacity-building.	An analysis of the weaknesses in administrative capacity to identify and deliver ICT interventions arising from existing Union, national or regional strategies will be conducted by the end of March 2015. Based on the analysis, an assessment and program with the description of measure to be taken to respond to the needs to reinforce ICT capacity-building will be prepared by the end of May 2015 as to ensure the capacity of intermediate bodies and beneficiaries to identify and deliver those interventions.	31-Dec-2015	Ministry of Public Administration and inter-institutional e-Croatia working group
T02.2. Next Generation Network (NGN) Infrastructure: The existence of national or regional NGN Plans which take account of regional actions in order to reach the Union high speed Internet access targets, focusing on areas where the market fails to provide an open infrastructure at an affordable cost and of a quality in line with the Union competition and State aid rules, and to provide accessible services to vulnerable groups.	1. A national or regional NGN Plan is in place that contains:	Preparation of new Strategy for Broadband Development in the Republic of Croatia for 2016 - 2020 (with Implementation Programme containing detail measures) has started in October 2014 by setting up inter-institutional working group for preparation of Strategy. Mature draft (interim) strategy will be prepared by the end of March 2015. The complete draft Strategy will be publicly presented and public consultation will be held in April 2015. Strategy will be updated in June 2015, according to feedback from consultation event held. Adoption of the Strategy by Government is planned by the end of September 2015. High-speed	31-Dec-2015	Ministry of maritime affairs, transport and infrastructure

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>Internet access targets defined within this Strategy will be aligned with DAE targets- pillar 4. Major topic of Strategy will cover NGN as priority for Government, SWOT, National NGN plan (investments, funding, supply and demand side stimulation, and infrastructure barrier removal), concrete measures/actions, timetable and budget plan.</p> <p>NGN Plans will be put in place according to the action plan presented below in point 2.</p>		
<p>T02.2. Next Generation Network (NGN) Infrastructure: The existence of national or regional NGN Plans which take account of regional actions in order to reach the Union high speed Internet access targets, focusing on areas where the market fails to provide an open infrastructure at an affordable cost and of a quality in line with the Union competition and State aid rules, and to provide accessible services to vulnerable groups.</p>	<p>2. a plan of infrastructure investments based on an economic analysis taking account of existing private and public infrastructures and planned investments;</p>	<p>National Plan for infrastructure investments in NGA access networks (ONP) was prepared in Q4 2013 (public consultation finished in Q1 2014). It was sent to pre-notification to DG COMP in April 2014 – DG COMP ID of programme - SA.38626(2014/PN). Following pre-notification comments from DG COMP, ONP will be sent to notification to DG COMP – expected in Q4 2014. It is envisaged to receive ONP state aid clearance from DG COMP and Government approval by the end June 2015.</p> <p>National program for infrastructure investments in NGA backhaul broadband infrastructure (NP-BBI) covering state aid measures was prepared in Q2 2014 and public</p>	<p>31-Dec-2015</p>	<p>Ministry of maritime affairs, transport and infrastructure</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>consultation was finished on 30. September 2014. NP-BBI will be updated according to feedback from public consultation event held and following the discussions with incumbent and other operators from October-December 2014. It will be finalized and sent to notification procedure to DG COMP by the end of December 2014.. State aid clearance from DG COMP and approval by Government is envisaged by the end of 2015.</p> <p>Advanced draft of NGN plans representing a preliminary basis for investment are already available for access part of the network, and will be available for backhaul part of the network by the end of December 2014.</p> <p>In October 2014 working group has started drafting Act on measures to reduce the cost of deploying high-speed electronic communications networks – transposition of Directive 2014/61/EU. Public consultations, comments analyses, intergovernmental procedure are planned in Q2 2015, while Government adoption and start of Parliament procedure are foreseen in Q3 2015.</p> <p>Note: Some parts of this Directive are already addressed within Regulation regarding measures for development of electronic communications infrastructure and other associated facilities (covering</p>		

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>planning of development of infrastructure with physical (spatial planning rules). Within Implementation program of the Broadband development Strategy 2014-2015, infrastructure mapping has been addressed by measure 1) preparation of database of existing EC infrastructure and other available infrastructure which can be used for broadband networks and 5) preparation of database of planned civil works which contains planned EC infrastructure by the end of 2015.</p>		
<p>T03.1. Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).</p>	<p>3. The specific actions are: mechanism is in place to monitor the implementation of the measures of the SBA which have been put in place and assess the impact on SMEs.</p>	<p>Croatia will make sure that a mechanism is put in place to assess the impact of legislation on SMEs. The mechanism will be regulated / adopted and functional by the end December 2015.</p> <p>Ministry of Entrepreneurships and Crafts as SME policy coordinator will make a proposal for such mechanism to the Government Legislation Office and/or other concerned authorities. It will be analysed whether the mechanism to assess the impact of legislation on SMEs that is currently being developed in MEC could be applied widely across the administration, or whether a different solution should be implemented to enable consistent assessment of legislative impact on SMEs.</p>	<p>31-Dec-2015</p>	<p>Ministry of Entrepreneurship and Crafts as leading ministry</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>The mechanism to assess the impact of legislation on SMEs that is currently being developed in MEC is supported by an ERDF project "BIZIMPACT II", developing tools for the Economic Impact Assessment (EIA) System with a specific focus on the SME sector (SME test), including consultation process for EIA and dissemination of information and awareness-raising in line with best EU practice. The e-consultations (eCon) application is introduced on MEC web site and it will enable entrepreneurs to participate in consultations and directly communicate their opinions on new regulations as well as to participate in their preparation. The results of these consultations (with argumentation on integration or rejection of proposals or comments) shall be published on the MEC web site. The mechanism will be in place and fully applied by the MEC by the end of July 2015.</p> <p>Business Test Panel, created specifically for consultations with SMEs (and partly for the SME Test) will also be put in place by MEC by the end of July 2015.</p>		
T01.2. Research and Innovation infrastructure. The existence of a multi annual plan for budgeting and prioritisation of investments.	1. An indicative multi-annual plan for budgeting and prioritisation of investments linked to Union priorities, and, where appropriate, the European Strategy Forum on Research Infrastructures	Coherence of the ESFRI Roadmap prioritisation with the Smart specialisation strategy will be checked upon S3 completion, since	30-Sep-2015	Ministry of Science, Education and Sport (MSES)

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
	(ESFRI) has been adopted.	the preparation of S3 is still on-going. If, after examination of the coherence is established that ESFRI Roadmap prioritisation does not respond to the needs identified in the smart specialisation strategy, it will be re-examined and if needed, revised.		
T04.1. Actions have been carried out to promote cost effective improvements of energy end use efficiency and cost effective investment in energy efficiency when constructing or renovating buildings.	1. The actions are: measures to ensure minimum requirements are in place related to the energy performance of buildings consistent with Article 3, Article 4 and Article 5 of Directive 2010/31/EU of the European Parliament and of the Council;	Adoption of the updated Technical regulation on energy economy and heat retention buildings will contain energy performance requirements for all types of the buildings, calculated on the basis of cost optimal analysis.	31-Dec-2014	Ministry of Construction and Physical Planning
T04.1. Actions have been carried out to promote cost effective improvements of energy end use efficiency and cost effective investment in energy efficiency when constructing or renovating buildings.	2. The actions are: measures necessary to establish a system of certification of the energy performance of buildings consistent with Article 11 of Directive 2010/31/EU;	Adoption of the New ordinance on energy audit of buildings and energy certification that will, inter alia, prescribe design and content of the new version of energy certificate.	31-Dec-2014	Ministry of Construction and Physical Planning
T04.2. Actions have been carried out to promote high efficiency co generation of heat and power.	1. Support for co-generation is based on useful heat demand and primary energy savings consistent with Article 7(1) and points (a) and (b) of Article 9(1) of Directive 2004/8/EC;	Preparation and adoption of Programme for the use of efficiency potential in heating and cooling for the period 2016-2030 according to Directive 2012/27.	01-Jul-2015	Ministry of Economy
T04.2. Actions have been carried out to promote high efficiency co generation of heat and power.	2. Member States or their competent bodies have evaluated the existing legislative and regulatory framework with regard to authorisation procedures or other procedures in order to: (a) encourage the design of co-generation units to match economically justifiable demands for useful heat output and avoid production of more heat than useful heat; and (b) reduce the regulatory and non-	Preparation and adoption of Programme for the use of efficiency potential in heating and cooling for the period 2016-2030 that will include identification and calculation of potential for useful heating and cooling demands, appropriate mechanisms in order to	01-Jul-2015	Ministry of Economy

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
	regulatory barriers to an increase in co-generation.	increase share of high- efficiency cogeneration and identification of existing obstacles and barriers and measures for its minimisations/eliminations.		
T05.1. Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	1. A national or regional risk assessment with the following elements shall be in place:	Adoption of a document containing single risk scenarios and multi-risk scenarios for each main risk (Adoption of the Disaster Risk Assessment for the Republic of Croatia). This action is applicable both to ERDF and EAFRD	31-Dec-2015	Government of the Republic of Croatia
T05.1. Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	2. a description of the process, methodology, methods, and non-sensitive data used for risk assessment as well as of the risk-based criteria for the prioritisation of investment;	Designation of the institutional framework for preparation of the Disaster Risk Assessment (DRA) including designation of the coordinating institution responsible for overall process of preparation of the DRA as well as establishment of the DRA main and risk specific working groups. Within institutional framework described and in accordance with the Risk assessment and mapping methodology main risks shall be identified and endorsed (i.e. risks which will be analyzed further on as a priority ones). This action is applicable both to ERDF and EAFRD.	30-Jun-2014	National Protection and Rescue Directorate

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
T05.1. Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	3. a description of single-risk and multi-risk scenarios;	Preparation of a document containing single risk scenarios and multi-risk scenarios for each of the main risks. This action is applicable both to ERDF and EAFRD	31-Dec-2015	National Protection and Rescue Directorate
T05.1. Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	4. taking into account, where appropriate, national climate change adaptation strategies.	Throughout the whole risk assessment process national climate change adaptation strategies and experts will be consulted and address the impact of climate change on all relevant and analysed areas. Stakeholders responsible for climate change are also a part of the main Risk Assessment Working Group. This action is applicable both to ERDF and EAFRD	31-Dec-2015	National Protection and Rescue Directorate
T06.1. Water sector: The existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate contribution of the different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes.	1. In sectors supported by the ERDF, the Cohesion Fund and the EAFRD, a Member State has ensured a contribution of the different water uses to the recovery of the costs of water services by sector consistent with the first indent of Article 9(1) of Directive 2000/60/EC having regard, where appropriate, to the social, environmental and economic effects of the recovery as well as the geographic and climatic conditions of the region or regions affected.	Enactment of the River basin management plan 2016-2021 containing inter alia a) the economic analysis, which will calculate the recovery of costs of water services (including environmental and resource costs) within the limits of the national definition and b) programme of measures for stimulation of	31-Dec-2016	Ministry of Agriculture in coordination with Croatian Waters

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>instalment of individual meters in old buildings. This (adoption of the RBMP) shall be done by the end of 2015.</p> <p>Additionally as regards meters (individual and shared) a verifiable system of recording (registry), collection and processing of data shall be established.</p> <p>This action is applicable to ERDF/CF.</p>		
<p>T06.1. Water sector: The existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate contribution of the different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes.</p>	<p>2. The adoption of a river basin management plan for the river basin district consistent with Article 13 of Directive 2000/60/EC.</p>	<p>The actions concern completion of the „Program of water status monitoring for 2014-2019“ with monitoring being established and performed in the scope, type and testing method completely aligned with European and national standards and enactment of the River basin management plan 2016-2021 consistent with Article 13 of the Directive 2000/60/EC</p>	<p>31-Dec-2015</p>	<p>Ministry of Agriculture</p>
<p>T06.2. Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly through the development of waste management plans consistent with Directive 2008/98/EC, and with the waste hierarchy.</p>	<p>3. The existence of waste prevention programmes, as required under Article 29 of Directive 2008/98/EC;</p>	<p>Adoption of the National Waste Management Plan 2015-2021 including the National Waste Prevention Programme that will identify waste prevention measures as prescribed by the Article 29 of the Waste Framework Directive.</p>	<p>30-Sep-2015</p>	<p>Ministry of Environmental and Nature Protection</p>
<p>T06.2. Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly through the development of waste management plans consistent with</p>	<p>4. Necessary measures to achieve the targets on preparation for re-use and recycling by 2020 consistent with Article 11(2) of Directive</p>	<p>Definition of the additional measures for achievement of re-use and recycling targets by 2020 on the basis of the assessment of the</p>	<p>30-Sep-2015</p>	<p>Ministry of Environmental and Nature Protection</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
Directive 2008/98/EC, and with the waste hierarchy.	2008/98/EC have been adopted.	currently existing measures. Enactment of those additional measures via adoption of the new National Waste Management Plan 2015-2021		
T07.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	5. a realistic and mature pipeline for projects for which support from the ERDF and the Cohesion Fund is envisaged;	Development of the pipeline (to be in line with Comprehensive Transport Plan)	31-Dec-2016	Ministry of Maritime Affairs, Transport and Infrastructure
T07.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	1. The existence of a comprehensive transport plan or plans or framework or frameworks for transport investment which complies with legal requirements for strategic environmental assessment and sets out:	Adopt Interim Transport Plan- End of October 2014 National Transport Model • Contracting-28 March 2014 • finalisation- March 2016 Comprehensive Transport Plan -2nd Assessment Round (Revised and final Transport Development Strategy) • Procurement of Technical Assistance - June 2015 • Publish Comprehensive Transport Plan including SEA- July-September 2016 • Adopt Comprehensive Transport Plan- December 2016	31-Dec-2016	Ministry of Maritime Affairs, Transport and Infrastructure
T07.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core	2. the contribution to the single European Transport Area consistent with Article 10 of Regulation (EU) No .../2013 of the European Parliament and of the Council, including priorities for investments in:	see above	31-Dec-2016	Ministry of Maritime Affairs, Transport and Infrastructure

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
networks.				
T07.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	3. the core TEN-T network and the comprehensive network where investment from the ERDF and the Cohesion Fund is envisaged; and	see above	31-Dec-2016	Ministry of Maritime Affairs, Transport and Infrastructure
T07.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	4. secondary connectivity;	see above	31-Dec-2016	Ministry of Maritime Affairs, Transport and Infrastructure
T07.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	6. Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.	- Gap Assessment Report and Capacity Building Plan -Q2 2015 -Implementing capacity building measures: Introduction of Project promoters, recruitment in IB, training of staff and beneficiaries, guidance to beneficiaries in project preparation until end 2016.	31-Dec-2016	Ministry of Maritime Affairs, Transport and Infrastructure/Ministry of Regional Development and EU Funds
T07.2. Railway: The existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on railway development in accordance with the Member States' institutional set up (including concerning public transport at regional and local	1. The existence of a section on railway development within the transport plan or plans or framework or frameworks as set out above which complies with legal requirements for strategic environmental assessment (SEA) and sets out a realistic and mature project pipeline (including a	Adopt Interim Transport Plan- End of October 2014 National Transport Model • Contracting-28 March 2014 • finalisation- March 2016 Comprehensive Transport Plan - next Assessment Round (Revised	31-Dec-2016	Ministry of Maritime Affairs, Transport and Infrastructure

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks. The investments cover mobile assets, interoperability and capacity building.	timetable and budgetary framework);	and final Transport Development Strategy) • Procurement of Technical Assistance - June 2015 • Publish Comprehensive Transport Plan including SEA- July-September 2016 Adopt Comprehensive Transport Plan- December 2016		
T07.2. Railway: The existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on railway development in accordance with the Member States' institutional set up (including concerning public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks. The investments cover mobile assets, interoperability and capacity building.	2. Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.	<ul style="list-style-type: none"> - Gap Assessment Report and Capacity Building Plan -Q2 2015 - Implementing capacity building measures: Introduction of Project promoters, recruitment in IB, training of staff and beneficiaries, guidance to beneficiaries in project preparation 	31-Dec-2016	Ministry of Maritime Affairs, Transport and Infrastructure/Ministry of Regional Development and EU Funds
T08.1. Active labour market policies are designed and delivered in the light of the Employment guidelines.	1. Employment services have the capacity to, and do, deliver: personalised services and active and preventive labour market measures at an early stage, which are open to all jobseekers while focusing on people at highest risk of social exclusion, including people from marginalised communities;	<p>1. According to “Draft document on the restructuring of CES” contains measures regarding:</p> <ul style="list-style-type: none"> organizational changes , changes in business processes (specializations) changes in support processes (internal document, not publicly available) <p>Deadline:31 January 2015</p> <p>2.Draft National Life-Long Learning Career Guidance Strategy</p> <p>Deadline:30 September 2015</p>	30-Sep-2015	<p>1.Croatian Employment Service, Ministry of Labour and the Pension System</p> <p>2.Ministry of Labour and Pension System</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
T08.1. Active labour market policies are designed and delivered in the light of the Employment guidelines.	2. Employment services have the capacity to, and do, deliver: comprehensive and transparent information on new job vacancies and employment opportunities taking into account the changing needs of the labour market.	<p>1.A robust model and tool for forecasting future demand for skills and qualifications is envisaged for development through labour market monitoring and analysis system (measure 22, YGIP).</p> <p>Deadline:31December 2016</p> <p>2.To ensure information on the current labour market trends as a basis for career decision , to address skills mismatches and improve digital skills it is envisaged upgrading of LMIS- Labour Market Information System (measure 24, YGIP)</p> <p>Deadline:31January 2016</p>	31-Dec-2016	<p>1.Ministry of Labour and Pension System and Partners. Ministry of Science , Education and Sport, Ministry of Economy, Ministry of Entrepreneurs and Crafts, CES, REGOS</p> <p>2.CES in cooperation with MLPS, Croatian Bureau of Statistics, The State Pension Fund</p>
T08.3. Labour market institutions are modernised and strengthened in the light of the Employment Guidelines; Reforms of labour market institutions will be preceded by a clear strategic policy framework and ex-ante assessment including the gender dimension.	1. Actions to reform employment services, aiming at providing them with the capacity to deliver: personalised services and active and preventive labour market measures at an early stage, which are open to all jobseekers while focusing on people at highest risk of social exclusion, including people from marginalised communities;	<p>1.According to “Draft document on the restructuring of CES” contains measures regarding:</p> <p>organizational changes , changes in business processes (specializations) changes in support processes (internal document, not publicly available).</p> <p>Deadline:31January 2015</p> <p>2.Draft National Life-Long Learning Career Guidance Strategy</p> <p>Deadline:30 September 2015</p>	30-Sep-2015	<p>1.Croatian Employment Service, Ministry of Labour and Pension System</p> <p>2.Ministry of Labour and Pension System</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
T08.3. Labour market institutions are modernised and strengthened in the light of the Employment Guidelines; Reforms of labour market institutions will be preceded by a clear strategic policy framework and ex-ante assessment including the gender dimension.	2. Actions to reform employment services, aiming at providing them with the capacity to deliver: comprehensive and transparent information on new job vacancies and employment opportunities taking into account the changing needs of the labour market.	<p>1.A robust model and tool for forecasting future demand for skills and qualifications is envisaged for development through labour market monitoring and analysis system (measure 22, YGIP).</p> <p>Deadline:31 December 2016</p> <p>2.To ensure information on the current labour market trends as a basis for career decision , to address skills mismatches and improve digital skills it is envisaged upgrading of LMIS- Labour Market Information System (measure 24, YGIP)</p> <p>Deadline:31 January 2016</p>	31-Dec-2016	<p>1.Ministry of Labour and Pension System and Partners. Ministry of Science , Education and Sport, Ministry of economy, Ministry of Entrepreneurs and Crafts, CES, REGOS</p> <p>2.CES in cooperation with MLPS, Croatian Bureau of Statistics, The State Pension Fund</p>
T08.3. Labour market institutions are modernised and strengthened in the light of the Employment Guidelines; Reforms of labour market institutions will be preceded by a clear strategic policy framework and ex-ante assessment including the gender dimension.	3. Reform of employment services will include the creation of formal or informal cooperation networks with relevant stakeholders.	<p>1.Agreement on the exchange of information between CES and the Ministry of Science, Education and Sport in order to establish e-survey on vocational intentions of pupils has been signed.. The survey is expected to be active on-line at the beginning of the 2015</p> <p>2.Draft National Life-Long Learning Career Guidance Strategy</p> <p>Deadline:30 September 2015</p>	30-Sep-2015	<p>1.CES and Ministry of Science, Education and Sport</p> <p>2. Ministry of Labour and Pension System</p>
T09.1. The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	3. contains measures supporting the achievement of the national poverty and social exclusion target (as defined in the National Reform Programme), which includes the promotion of sustainable and quality employment opportunities for people at the highest risk of social exclusion, including people	1.Measures that need to be implemented to achieve goals of the Strategy for combating poverty and social exclusion 2014 – 2020 will be elaborated within a separate Implementation Programme for the	30-Jun-2015	Ministry of Social Policy and Youth

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
	from marginalised communities;	<p>period of three years. Government of Croatia is responsible for adoption of the Programme. First Implementation programme will cover the period of 2014 – 2016. MSPY is in charge for coordination of this process and Government for adoption.</p> <p>Deadline: 31/01/2015</p> <p>2.MSPY is responsible for submitting report on implementation of measures to Government until 30th June every year.</p> <p>Deadline:30/06/2015</p>		
T09.3. Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	1. A national or regional strategic policy framework for health is in place that contains:	<p>1.National plan for the Development of Clinical Hospital Centers, Clinical Hospitals, Clinics, and General Hospitals in Republic of Croatia for the period 2014-2016 (NPDH) is a strategic document covering the development of hospitals and hospital care and the principles of achieving cost-effectiveness in the hospital system. After the current public consultations, it needs to be adopted by the Parliament.</p> <p>Deadline:01/2/2015</p> <p>2.The document is accompanied by the Registry of Hospitals, which includes specific statistical data of every hospital in Croatia. It will be</p>	01-May-2015	<p>1.The Croatian Parliament</p> <p>2.Ministry of Health</p> <p>3.Hospitals under NPDH</p> <p>4.Ministry of Health</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>approved by the minister.</p> <p>Deadline:01/052015</p> <p>3. Within one month of the adoption of the NPDH, all hospitals under the NPDH must submit their implementation plans.</p> <p>Deadline:01/03/2015</p> <p>4. Implementation plans will be approved by the Ministry of Health.</p> <p>Deadline: 01/05/2015</p>		
<p>T09.3. Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.</p>	<p>2. coordinated measures to improve access to health services;</p>	<p>1. National Plan for the Development of Human Resources in Health Care needs to be adopted by the minister.</p> <p>Deadline: 1st March 2015</p> <p>2. National plan for the Development of Clinical Hospital Centers, Clinical Hospitals, Clinics, and General Hospitals in Republic of Croatia for the period 2014-2016 (NPDH) is a strategic document covering the development of hospitals and hospital care and the principles of achieving cost-effectiveness in the hospital system. After the current public consultations, it needs to be adopted by the Parliament.</p> <p>Deadline: 1st February 2015</p> <p>3. The document is accompanied by the Registry of Hospitals, which</p>	<p>01-May-2015</p>	<p>1. Ministry of Health 2. The Croatian Parliament 3. Ministry of Health 4. Ministry of Health 5. Ministry of Social Policy and Youth, Government of the Republic of Croatia</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>includes specific statistical data of every hospital in Croatia. It will be approved by the minister.</p> <p>Deadline:1st May 2015</p> <p>4.The network of Conjoint Emergency Medical Wards in hospitals will be presented in the Registry of Hospitals which accompanies the NPDH. It will be adopted by a ministerial decision.</p> <p>Deadline:1st May 2015</p> <p>5.Strategy on the Rights of Children in the Republic of Croatia 2014-2020 is adopted by the Government as of 25 September 2014. The Strategy will be accompanied by the operational plan, including detailed actions, responsible bodies and deadlines for their implementation, and is to be adopted by the Government.</p> <p>Deadline:1st April 2015</p>		
T09.3. Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	3. measures to stimulate efficiency in the health sector, through deployment of service delivery models and infrastructure;	1.National plan for the Development of Clinical Hospital Centers, Clinical Hospitals, Clinics, and General Hospitals in Republic of Croatia for the period 2014-2016 (NPDH) is a strategic document covering the development of hospitals and hospital care and the principles of achieving cost-effectiveness in the hospital system. After the current public consultations, it needs to be adopted	01-May-2015	<p>1.The Croatian Parliament</p> <p>2.Ministry of Health</p> <p>3.Hospitals under NDPH</p> <p>4.Ministry of Health</p> <p>5.Ministry of Health, Croatian Health Insurance Fund</p> <p>6.Ministry of Health, Croatian Health Insurance Fund</p> <p>7.Ministry of Health</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>by the Parliament.</p> <p>Deadline: 1st February 2015</p> <p>2. The document is accompanied by the Registry of Hospitals, which includes specific statistical data of every hospital in Croatia. It will be approved by the minister.</p> <p>Deadline: 1st May 2015</p> <p>3. Within one month of the adoption of the NPDH, all hospitals under the NPDH must submit their implementation plans.</p> <p>Deadline: 1st March 2015</p> <p>4. Implementation plans will be approved by the Ministry of Health.</p> <p>Deadline: 1st May 2015</p> <p>5. To support the hard infrastructure in the health system, new IT service delivery models and cost-efficiency models are envisaged by the Strategic Plan for e-Health Development. The Strategic Plan is expected to be adopted by the Minister.</p> <p>Deadline: 1st March 2015</p> <p>6. To assess the infrastructure needs of Primary Health Care Centers; the Ministry of Health has, together with the Croatian Health Insurance Fund deployed a questionnaire. The results of this questionnaire will be processed by the end of 2014.</p>		

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>Deadline: 1st January 2015</p> <p>7. The network of Conjoint Emergency Medical Wards in hospitals will be presented in the Registry of Hospitals which accompanies the NPDH. It will be adopted by a ministerial decision.</p> <p>Deadline: 1st May 2015</p>		
<p>T09.3. Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.</p>	<p>4. a monitoring and review system.</p>	<p>The National Health Care Strategy 2012-2020 is currently monitored on an operational level per priority. Further systematic monitoring of the Strategy will be done through the Monitoring Committee established by the minister.</p> <p>A Monitoring Committee will be established by the Minister in November 2014. The task of this Committee is to monitor the implementation and success of the strategy using indicators which will be determined by the MC at their first session which will also take place by January 2015.</p>	<p>01-Jan-2015</p>	<p>Ministry of Health</p>
<p>T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.</p>	<p>7. encourage the development of "transversal skills", including entrepreneurship in relevant higher education programmes;</p>	<p>This particular issue will be addressed through the implementation of the measures in Strategy Section: Higher Education- p 102 – 103 (measures no: 1.1.1, 1.2.1. and 1.2.2.)</p> <p>Strategy for Education, Science and Technology is planned to be</p>	<p>31-Mar-2015</p>	<p>Ministry of Science, Education and Sports</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		adopted by March 2015		
T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	8. reduce gender differences in terms of academic and vocational choices.	Strategy for Education, Science and Technology is planned to be adopted by March 2015.	31-Mar-2015	Ministry of Science, Education and Sports
T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	1. A national or regional strategic policy framework for tertiary education is in place with the following elements:	Strategy for Education, Science and Technology is planned to be adopted by March 2015.	31-Mar-2015	Ministry of Science, Education and Sports
T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	2. where necessary, measures to increase participation and attainment that:	Strategy for Education, Science and Technology is planned to be adopted by March 2015.	31-Mar-2015	Ministry of Science, Education and Sports
T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	3. increase higher education participation among low income groups and other under-represented groups with special regard to disadvantaged people, including people from marginalised communities;	Strategy for Education, Science and Technology	31-Mar-2015	Ministry of Science, Education and Sports
T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	4. reduce drop-out rates/improve completion rates;	Targeted actions to categories of students who are most vulnerable and who are in risk to drop out higher education planned through the following measures: development and implementation of remedial courses, establishment of centres for support to students in higher education, development and implementation of career guidance services at the level of secondary	31-Mar-2015	Ministry of Science, Education and Sports

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		and higher education, investment in student accommodation facilities with priority on ensuring access to dormitories for students who are socially and economically disadvantaged and targeted scholarship policy through the work of the National Trust for support to student standard. This particular issue will be additionally supported through the further development and implementation of career guidance support services. (measures in the draft Strategy for Education, Science and Technology : 1.3.2, 6.1.2., 6.2.4., 6.3.1., 6.4.1., 6.4.5.)		
T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	5. encourage innovative content and programme design;	Strategy for Education, Science and Technology is planned to be adopted by March 2015.	31-Mar-2015	Ministry of Science, Education and Sports
T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	6. measures to increase employability and entrepreneurship that:	This particular issue will be addressed through the implementation of the measures in the Strategy for Education, Science and Technology.	31-Mar-2015	Ministry of Science, Education and Sports
T11.1. The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	1. A strategic policy framework for reinforcing a Member State's public authorities' administrative efficiency and their skills with the following elements are in place and in the process of being implemented:	The Strategy of Modernization of Public Administration 2014-2020 is currently in the phase of public consultations. With the adoption of the government decision, expected by the end of this year and taking in	30-May-2015	MOPA

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		to account the timeline envisaged for it implementation, at this point the ministry of public administration can confirm that each of its element will start with its implementation in the first half of 2015.		
T11.1. The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	2. an analysis and strategic planning of legal, organisational and/or procedural reform actions;	<p>The Strategy of Modernization of Public Administration 2014-2020 is currently in the phase of Public consultations that will last until the 31st of October 2014. After the consultation the Strategy will be given to the relevant governmental bodies to provide feedback. By the end of 2014 the Strategy will be submitted for adoption by the government Decision. In this respect the analyses of its legal, organizational and procedural elements is still underway and could be altered in the finalization phase. Currently the analyses is covering organizational and procedural part through analysis of its public services and current development and management of human resources in the civil service and in local and regional government</p> <p>For each of the three main areas identified there are particular measures developed and targets with the relate time frame set, Since the strategy is currently in the consultation phase, after it completion, that will consider</p>	30-May-2015	MOPA

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>taking on board qualitative suggestions from the public and relevant governmental bodies, thus final target and milestones could be altered or revised. The strategy states that no additional financial means in terms of allocation of budget will be needed</p>		
<p>T11.1. The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.</p>	<p>3. the development of quality management systems;</p>	<p>The assessment of needs of stakeholders is done partially through the various chapters of the Strategy(5.1.1.,5.1.4.,6.1.4.) by tackling particular areas of public administration; services, business process and enhancement of HRM. Still holistic approach analysing main practice and models used is missing. This will be added after finalization of the consultation process.</p> <p>Considering set of actions referring to the establishment or use of already established QMS – Ministry of Public Administration currently does not have completely defined set of actions. We have some actions as segments and in the PIFC law. The Strategy defines actions</p>	<p>30-May-2015</p>	<p>MOPA</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		needed to achieve requirements of the QMS system (customer needs, human resources, planning, processes).		
T11.1. The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	4. integrated actions for simplification and rationalisation of administrative procedures;	Draft of the Strategy has identified the measures for simplification, rationalization and for assessing administrative burden. Development and Field Implementation of the ICT System for Supervision of the new General Administrative Procedures Act (GAPA) to be realized through project IPA FFRAC 2012 - Project objective is to support the Republic of Croatia in further enhancement of reliable, open, transparent and client-oriented public administration as a constituent part of the basic right to good administration and contributing to the standards for citizen centred public services. Overall objective is to - support the Republic of Croatia in further enhancement of reliable, open, transparent and client-oriented public administration as a constituent part of the basic right to	30-May-2015	MOPA

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		good administration and contributing to the standards for citizen centred public services. Purpose of the project is the establishment of a nationwide system for Monitoring the Implementation of GAPA on all administrative levels through a case based decentralised ICT reporting system. Project documentation is currently under preparation.		
T11.1. The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	5. the development and implementation of human resources strategies and policies covering the main gaps identified in this field;	Main needs/gaps and goals have been identified in terms of development and implementation of HR in the civil service have been identified in draft Strategy. In the 5.1.3. chapter of the draft Strategy the mechanism for development have been identified: competencies development, optimal number of employees, better and transparent employment system, carrier development system, merit based salary system, ethical principles. The Action plan for putting in the place of mechanisms will be part of the Strategy.	30-May-2015	MOPA
T11.1. The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	6. the development of skills at all levels of the professional hierarchy within public authorities;	Strategy of Modernization of Public Administration 2014-2020 (proposal) public consultations are currently in process and will last till 31 October 2014. After the consultation the Strategy will be given to relevant bodies to provide feedback. By the end of 2014 the Strategy will be submitted for adoption by the government	30-May-2015	MOPA

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>Decision. The Action plan for putting in the place the mechanisms for training will be part of the Strategy.</p> <p>The comprehensive approach to training and in-service training system will be achieved, among other things, by: - revising aforementioned legal framework regarding in-service training - developing and implementing Public administration training strategy - providing new legal framework for NSPA status in order to strengthen the role and capacities of NSPA. One of the actions in the Strategy will be development of skills of all public employees by developing demand driven programs, based on real current and future needs and increasing the accessibility of training programs. (link at http://www.uprava.hr/default.aspx?id=15049).</p>		
T11.1. The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	7. the development of procedures and tools for monitoring and evaluation.	Strategy of Modernization of Public Administration 2014-2020.(proposal) Public consultations are currently in process and will last till 31 October 2014. After the consultation the Strategy will be given to relevant bodies to provide feedback. By the end of 2014 the Strategy will be submitted for adoption by the government Decision. - - Due to its	30-May-2015	MOPA

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		draft phase the Strategy is currently not covering monitoring and evaluation elements. - procedures, indicators and tools, including baselines, for monitoring and evaluation will be covered in the Strategy as a special measure.		
T07.3. Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.	1. The existence of a section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure within the transport plan or plans or framework or frameworks which:	Adopt Interim Transport Plan- End of October 2014 National Transport Model • Contracting-28 March 2014 • finalisation- March 2016 Comprehensive Transport Plan - next Assessment Round (Revised and final Transport Development Strategy) • Procurement of Technical Assistance - June 2015 • Publish Comprehensive Transport Plan including SEA- July-September 2016 Adopt Comprehensive Transport Plan- December 2016	31-Dec-2016	Ministry of Maritime Affairs, Transport and Infrastructure
T07.3. Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.	2. complies with legal requirements for strategic environmental assessment;	see above	31-Dec-2016	Ministry of Maritime Affairs, Transport and Infrastructure

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
T07.3. Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.	3. sets out a realistic and mature project pipeline (including a timetable and budgetary framework);	Development of the pipeline (to be in line with Comprehensive Transport Plan)	31-Dec-2016	Ministry of Maritime Affairs, Transport and Infrastructure
T07.3. Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.	4. Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.	Gap Assessment Report and Capacity Building Plan -Q2 2015 –Implementing capacity building measures: Introduction of Project promoters, recruitment in IB, training of staff and beneficiaries, guidance to beneficiaries in project preparation	31-Dec-2016	Ministry of Maritime Affairs, Transport and Infrastructure/Ministry of Regional Development and EU Funds
T08.6. YEI: The existence of a strategic policy framework for promoting youth employment including through the implementation of the Youth Guarantee.	2. is based on evidence that measures the results for young people not in employment, education or training and that represents a base to develop targeted policies and monitor developments;	1.YGIP envisages setting up a NEET tracking system (YGIP, measure 8), which will start with a comprehensive analysis of unregistered NEET group, Key objective is to track and analyse youth not registered with PES. Tracking system will be developed at national level Deadline:31 December 2015 2.National Life-long Career Guidance Strategy for Croatia,	31-Dec-2015	1.Ministry of Labour and Pension System 2.Ministry of Labour and Pension System as leading ministry 3.Ministry of Social Policy and Youth

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		2014-2020, Deadline:30 September 2015 3.National Youth Programme 2014-2017 is to be adopted. Deadline:1 January 2015		
T08.6. YEI: The existence of a strategic policy framework for promoting youth employment including through the implementation of the Youth Guarantee.	5. allows early intervention and activation;	Career guidance of the pupils/students is conducted through joint efforts of school counsellors and career guidance counsellors of the CES, which ensures adapted individual support and allows for follow-up if needed (National Life-long Career Guidance Strategy for Croatia, 2014-2020, proposed draft, Section 2.10.	30-Sep-2015	Ministry of Labour and Pension System as leading ministry
T10.4. The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.	1. A national or regional strategic policy framework is in place for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU which includes measures for the following:	1.Further steps in implementation of VET reform are envisaged by the measures of the new Strategy for Education, Science and Technology. The reform will be implemented by using the procedures/principles of CROQF. Deadline for the adoption of the Strategy: 31 March 2015 2.Upon adoption of the Strategy, given the complexity and specificity of vocational education and training, a separate document “Vocational education and training system development programme” will be prepared which will further define the ways of realization of the strategic guidelines .Furthermore, in	31-Dec-2015	1.Ministry of Science, Education and Sports 2.Ministry of Science, Education and Sports

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>the SEST chapter “Early and preschool, primary and secondary education”, a new measure is to be added: development and adoption of the document “VET system development programme”.Responsible institution: MoSES.Implementation: MSES, AVETAE, other ministries dealing with VET, Chamber of Economy, Chamber of crafts, Croatian employment service</p> <p>Deadlinefor separate VET programme:31 December 2015</p>		
<p>T10.4. The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.</p>	<p>2. to improve the labour market relevance of VET systems in close cooperation with relevant stakeholders including through mechanisms for skills anticipation, adaptation of curricula and the strengthening of work-based learning provision in its different forms;</p>	<p>1.Further steps in implementation of VET reform are envisaged by the measures of the draft Strategy for Education, Science and Technology planned to be adopted by March 2015. The reform will be implemented by using the procedures/principles of CROQF. In that way the quality of system and services as well as relevance in relation to labour market / economy needs will be ensured. Deadline:31 March 2015 2.Furthermore, elaboration of measures, stakeholders and deadlines with regard to vocational education and training will be provided in the Vocational education and training system development programme, a separate document, which is planned to be prepared by the end of 2015. This document will take</p>	<p>31-Dec-2015</p>	<p>1.Ministry of Science, Education and Sports 2.Ministry of Science, Education and Sports</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		into account the results of the evaluation of the measures of the VET System Development Strategy 2008-2013 and will include, among above mentioned aspect, measures related to quality and efficiency, monitoring of education and training outcomes in terms of employability and transition of graduates, labour marker relevance, work-based learning, attractiveness of VET, improving teachers' and trainers' competences in line with labour market needs. Deadline: 31December 2015		
T10.4. The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.	3. to increase the quality and attractiveness of VET including through establishing a national approach for quality assurance for VET (for example in line with the, European Quality Assurance Reference Framework for Vocational Education and Training) and implementing the transparency and recognition tools, for example European Credit system for Vocational Education and Training. (ECVET).	1. Further steps in implementation of VET reform are envisaged by the measures of the new Strategy for Education, Science and Technology planned to be adopted by March 2015. The reform will be implemented by using the procedures/principles of CROQF. In that way the quality of system and services as well as relevance in relation to labour market / economy needs will be ensured. Here are the areas of the VET reform as envisaged by the new Strategy : - development and implementation of new curricula (measure 2.4.17.) - development of national competence standards for teaching professions (measure 4.1.1.) - conducting analysis of VET programmes taking into account regional developmental needs (measure 7.1.6) -external evaluation	31-Dec-2015	1.Ministry of Science, Education and Sports 2.Ministry of Science, Education and Sports

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>(validation) of qualifications obtained within regular VET system (measure 8.6.5.) Accordingly, it is clear that further implementation of curricular VET reform will be based on the principles which will be further developed within CROQF which means that we can start with the VET reform while the detailed principles and methodology of CROQF is being developed. This is also aligned with National strategy for vocational education 2007-2013 as it is set in The Strategy of Education, Science and Technology. Deadline:31st March 2015</p> <p>2.Furthermore, elaboration of measures, stakeholders and deadlines with regard to vocational education and training will be provided in the separate document, which is planned to be prepared by the end of 2015. This document will take into account the results of the evaluation of the measures of the VET System Development Strategy 2008-2013 and will include, among above mentioned aspect, measures related to quality and efficiency, monitoring of education and training outcomes in terms of employability and transition of graduates, labour marker relevance, work-based learning, attractiveness of VET, improving teachers' and trainers' competences in line with labour market needs. Deadline:31st</p>		

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		December 2015		
T10.3. Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.	1. A national or regional strategic policy framework for lifelong learning is in place that contains measures:	Strategy for Education, Science and Technology is planned to be adopted by March 2015	31-Mar-2015	Ministry of Science, Education and Sports
T10.3. Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.	2. to support the developing and linking services for LL, including their implementation and skills upgrading (i.e. validation, guidance, education and training) and providing for the involvement of, and partnership with relevant stakeholders ;	<p>1. Ordinance for recognition and validation of non-formal and informal learning is in process of drafting and should be adopted by March 2015. The Ordinance will for the first time set up a nation-wide system of recognition of NFIL.</p> <p>The IT system for the maintenance of the CROQF Register, in which the first qualifications standards and vocational standards will be entered, will be put in place in 2015.</p> <p>Deadline: 31st March 2015</p> <p>2. Additional support in the frame of providing guidance to different group of users will be ensured through the implementation of National Lifelong Career Guidance Strategy</p> <p>Deadline: 30th September 2015</p>	30-Sep-2015	<p>1. Ministry of Science, Education and Sports</p> <p>2. Ministry of Labour and Pension system</p>
T10.3. Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165	3. for the provision of skills development for various target groups where these are identified as priorities in national or regional strategic policy frameworks (for example young people in	The draft Strategy for Education, Science and Technology includes Action plan for the implementation of each identified measure (the	31-Mar-2015	Ministry of Science, Education and Sports

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
TFEU.	vocational training, adults, parents returning to the labour market, low skilled and older workers, migrants and other disadvantaged groups, in particular people with disabilities);	Action plan identifies responsible institution/s for implementation of each measure as well as timeframe and indicators of achievement). Under section Adult Learning, p.138, the following measures are listed: development of new occupational and qualification standards in line with labour market needs, implementation of new verified programmes in the fields which are of strategic importance for Croatia, development and implementation of priority programmes of formal and non-formal learning for citizens without primary education or with lower levels of education, for socially disadvantaged and marginalized citizens, for persons with disabilities, elderly citizens and migrants. Further measures include: free elementary education for adult learners, financial incentives to include unemployed persons in formal educational programmes to obtain a higher level of qualification, encourage mobility of adult learners, promote existing LLL raising awareness events and introduce additional events to promote the importance of LLL.		
T10.3. Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.	5. to improve the labour market relevance of education and training and to adapt it to the needs of identified target groups (for example young people in vocational training, adults, parents returning to the labour market, low-skilled and older workers, migrants and other disadvantaged	1.Strategy for Education, Science and Technology is planned to be adopted by March 2015. One of the aims as stated in the Strategy (section-Lifelong learning) is to integrate LLL policies with	31-Dec-2015	1.Ministry of Science, Education and Sports 2.Ministry of Science, Education and Sports

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
	groups, in particular people with disabilities).	<p>objectives of social, economic, regional and cultural development as well as with employment and social welfare policies. In that respect, one of the measures in the draft Strategy envisages development of database as well as the system for registering and analyzing human resources (in cooperation with other relevant ministries and state agencies). It is also envisaged to develop models and instruments for anticipation of future requirements for skills and qualifications in line with developmental goals, demographic and migrational changes (in cooperation with other relevant ministries and state agencies).</p> <p>According to the new, it is clear that further implementation of curricular VET reform will be based on CROQF principles and methodology as well as that role of the economy and all relevant stakeholders will be taken into account.</p> <p>Deadline:31 March 2015</p> <p>2.Furthermore, elaboration of measures, stakeholders and deadlines with regard to vocational education and training will be provided in the separate document, which is planned to be prepared by the end of 2015.</p> <p>Deadline:31 December 2015</p>		

(iii) Additional information relevant to the assessment of the fulfilment of applicable ex-ante conditionalities and the actions to be taken to fulfil them.

2.4. The methodology and mechanism to ensure consistency in the functioning of the performance framework in accordance with Article 21 of the CPR

The performance framework (PF) constitutes a tool for establishment of clear and measurable milestones and targets to ensure progress in programmes' implementation is made as planned. A set of indicators, milestones and targets that will be used to measure the progress towards the achievement of programmes' objectives has been established for each programme; it includes financial indicators, output indicators and, where appropriate, result indicators, closely linked to the supported policy interventions.

Programming phase: The line Ministries were the main bodies responsible for selecting and setting the appropriate indicators, milestones and targets, whereas the Coordinating Body together with the Managing Authorities (MA) have ensured the coherence of the process. The ex-ante evaluations of the programmes have provided advice on the selection of appropriate milestones and targets. The set of indicators recommended for all ESIF programmes is harmonized by the programming authorities with the support of the ex-ante evaluations. Where possible, milestones and targets have been set and draw on a solid analysis of past experience, programme objectives, and stakeholder input. The ex-ante evaluators noted that the indicator frame is appropriate and that the milestones and targets are realistic, based on reasonable assumptions about the budget and number of projects, and take into account the proposed spread of funding across the priorities and the results targeted. The evaluators recommended a review of the achievement of milestones in 2019 and in 2023.

As regards the EAFRD, the list of 13 pre-defined indicators derived from the EAFRD Common Monitoring and Evaluation System shall be used for the PF. These indicators can be adapted or supplemented by additional indicators to better represent the RDP specificities if needed. An indicator related to the de-mining of agricultural land under EAFRD shall be added since Croatia has identified demining as an important strategic goal for the 2014-2020 programming period.

Monitoring phase: The achievement of the PFs depends on the ongoing monitoring of the progress, assessments and undertaking of remedial actions when needed. The tracking of the progress against the milestones and targets set will be part of the general monitoring system of the programmes. Key steps that each respective MA will undertake in order to contribute to the achievement of the PFs, have been identified as follows:

- Improvement of the existing guidance documents on the preparation and use of indicators and PFs; its preparation and implementation at the level of the programmes;
- Development of guidelines on the utilisation of the performance reserve in line with EU regulations, in a separate document in accordance with other national regulations;
- Conducting series of methodological workshops for representatives of the bodies in the MCS as well as other stakeholders participating in the programming process; and

- Strengthening administrative capacity of units dealing with monitoring, evaluation and financial management and control through trainings and structural reorganisation.

As part of the current Common National rules (CNR) that govern usage of ERDF, ESF and Cohesion Fund in the 2007-2013 period, a set of rules has been developed, some of them are closely linked to performance monitoring. The Coordinating Body has started revising them with an aim to develop **guidelines** including on: the milestones and targets for indicators to be achieved in the 2014–2020 period, the main principles for monitoring of their achievement as well as the actions to be taken in case of underperformance. The basic principles for monitoring the PFs to be provided in these guidelines shall be applicable also to EAFRD and EMFF.

As part of the early detection of potential performance issues, **progress report on the indicator targets should be prepared twice a year**, using reports of the responsible institutions and, where applicable, MIS. The progress in the achievement of set milestones and targets, as well as risks identified, will be subject of the monitoring reports discussed at the level of the relevant MC and with the EC, but also at the level of NCC. Data collection and inputs for relevant reports and in general for monitoring performance framework will be supported by MIS which is intended to be further upgraded in line with the requirements of the CPR.

Upon analysing the progress in reaching the indicators, MAs responsible for the implementation of programme are to inform the CB in cases of significant lagging behind in reaching the mid-term or final targets, as well as on any potential risks engendering achievement of set targets. They should propose the necessary measures for the improvement of the performance.

In order to ensure consistency in the functioning of the performance framework, the CB is to be closely involved in overseeing preparation of all the annual implementation reports by each respective MA, while all ESI Funds' competent authorities will be represented in the MCs.

2.5. An assessment of whether there is a need to reinforce the administrative capacity of the authorities involved in the management and control of the programmes and, where appropriate, of beneficiaries, as well as, where necessary, a summary of the actions to be taken for that purpose

2.5.1 Management and control arrangements

The institutional framework for the management of ERDF, ESF, Cohesion Fund, EAFRD and EMFF, is defined by the Act referred to in Chapter 2.1, establishing: (a) the Management and Control systems at the level of each ESIF programme, (b) the Coordinating Body performing horizontal and coordinating functions for all ESI Funds, and (c) an Independent Audit Body. Based on this Act, the Croatian Government adopted two and is to adopt remaining two decrees which elaborate the rights and obligations stipulated in the Act, and attributing specific Management and Control functions to concrete public (administration) bodies.

For the **OP Competitiveness and Cohesion and OP Efficient Human Resources financed by the ERDF, Cohesion Fund and ESF**, structural design and designation of roles and responsibilities in the MCS for 2014-2020 period is built upon the management system established in previous programming period(s), including the delegation of specific functions to the same level of Intermediate Bodies (IBs), for the purpose of avoiding disarrangements and duplication of implementation system in a restricted timeframe of overlapping of two programming periods, and to facilitate further development of the current administrative capacities and expertise.

Two MAs are established: the MRDEUF for the ERDF/Cohesion Fund programme (OP Competitiveness and Cohesion) and the Ministry of Labour and Pension System (MLPS) for the ESF programme (OP Efficient Human Resources). The distribution of delegated functions in the 2014-2020 MCS is intended to remain predominantly in line with the one established in the 2007-2013 MCS, with minor modifications as needed to further enhance the efficiency of the system and accelerate the entire project management cycle. The number of those IBs is not significantly increased in comparison with the 2007-2013 Management and Control system. IB1s are tasked by the Managing Authorities to monitor the implementation at the programme level [REF #157], whereas the IB2s remain main counterpart with regard to beneficiaries. Gradual modifications to the system could be envisaged in the course of the programming period, in case the real performance indicators indicate such a need.

The Agency for the Audit of European Union Programmes Implementation System continues to act as the independent Audit Authority and Certifying Body for EAFRD, while the functions of the Certifying Authority are being assigned to the Ministry of Finance.

As for the **Rural Development Programme financed by the EAFRD**, the Managing Authority will be the Ministry of Agriculture (MoA). The current IPARD structure is kept, with only minor modification. The Paying Agency for Agriculture, Fisheries and Rural Development (PAAFRD), accredited by the MoA, is a public authority responsible for payments of expenditures, in line with the EU rules [REF #158].

Regarding the **Operational Programme for Fisheries financed by the EMFF**, the 2007-2013 Management and Control structure remains. MoA is designated as the Managing Authority and as the Certifying Authority (different Directorates). A part of both functions is delegated to the PAAFRD.

2.5.2 An assessment of the needs for the reinforcement of administrative capacity of the authorities and beneficiaries taking into account the experience from the previous programming period, including issues identified in evaluations or studies, or raised by the Commission

Appropriate and efficient implementation of ESIF co-financed programmes in Croatia requires an unprecedented administrative effort, both in terms of sufficient staffing as well as administrative and technical capacities, to meet the challenge of effective delivery of the programmes' objectives and a timely absorption of the increased funds. Further efforts are necessary for an effective decision on/and implementation of plans to increase administrative capacity for future cohesion policy implementation, better strategic approach in the development of projects and a more mature project pipeline. The

capacities in terms of specialised administration, including adequate staff resources, both at national, regional and local level should be ensured for the administrations directly involved in the implementation and absorption of ESIF to be more efficient. The effective implementation of the public procurement legislation is essential, both at national and local level. Risk of irregularities, fraud and corruption needs to be addressed as well. These two issues - development of the ESIF management capacities, public procurement and risk of corruption - are subject to two country-specific recommendations in the frame of the 2004 European Semester exercise [REF #159], and require as such strong and swift actions.

Strong guidance is needed from the Coordinated Body and the Managing Authorities to enable synergies of funds while improving co-ordination and the strategic nature of the programmes and their effective implementation towards the expected results, as well as ensure the supervision of delegated functions at programme level. Ownership of policy sectors should be strongly embedded in the relevant line ministries, in parallel with capacity building for policy design and delivery. The EU requirements on result-orientated monitoring and reporting require that sufficient monitoring skills are in place in the Managing Authority and other bodies in the Management and Control System. The evaluation culture should be strengthened in the 2014-2020 period.

Strong support to further develop the capacities of the project beneficiaries is needed, both in terms of information and advice on EU funding opportunities, as well as the preparation, tendering and implementation of the projects.

Staffing in the programme management and control systems - State of play and short term measures

On 31 December 2013, 1322 persons were employed in institutions engaged in management of EU funds in 2007-2013 perspective, of which 557 work on ESF/ERDF/CF programmes, the rest of the staff being engaged in management of components I, II and V of Instrument for Pre-Accession Assistance – IPA). It is envisaged that the staff presently working on the Transition Facility and the IPA Component I projects would, as those instruments will be approaching the closure, gradually be transferred to ESI funds management, in order to put in use that corpus of staff experienced in the EU project management. Furthermore, as present national programmes are to be progressively more and more linked with ESI Funds co-financed interventions, it is envisaged that certain number of experts in charge of those sectorial programmes would gradually be recruited in the Management and Control system.

Due to its roles of the Coordinating Body for the 2014-2020 ESI Funds, and Managing Authority in 2007-2013 and 2014-2020 programming periods, significant increase of workload is expected in the Ministry of Regional Development and EU Funds (MRDEUF). The administrative capacities should be developed through the recruitment in the Ministry, new employment and/or through internal transfer within the state administration, following the decrease in workload under other programmes.

The estimation is that the MRDEUF shall, by the end of 2015, have a need in total for at least 140 persons employed in positions related to management of EU funds – approximately 100 performing the role of MA and approximately 40 performing the role of the CB – reflecting the reduction of CB tasks and proportionate increase of MA tasks,

as well as transfer of staff (from IPA activities, from other MCS institutions which will face decrease of the workload due to changed role in 2014-2020 perspective, from congenial national programmes).

Based on the work-load analysis performed in end 2013/beginning of 2014 as part of the compliance assessment for the 2007-2013 programmes; it was decided to employ additional 30 civil servants in the MRDEUF and 22 civil servants for the MLPS. Employment has started and staff is planned to be assigned to their working positions related to MA functions of the OP Competitiveness and Cohesion and OP Efficient Human Resource by the end of 2014. The remaining part of the staff to be employed is planned to be regulated by the recruitment plan adopted by the Government of Croatia by the end of October 2014 as presented in Chapter 2.5.2 below.

In the **structure for the implementation of OP Competitiveness and Cohesion**, managed by the MRDEUF, out of all 13 IBs, 10 are continuing their engagement in MCS from previous financial perspective (with approximately 250 persons currently assigned to work on the respective activities), while there are 3 IBs, which are newly introduced. It is estimated that by the end of 2015 in total 350 persons will be required in positions related to management of EU funds. Part of the staff required to deal with respective activities is the staff currently employed within the same institutions on national programmes that will become part of the MCS while part of the staff is planned to be recruited through new employment and/or through internal transfer within the state administration.

Under **the OP Efficient Human Resources**, it is planned that two institutions designated as IB2 in the MCS in the 2007-2013 period, shall fully (Agency for Vocational Education and Training and Adult Education) or partially (Croatian Employment Service) merge with the respective line ministries (the former with the Ministry of Science, Education and Sports and the latter with the MLPS, i.e. the MA). With this reorganisation resulting in the reduced number of IBs, MA shall to a certain extent limit the possible demand for additional capacities performing supervision of delegated functions during parallel implementation of programmes for different periods. However, one new IB2 is being introduced (Agency for SMEs, Innovation and Investment - HAMAG-BICRO), as well as 2 new institutions taking the role of IB1 (Ministry of Health, Ministry of Tourism). It is envisaged that by the end of 2016 in total 180 persons will be required in positions related to management of EU funds (as opposed to approximately 140 currently working on respective activities).

In the **MCS for the implementation of RDP**: For the role of Managing Authority, 39 employees are envisaged out of which 26 are currently employed, and full staffing is planned by the end of 2015, in accordance with the established recruitment plan. For the role of the Paying Agency, according to the drafted workload analyses (2015-2017), 215 work posts are planned to be dedicated to EAFRD related functions once full implementation is in place, allocated according to the implementation schedule. Out of the 215 planned work posts, 210 are currently employed and the remaining 5 work posts are planned to be filled by the end of 2014. This will be sufficient to ensure the smooth and timely implementation of the programme, as the administrative burden for the PAAFRD for RDP implementation is significantly less than for IPARD and the application process will be streamlined and simplified through on-line submission and relevant database checks from the point of view of processing. Furthermore, the Paying

Agency has a much bigger organisational structure with 683 systematised work posts and currently employing 667 employees, given its other responsibilities, including the implementation of other EU and nationally funded programmes as well as other delegated tasks; it has a flexible structure which is able to respond to future needs – including short-term needs and ad-hoc solutions for administrative bottlenecks - according to the updated workload analysis during implementation.

In the **MCS for the implementation of the OP for Fisheries**, current situation with working force in the Managing Authority of EMFF is 9 employees. With the new systematization it is envisaged to have additional 10 employees, which will give a total of 19 employees in the MA for EMFF.

As already identified during compliance assessment for 2007-2013, which was carried out in April-September 2013, capacities have to be enhanced in the **Agency for the Audit of European Union Programmes Implementation System**. All staff performing audits should obtain audit certificates and additional staff will be employed. On the contrary, capacities of the **Ministry of Finance** acting as the Certifying Authority in part of the programmes are considered as sufficient to fulfil all given tasks; no further increase in the number of the staff employed is envisaged at this phase.

2.5.3 Summary of the main actions taken or envisaged to reinforce administrative capacity, outlining where technical assistance will be used

2.5.3.1 Reinforcement of the capacities within the MCS bodies

Workload analysis and recruitment plans

New workload analysis are being prepared for the 2014-2020 management and control bodies, where appropriate, taking into account overlapping of activities of the two programming periods. WLAs cover the period 2015-2017 and serve as a basis for preparation of a recruitment plan to be adopted by the Government of Croatia by the end of October 2014 and implemented in short term. In case the updated WLAs show a need for further increase of the number of persons working on the respective activities (i.e. further increase in comparison to the figures from the recruitment plan already in place), a new recruitment plan or amendments of the existing recruitment plan is planned to be adopted by the Government of Croatia and implemented in short term.

The tentative timeline is:

- End of first quarter 2015: detailed OP absorption plan (DOPAP) for each programme covering entire remaining implementation period (2015-2023), encompassing data on all allocations, planned projects and their implementation schedule, including the expected number of calls for proposals or other award procedures, estimated number of applications and contracts to be signed.
- End of second quarter 2015: based on all data aggregated in DOPAP, a strategic work load analysis (SWLA) per institution in the MCS would be prepared, covering the workload for the entire remaining implementation period (2015-2023). It would provide a basis for the preparation of the long-term staff development plans.

In addition to enabling the increase in the number of staff in the respective bodies, the purpose of the recruitment plan is to substitute part of the formal steps to be undertaken by the respective bodies prior to opening of vacancies, thus shortening total time of the recruitment process.

For the implementation of the RDP, following the Evaluation Report on the administrative efficiency of IPARD and in line with its recommendations, an assessment of lessons learnt and the specific requirements for the 2014-2020 period, the MA has assessed its current capacities and gaps and identified the necessary staffing arrangements and organisational structure for the Management of the RDP. The MA has initiated the recruitment strategy for additional staff through internal transfers, planned to be completed by the end of 2014 and the approval of a full recruitment plan which should allow for full staffing needs in the MA to be met by the end of 2015, enabling smooth implementation. A Human Resources Action Plan is currently being finalized based on staffing capacities, needs and skills assessment for both the short and long-term periods, including a triennial Workload analysis. The PAAFRD is currently developing its detailed Workload Analysis for the implementation of the RDP taking fully into account all needs for the closure of IPARD.

Retention of staff and working conditions

The current retention measures should be maintained. This is to be achieved either through (existing) coefficients which distinguish for 30% the salaries of staff involved in the management of EU funds from those of other civil servants salaries, or through (to be potentially introduced) systematic performance management (efficiency appraisal and rewarding) in institutions/units of institutions participating in EU funds management. The current legal framework related to organisation of work and employment in civil service should be revised by the end of the 2nd quarter of 2015 to enable more flexibility in employment of staff. Upgrade of existing system of appraisal and training of staff should be completed by the end of 2015 while improving organisational structures of the bodies for better performance should be a continuous activity.

Measures for the development of the staff skills

Besides internal restructuring of the internal organizational units of the MAs and other MCS bodies for better adaptation of the systems to the requirements of ESI Funds management, the series of training modules, obligatory for all staff involved in EU funds management developed in 2007-2013 should be extended and revised to cover the novelties introduced either by the EU regulatory framework, such as result-oriented management, ITI or anti-fraud measures, and the management of financial instruments which have not been used in the current programmes. Additional training for employees shall be organised to extend their knowledge in the specific fields, such as public procurement, state aid and environmental issues. It is intended to continue with the implementation of trainings permanently in cycles, in two levels (basic and advance) of difficulty, with systematic licensing. The training modules are intended to cover all the specific fields prescribed by the adapted CNR or other rules. They are to be delivered by experienced staff from the MCS, and organised by the CB/MAs.

The following steps are envisaged:

- First quarter of 2015: Basic training of existing and new staff of the MCS bodies;

- End of second quarter 2015: based on results of the strategic workload analysis, preparation of detailed staffing and capacity development plan for the entire remaining implementation period (2015-2023), including training curricula and indication of planned TA support in long-term.

In addition to above mentioned, additional efforts shall be put in raising the share of staff with technical skills among newly employed staff in the Managing Authorities and Coordinated Body, this especially being considered as important for the efficient ex-ante and ex-post controls of the complex public procurements performed by the beneficiaries. To prevent wrong practices in the public procurement, it is envisaged to continue with the application of ex-ante controls of the procurement documents by the staff of the IB2 and MA if considered necessary. However, due to a need for a strict demarcation between the functions of the bodies of the Management and Control System and the responsibilities of the beneficiaries, the purpose of the ex-ante controls is to advise the latter on any problems identified as well as possible outcomes if these are not corrected. As opposed to advisory ex-ante control which is planned to be applied in a limited number of procurement based on the risk assessments methodology of the IB2, ex-post controls of the public procurement are to be applied in 100% of cases. In both cases, controls are performed by the experts trained and licensed in public procurements, whereas licence is subject to expiry in case the expert is not undertaking further specialized trainings on a continuous basis. Number of trained and licensed experts is to be further increased. The same practice of training and licensing is applied to the beneficiaries as well to the staff of the Managing Authority responsible for the supervision of delegated tasks, including the supervision of the proper application of the ex-ante and ex-post controls by the respective IB2s. Dissemination of information on good and bad practices between different practitioners is considered essential for the proper application of public procurement rules. Therefore, an operational network of public procurement coordinators from all bodies of the Management and Control System as well as bodies in charge for the public procurement system in the Republic of Croatia is envisaged.

In relation to obligation of MAs to put in place **effective and proportionate antifraud measures**, an assessment of the effectiveness of existing controls to mitigate the risks related to frauds will be carried by the end of 2014 out by the Coordinating Body and relevant Managing Authorities, ensuring inter-sectorial linkage of all relevant actors as well as modifications of relevant national acts. The focus will be put on key processes, considered as those which are most exposed to specific risks related to fraud, namely: selection of projects, verifications in the implementation stage, payments and related certifications as well as public procurement. In order to ensure that relevant procedures are in place to detect frauds and to take appropriate measures once a suspected case of fraud is detected, after the risk assessment will be completed, anti-fraud measures will be defined to mitigate risks identified as not covered by existing control mechanisms. Having in mind the corruption risks priority area identified for Croatia in the EU Anti-Corruption Report [REF #160], special efforts will be invested into further alignment of implementation of national legal acts regulating public procurement procedures with the Treaty principles.

Standardized procedures (business processes), tools and methods, where appropriate, supported by joint MIS - This is a complementary measure to contribute to the overall efficiency of the MCS through decrease of the workload. It is intended to

continue the use of the corpus of standardized business processes for ERDF, ESF and CF programmes codified in the Common National Rules (CNR), which have been established for 2007-2013 period, and are updated, upgraded and adjusted for the purpose of 2014-2020 programmes. Based on the adapted CNR, the bodies of the MCS are intended to adapt their own Manuals of procedures (MoPs) as internal tools for implementing business processes within their institution. Actions to standardization and simplification of rules shall be applied for other ESIF programmes where appropriate. As support to business processes, IT systems are or are intended to be put in place as described in Chapters 2.6 and 4.1.

2.5.3.2. Reinforcement of the capacities of project beneficiaries

Measures will be undertaken to further support the (potential) beneficiaries in their efforts to enhance the capacities for proper and successful implementation of ESI Funds. Trainings for beneficiaries are to be delivered providing additional knowledge and expertise on **issues of importance for preparation and implementation of projects financed from ESI Funds**. Trainings are intended to primarily focus on the areas of high risk for potential irregularities, such as public procurement and state aid, and on the new instruments such as financial instruments or ITI, and will be generally delivered by the CB, where necessary, by using the PON structure defined in Section 2.1. Yet, in the context of individual calls for proposals under competences of specific IB, trainings shall be delivered by those IBs and respective costs will be covered from TA allocations.

In addition to trainings and advisory to the beneficiaries provided by the specialized departments within MCS bodies, additional support to project beneficiaries will be ensured through “**partner to the beneficiary**” structures (established already in 2007-2013 period for specific local beneficiaries), intended to assist applicants/beneficiaries in the preparation and implementation of projects, and on a long-run for developing their capacities for ESI funded projects management. This means that part of the capacities of the institutions with strong experience in project management and public procurement, some of which also take part in the management and control system, are placed (formally or informally) at the disposal of the beneficiaries for the before mentioned purpose. In cases where the same institution is part of the management and control system and is providing additional support to the beneficiaries, the two functions are segregated.

Standardization of business processes in the part of eligibility of expenditure and conditions for preparation and implementation of projects is expected to also contribute to increasing the competences of beneficiaries and, consequently, increasing the quality of the inputs from the beneficiaries to the MCS, which should result in the decrease of the workload on the side of the management bodies.

2.5.3.3 Use of technical assistance

The following activities are envisaged to be financed from **technical assistance**, aimed at reinforcement of administrative capacity of the bodies in the MCS and/or potential beneficiaries and/or relevant partners referred to in Article 5 of the CPR:

- Study, including assessment of the existing capacities and strategy for strengthening the administrative capacity of staff necessary for the effective

implementation of the Funds (numbers, current and required skills, training needs, salaries). The study will be based on aforementioned DOPAP and related documents development exercise, and will serve as a basis for preparation of the official document, which would create a reference point for building monitoring system and the use of technical assistance;

- Based on the assessment, employment of additional staff in the bodies of the MCS, necessary for effective management of Funds;
- Support to the retention measures for the current staff in the bodies of the MCS;
- Reinforcement of administrative capacity, including those of the beneficiaries (including relay bodies and LAGs), through delivery of trainings (including on-the-job trainings) in the area of importance for the implementation of the OPs/RDP, such as preparation and implementation of projects, monitoring and reporting on project progress based on outputs and results, evaluations, public procurement, state aid, ITI, financial instruments, etc.;
- Further development of monitoring and evaluation capacities of MCS bodies through the use of external experts to both, outsource part of the tasks, as well as to coach internal staff for the purpose of progressive building of capacities internally;
- Strengthening of national and regional capacity regarding investment planning, needs assessment, preparation, design and implementation of financial instruments, joint action plans and major projects, including joint initiatives with the EIB;
- Support to management and implementation of the OPs/RDP 2014-2020 (financial management and control, irregularities, forecasting and monitoring, information and visibility etc.) by way of outsourcing experts possessing certain skills;
- Support for closure of the OPs 2007-2013;
- Further development and interconnection of the computerised system(s) for management, monitoring, audit, control and evaluation and for beneficiaries, as referred to in Chapters 2.1, 2.6 and 4.1.

A plan on the use of technical assistance resources for the entire duration of implementation of 2014-2020 OPs is to be prepared by the end of the 2nd quarter 2015 by the respective Managing Authorities. In the case of the RDP, a Human Resources Action Plan is being finalised, the Information and Promotion Strategy will be prepared by mid-2015 and the full Technical Assistance Plan shall be defined following the approval of the National Rural Network Action Plan.

2.6. A summary of the actions planned in the programmes, including an indicative timetable, for achievement of a reduction in the administrative burden for beneficiaries

The **assessment of the workload required on the side of the beneficiaries** is primarily focused on the following problems encountered during the implementation of the 2007-2013 programmes (under both pre-accession and structural instruments):

- The scope, content and format of documents related to the design and feasibility of the projects that the beneficiaries are obliged to prepare in advance go beyond

the purpose of appraisal of the same, leading to increase of the overall cost of preparation of project application;

- Absence of concise and standardized instructions on methodologies and templates to be used by different MCS bodies within the same OP, leading to different interpretations by the applicants and, consequently, increasing rejection rate of the applications based on administrative reasons as well as decreasing the possibilities for the applicants to use (elements of) the project application for applying to other, similar calls for applications;
- A need to supply all parts of the project application in paper form, in several copies and sometimes even in originals which are not returned to the applicant, including for documents that are issued by and therefore easily accessible to any institution of the public administration;
- Absence of simplified cost option methodologies, increasing the administrative burden for the beneficiaries during project implementation;
- Long-lasting procedure of selections and contracting of projects. Selected operation could not start with implementation prior contracting in case of IPARD. Requirement regarding 100% on-the spot control prior to implementation start postpone many of selected operations unnecessary;
- Requirement for the beneficiaries to prove compliance with various national and EU standards and other requirements by providing certificates from different public bodies which could be cross-checked by administration itself.

Inputs from the beneficiaries recorded through the informative workshops as well as common questions raised by the beneficiaries within call for proposals under 2007-2013 OPs are also assessed in order to identify additional weaknesses of the procedures. Interviews with beneficiaries related to their view of the procedures are to be used as a complementary measure.

The reduction in the administrative burden for beneficiaries is considered as one of the key prerequisites for efficient management of ESI Funds. The main measures intended to be continued/introduced for the beneficiaries are as follows:

1) Use of centrally coordinated mechanisms of dissemination of information for beneficiaries as described in Chapter 2.1, enabling beneficiaries of different programmes to obtain all relevant information from one source, thus reducing resources necessary for that purpose. The activity is a continuation and upgrade of practice in 2007-2013 period with addition of EAFRD and EMFF related information and will be implemented continuously by way of adding new functionalities to the central web site operated by the MRDEUF and by introducing new mechanisms of coordination between regionally placed intermediaries within PON.

2) Use and further simplification of common procedures (business processes), tools and methodologies (especially rules on eligibility of expenditure and rules on conditions for the preparation and implementation of projects), standardized at the level of CNR and enabling beneficiaries of different programmes to (a) prepare significant part of the project application in advance even before the call is published (reducing the time needed for the preparation of application to the adjustment of application to call specific requirements, (b) avoid a need for significant changes to the project in case the same is applied under other programme, (c) build the capacities for the implementation of the project in advance and (d) reduce the resources required for administrative

implementation of the project, focusing more on the content of the project itself. The activity is a continuation and upgrade of practice in 2007-2013 period and will be implemented continuously.

3) Introduction of more new diversified and simplified procedures for application and selection of projects (as described under Section 2.5.1 above), enabling the selection of projects to be completed in shorter timeframe and with optimal use of resources on both, the side of the MCS and the beneficiary. Respective procedures are intended to be prepared by the end of 2014. Where applicable, introduction of the **simplified cost options**, enabling the process of verification and reimbursement of funds to be completed in shorter timeframe and with optimal use of resources on both, the side of the MCS and the beneficiary. Respective procedures, tools and methodologies are intended to be prepared by the end of 2014. The timeframe for the processing of applications in case of EAFRD and EMFF will be reduced due to the increase in the number of offices carrying out processing, namely in the Paying Agency regional offices in Split, Rijeka, Osijek and Bjelovar and the central office in Zagreb.

4) Introduction of the Beneficiary Portal, new features of the MIS systems as well as other electronic systems like Agronet in case of EAFRD and EMFF to (a) allow that information by the beneficiaries is provided in electronic form and submitted only once (once encoding principle), (b) reduce the overall number of information and supporting documents required by the beneficiaries, which the MCS can obtain and validate on its own, and (c) reduce the efforts by the beneficiaries in repeated submission of information and supporting documents in case the same beneficiary submits more applications for different projects operations under different programmes. These activities are to be performed continuously to reduce the necessary resources on both, the side of the MCS and the beneficiary, and to reduce the number of errors. Introduction of the BP, new features of the MIS as well as other electronic systems to allow that information by the beneficiaries is provided in electronic form and submitted only once (once encoding principle) is planned to be completed by the end of 2015 while phases of further progressive reduction of administrative burden by implementing other before mentioned activities will be defined and implemented subsequently in line with the e-cohesion requirements of the CPR and respective implementing rules.

In the case of EAFRD and EMFF related operations, the Paying Agency is moving from paper-based system used in IPARD implementation to electronic submission of application through web-based system, Agronet. Agronet was already used for implementation of 1st CAP pillar and some national schemes by more than 100.000 beneficiaries already registered in system. AGRONET guides the applicants in completing the application/claim by a predefined process flow, has automatic crosschecks of information provided by the beneficiaries, from available data records maintained by PAAFRD and/or other public institutions in line with the once-encoded principle. This is currently being updated to be compliant with the 2014-2020 requirements. This will substantially reduce the amount of necessary supporting documentation and reduce risks of failure and undue applications/requests submitted by beneficiaries. AGRONET also provides other benefits to potential applicants/beneficiaries, such as an overview of the entire legal basis concerning particular support measures and insight into the current status of applications (e.g. submitted/pending/approved/rejected). As some potential beneficiaries may have difficulties in accessing or completing the on-line applications, specific assistance and

guidance will be provided by the Croatian Agricultural Agency (CAA) and the Advisory Service (AS).

For more details on the use of electronic systems please refer to Chapter 4.1.

3. DESCRIPTION OF THE INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT SUPPORTED BY THE ESI FUNDS OR A SUMMARY OF THE INTEGRATED APPROACHES TO TERRITORIAL DEVELOPMENT BASED ON THE CONTENT OF THE PROGRAMMES

The diversity of the Croatian territory in terms of natural characteristics and development levels is significant and requires special attention. The Croatian legislative and strategic framework for regional and territorial development recognises several types of areas facing different development challenges, which need to be addressed with appropriate measures (island, hilly-mountainous areas, war-torn areas and assisted areas). General indicators related to social and economic development and are captured by the Development index (as explained in Chapter 1). Reducing regional disparities and ensuring quality living conditions is also one of the three main national development goals.

An integrated approach to territorial development will be applied to ensure contribution of the ESI Funds towards meeting the goals of the Europe 2020 Strategy. Channelling of funds must be efficient, respond to the actual needs of the territories and contribute to the development potential of the territories concerned. The strategy for integrated territorial development using the ESI Funds will be based on **two main objectives: the promotion of a more balanced territorial development, and the use of comparative advantages of different territories** to increase the prospects of growth and employment and assure adequate standards of living.

Based on these objectives, two types of territorial approaches will be used with the contribution of ESI Funds in Croatia:

- **Horizontal approach** – based on actions applicable to the whole territory, with certain adjustments for targeted territories (1)
- **Territorial concentration of funds for certain specific territories**, using an integrated approach, in view of addressing their specific territorial problems and opportunities (2).

(1) The horizontal approach will rely on the existing legal and strategic framework for regional development in Croatia. According to the development index, regional and local units are classified taking into account basic socio-economic indicators. In order to ensure equal opportunity for the access to the ESIF support, the **units with a lower development index (assisted areas) as well as islands, hilly-mountainous areas and war-torn areas** will be given certain advantages at the selection and implementation of projects, such as targeted calls for projects, selection criteria (additional scoring ‘points’), modulation of support (lower co-financing contributions required from local beneficiaries), etc. In order to insure that funds are used efficiently, compliance of projects with integrated territorial strategies will be requested. Territorial strategies play an important role in recognising the needs and potentials through bottom-up approach. The relevant strategic documents obligatory by the current Law on Regional Development are the County Development Strategies prepared by the regional self-government units according to the unified national methodology. Experience of Croatian counties in development of integrated multi-sectoral strategic documents is considered as an important asset for the period 2014-2020. The horizontal approach should be

particularly relevant for measures related to the economic development such as job creation and formation of new businesses (link with the TO 3), as well as the further development of basic communal infrastructure and services (access to the social, health and education services in underserved and less developed areas, link with 8, 9 and 10).

(2) Territories supported through **territorial concentration of funds** and integrated approach include **urban areas** (integrated investments in the largest urban centres in Croatia are proposed to be implemented using the Integrated territorial investments mechanism, see Chapter 3.1.2) **and areas most affected by poverty** (see Chapter 3.1.5).

The **CLLD mechanism will be used to address challenges at the local level in rural and fisheries areas**, basing on the experience of the approach. The local level typically has a wide variety of needs and challenges, and the approaches to solving those vary. Measures have direct impact on the territory concerned, however the local community must have the necessary organisational, and technical and financial capacities to carry out projects (see Chapter 3.1.1).

3.1. The arrangements to ensure an integrated approach to the use of the ESI Funds for the territorial development of specific sub-regional areas

3.1.1. Community-led local development

The process of territorial development involving local stakeholders in Croatia started in 2013 by implementation of LEADER in rural areas through establishment of the Local Action Groups (LAGs) under the Pre-accession Programme for Rural Development (IPARD). This experience indicates that the involvement of local citizens and stakeholders in policy-making is still very new and the capacity level of human resources at the local level is low.

The coverage of the rural area with LAGs funded under IPARD is insufficient as the selected 42 LAGs cover about 69% of the national territory and 34% of the total population. The CLLD mechanism will be continued in Croatia in the 2014-2020 period through **the LEADER approach supported by EAFRD (under the RDP), as well as through establishment of FLAGs supported by EMFF**. It will be based on coherent territory, local identity and partnership at the local level between public, private (economic) and the civil sector. For fisheries, a synergy with other important economic sectors such as tourism and agriculture can easily be established and maintained by way of creating the FLAG-s, which would ensure a diversification of activities and contribute to maintaining the local population on islands and coastal areas. In addition, FLAGs are considered as a good platform for cooperation and communication in the fisheries sector both, whitening the borders and outside.

Croatia will use a mono-fund CLLD-approach (i.e. one local development strategy for one fund, the EMFF or the EAFRD) but it will not be an obstacle to connect the local development initiatives in fisheries planning with local development initiatives in rural development, thus utilizing their previous experience in the LEADER approach. The indicative financial allocation for implementation of CLLD through EAFRD is set at **3% of total budget for Rural Development Programme 2014–2020**. The indicative financial allocation for implementation of CLLD through EMFF is set at **7,5% of total budget for OP Fisheries 2014 -2020**.

At present, it is not intended to implement CLLD through ERDF and ESF. However strategies and project selection systems for these Funds will promote complementarity and synergy with LEADER CLLD interventions, where appropriate.

The main challenges at local level are mostly related to social and economic underdevelopment (e.g. underdeveloped local economy, high unemployment, insufficient qualification and skills of workers, etc.), absence and/or insufficiently developed local (basic) infrastructure and services in rural areas and generally low quality of life.

The previous cooperation and coordination of public and civil sectors through social dialogue was insufficient for the efficient development, adoption and implementation of integrated local development policies and plans. The insufficient maturity of local development initiatives did not enable the local stakeholders to fully exploit their local development potential or to participate as partners in the development trajectories of their area.

CLLD in rural development

The main objectives of the implementation of the LEADER in new programming period (i.e. the main priority areas addressed through CLLD approach) are promotion of social inclusion, reduction of poverty and fostering the economic development in the rural areas (therefore linked to the Thematic objective Promoting social inclusion and combating poverty). Additionally, the focus will be on innovations, environmental and climate change as horizontal/cross-cutting Union objectives for 2014–2020 programming period, contributing therefore to goals of thematic objectives Strengthening research, technological development and innovation, Enhancing the competitiveness of small and medium- sized enterprises (SMEs) and Protecting the environment and promoting the sustainable use of resources.

CLLD-eligible area is the LAG territory. LAG has to cover territories with a critical mass above 10,000 but below 150,000 inhabitants, targeting the balanced representation of settlements, especially in terms of the population size of individual settlements. In the Croatian context, these are rural areas, as defined in the RDP, as eligible for establishment of LAGs. Also, a LAG has to cover clearly defined and coherent territory and create a local development strategy. Local development strategies will be selected by an Evaluation Committee established by the MA for RDP (MoA).

The main authority responsible for CLLD preparation and implementation at the national level will be the MoA in its capacity as Managing Authority for the RDP 2014-2020. The MA for RDP will define the legal framework, including selection criteria, and will be responsible for monitoring and evaluation of implementation CLLD. The PAAFRD will be responsible for announcing the public calls for LAG selection, administrative and on the spot controls of the applications, contracting and payments.

The main tasks of LAGs include preparation and implementation of local development strategy, LAG administrative activities, collection of information for monitoring and evaluation, publicity and information on the area concerned and on results of the strategy, networking and cooperation with other LAGs.

CLLD in fisheries areas

The Croatian fisheries sector faces significant economic, environmental, social and regulatory challenges, which support implementation of CLLD in fisheries sector. Main challenge is to provide sustainable livelihoods in fisheries areas, based on wise use of natural resources, sustaining local fisheries sector employment, sustaining and increasing local employment, contributing against the depopulation, improving small infrastructure, monitoring and protecting natural resources within FLAG area. Enabling FLAGs to work in the most effective way possible will be very beneficial to Croatia, because it will:

- Support the fisheries sector in dealing with the need for and the process of change that the sector now faces;
- Help fishermen to become active in shaping their own economic future; meaning that FLAG creates a platform for fishermen to develop their own development programme, in such a way creating basis for support to business development, ensuring mechanism for market development and promotion, enabling exploration of the alternative economic activity outside fishing and/or linking different segments together;
- Optimise fishery sector engagement in local development;
- Reduce vulnerability of fisheries sector; increase the sustainability of fishing and the resource on which it depends. The FLAG can provide a mechanism for direct engagement by fishermen with the management of the resources and their better understanding, tools – and funds – for fishermen to take responsibility for reducing the environmental impact of coastal development and resource-use, a mechanism for training and awareness raising; and an ability to provide improved supply chain benefits to fishermen by increasing the value of products and sales;
- Environment protection, monitoring and protection of local resources and local areas.
- Main priorities and objectives under the EMFF CLLD's are:
- Economic growth and consolidation (new, more secured and better paid jobs for fishing communities, diversification of fishery products, creating sustainable communities focusing on fisheries sector, increase added value)
- Fishermen leading their own development (to encourage fishermen to work together and think strategically for the future development, make a development strategy, which is owned by all people who live there and who believe in it, to take responsibility for their future development, active participation of fishermen in management and decision making process)
- Horizontal integration (horizontal integration at local level, local development strategy, improving communication between different stakeholders from the same territory, economical value added, to achieve the best possible multiplying effect through interconnections between different sectors in coastal areas (i.e. agriculture, tourism, public health).

Possible role of FLAGs, in terms of benefits and outcomes:

- Combating depopulation
- Sustainability of resources
- Improvement of employment
- Diversification and tourism development
- Environment protection
- Education, skills development in particular for fishers
- Networking, partnership, integration: fishing, industry and tourism

- Added value to fisheries products, market placement,
- Sustainability, new working places and sources of income
- Improvement of small infrastructure

In order to set up CLLD in fisheries areas, the EMFF MA will use existing model of management and delivery from rural LAGs adapted to fisheries sector. Rural local action groups have more experience that will be taken in to account while planning preparatory support, communication and dissemination of information to fisheries communities. The MA intends to encourage future CLLD groups in fisheries to use experience and logistics from existing rural LAG's where that could be achieved having in mind territorial and sectorial delimitations. The MA for the EMFF will define the legal framework, selection criteria, will be responsible for announcement of the public calls for FLAG selection, selection of FLAGs and administrative and on the spot checks, as monitoring an evaluation of CLLD in fisheries areas. The MA will encourage development of FLAGs in fisheries coastal areas (and islands) that have natural links with fishing activity and communities. In terms of sector, communities and needs, priority shall be given to fisheries sector, fisheries communities and fisheries needs, all described in fisheries local development strategies. The intention is that borders for FLAG areas coincide with borders of coastal Counties. Existing local initiatives and quality local development strategies will be the basis upon which MA will encourage the setting up of FLAGs from local stakeholders from same county.

Preparatory support

Preparatory support for EMFF and EAFRD CLLD shall cover capacity building of local actors and provide support for the activities linked to the preparation of the local development strategies. As regards the Operational Program for Fisheries, MA will use technical assistance under the EMFF to inform the relevant stakeholders how CLLD will be implemented (by organising seminars, workshops at local level, issuing guidance etc.). MA plans to present best practices and guidance from other Member States, which implemented territorial approach in fisheries and adapt CLLD delivery conditions (in cooperation with fisheries sector and local stakeholders) to the Croatian situation. MA will hold workshops, present best practices and discuss with stakeholders about proposed objectives and area definition. MA also plans to engage experts that will help with the development of LDS with emphasised fisheries dimension. Further assistance depends on outcomes of counties workshops and discussions.

3.1.2. Integrated territorial investments (ITI)

The sustainable urban development concept, as defined by Article 7.2 of Regulation (EC) No 1301/2013 will be implemented in Croatia exclusively through the ITI mechanism. Possibility to apply for ITI mechanism implementation **in initial stage will be offered only to 7 largest urban centres with the highest population** concentration and capacities to implement projects under this mechanism: urban agglomerations of Zagreb, Osijek, Rijeka and Split with more than 100,000 inhabitants and cities of Zadar, Slavonski Brod and Pula, with more than 50,000 inhabitants in central settlements. The final decision on ITIs to be implemented in Croatia will be based on competition between urban centres leading to selection of approx. 4 individual ITIs. In the later stage the ITI mechanism could also be considered for implementation in other cities with population

above 50,000 inhabitants including its surrounding area depending on the availability of funding.

Largest urban centres form the polycentric backbone of Croatian economic life. They share a lot of common features, face similar development barriers and opportunities; however they encounter also specific territorial problems as described in Chapter 1.

The main reasons to use the ITI mechanism in largest urban centres and their surrounding areas are:

- Concentration of economic, environmental, climate, demographic and social challenges affecting urban areas which can be faced more efficiently with active cooperation between local authorities and partners and between them and central government,
- Socio-economic potential which can be best exploited through improved coordination and partnership and integration of development interventions at territorial level,
- Greater availability of institutional capacity to deal with complex development challenges and realization of potentials,
- Need to programme and coordinate development activities in surrounding areas of the largest urban centres recognised in national legislation on regional development that is being prepared.

The implementation of the ITIs will be based on integrated territorial development strategies (i.e. **Sustainable Urban Development Strategies**) prepared for the territory concerned and agreed by all participating local authorities. The approval of integrated urban development strategies is expected in the second half of 2015. The general goal of establishing ITIs in Croatia is to promote sustainable urban development through enhanced **cooperation between local authorities** (authorities of relevant towns and rural communities as well as counties), partnership with development stakeholders (including the government, business support and training providers, academic institutions and NGOs) and realization of integrated locally-determined development investments to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas, while taking into account the need to promote urban-rural linkages. The application of the ITI mechanism in Croatia is expected to result in increased effectiveness in the use of the ESI Funds, enabled realization of territory-based integrated actions/projects responding to complex development problems and more efficient exploitation of the specific potential of the territories concerned. ITIs will also enhance cooperation and partnerships among local partners and between local and government institutions, develop the administrative capacity and strengthen the role of local authorities in conducting and implementation of the ESI Funds. To facilitate the process of establishment of ITIs and their implementation, support will be provided to the cities for preparation and implementation of integrated sustainable urban development strategies.

Integrated set of actions

Each of the ITIs will be co-financed by ERDF and Cohesion Fund through an **integrated set of actions** belonging to different priority axes of the Operational Programme Competitiveness and Cohesion, and additionally by actions co-financed by ESF under the

Operational Programme Efficient Human Resources. Additional actions falling outside the scope of the ITIs will also be implemented in cities and complement the operation under the ITIs (e.g. larger transport projects prepared at national level funded from the Cohesion Fund, including the development of connection with sub-urban and rural surroundings).

The thematic scope and a concrete set of integrated actions of each of the ITIs will vary depending on the analysis and objectives formulated in the integrated sustainable urban development strategies. The activities from three thematic areas are available to the ITI projects and they can be combined. Three potential thematic areas covered by the ITIs are outlined below:

1. PROGRESSIVE CITIES - Cities as drivers of sustainable and smart economic growth

Prospects of increasing competitiveness of the Croatian economy in territorial terms very much depend on proper use of existing potential and further development of largest urban centres in order to accelerate creation of new jobs and to act as leaders in promoting innovative solutions for existing challenges. The ESI fund support will help in implementation of actions which fall under several important categories: (i) Cities aiming to provide business support to enterprises, create new jobs, develop know-how and enable economic growth (*for e.g. development of business support institutions in order to provide adequate service for existing and new enterprises*), (ii) Cities joining forces with existing research and innovation facilities and business sector in developing innovative solutions for social challenges of special importance for the cities (*e.g. collaborative projects of local authorities, research and business sectors related to social innovations*), and (iii) Cities becoming active participants in designing and implementation of educational programmes related to efficient urban development and management (*e.g. development of programmes for lifelong learning for local servants*). *Contributing thematic objective(s) and ESI Fund(s): TO 1 (ERDF), TO 3 (ERDF) and TO 10, ESF*

2. CLEAN CITIES - Fighting climate change, promoting energy efficiency and healthy environment

The overall aim in this field is protection, improvement and efficient use of the urban environment so as to improve the quality of life, safeguard human health and protect local and global eco-systems. Reducing the total environmental impact (or “ecological footprint”) of urban activities will lead to improvements both within urban areas and elsewhere. Given the significant energy use in urban areas, and all the associated environmental issues, it is important to promote sustainable energy management. Cities as major consumers of the energy can contribute substantially to achievement of all goals related to improvement of the energy efficiency and shift towards less CO₂ producing economy. Under this set of actions, higher energy efficiency and energy savings in public heating systems will be supported. These encompass smaller investments designed by the cities that will complement those envisaged on the national level. In addition, smaller scale urban transport projects especially ones related to low or zero carbon transport solution, financed from the Cohesion Fund and complementing those on the national level, will be implemented under the ITI. Large-scale transport infrastructure projects will remain outside the scope of ITIs due to their complexity, duration and high investments cost. Promoting efficiency and healthy environment will also include

protection and promotion of existing cultural heritage and rehabilitation of environmentally degraded areas and economic re-use of brownfields (industrial and military), possibly accompanied by smaller investments in protection of existing public green areas in cities, greening urban public space etc. *Contributing thematic objective(s) and ESI Fund(s): TO 4 (ERDF), TO 6 (ERDF) and TO 7 (Cohesion Fund)*

3. INCLUSIVE CITIES - Fighting poverty and supporting, social integration

Special efforts are needed to address the social and demographical challenges recognized by the cities and to support equal access to necessary services. Large urban centres will be encouraged to take active role in decreasing high youth unemployment through set of appropriate measures taking into account local labour market needs and complementing the measures designed at national level. Additionally, the actions under ITI will address the lack of capacity for provision of adequate services under the responsibility of cities. ESI Funds will contribute to the (re)construction of facilities and to development and implementation of new models for provision of services (e.g. development of community-based services). *Contributing thematic objective(s) and ESI Fund(s): TO 8 (ESF) and TO 9 (ESF).*

Selection of the ITI territories

Competitive procedure will enable selection of best-prepared and most active among 7 Urban Authorities to implement ITIs. Principles for selection 4 urban centres are based on main reasons for implementation of ITIs as described above and will include:

- Existence of the Sustainable Urban Development Strategy Outline in accordance with the prepared by the MERDEUF methodology (Sustainable Urban Development Strategies will be developed in the later stage);
- Relevance of the actions proposed under action plan for ITI to objectives of the Sustainable Urban Development Strategy Outline and identified there specific urban needs and priorities;
- Compliance of the actions to be implemented within an ITI with selected three mentioned above priorities for ITIs;
- Successful cross-sectorial integration of the actions proposed within the Sustainable Urban Development Strategy Outline;
- Administrative capacity of the Urban Authority representing all participating municipalities for preparation and implementation of ITI;
- Higher co-financing rate proposed by Urban Authority for actions implemented under ITI;
- Integrated approach insured through commitment of the partners (effective urban development partnership in place) and the relevance of the partners

As the funding available for sustainable urban development is limited, cities will be invited to focus their ITI investments either spatially (choosing the area with relevant challenges and/or development potential) and/or thematically (designing the set of interlinked projects).

Specific management modalities

The detailed scope of tasks to be performed by each of the ITIs will be determined by the Managing Authority (MA) in charge of the OP Competiveness and Cohesion (also

referred to as the ITI Lead Ministry) and in consultation with the Urban Authority representing the ITI. The Urban Authority will be established by the way of written agreement between all municipalities from the concerned urban area for which the Sustainable Urban Development Strategy is going to be prepared. The following general rules will be applied:

- The Urban Authority representing the ITI (Urban Authority) and local partners will be responsible for preparation of Sustainable Urban Development Strategies according to guidelines prepared by the ITI Lead Ministry;
- The Sustainable Urban Development Strategies and their compliance with national strategies will be verified by the ITI Lead Ministry;
- The Urban Authority and local partners will be given the right to select operations/projects in the areas covered by the ITI, consistent with the agreed Sustainable Urban Development Strategy;
- The ITI Lead Ministry will be responsible for verifying the eligibility of operations/projects;
- The coordination of ERDF and ESF activities will be ensured by the ITI Lead Ministry, supported by the sub-committee on territorial approach of the National Coordination Committee; and
- The participation of local authorities and partners in the ITI should be confirmed by a written agreement between them.

3.1.3. Sustainable urban development, including the principles for identifying the urban areas where integrated actions for sustainable urban development are to be implemented and an indicative allocation for these actions under the ERDF at national level

Sustainable Urban Development (SUD) represents a holistic approach for using EU Funds to address the challenges of target urban areas selected by each Member State. Sustainable urban development in Croatia will be implemented exclusively through ITIs as described in Chapter 3.1.2 above. Please see in this Chapter the principles for identifying the targeted urban areas.

Indicative allocation for integrated actions for sustainable urban development under ERDF amounts to 6.32 % of total allocation for the Fund. Also ESF will contribute to SUD with EUR 42 million and the Cohesion Fund with EUR 50 million.

Table: The indicative allocation at national level to integrated actions for sustainable urban development under the ERDF

Fund	The indicative allocation at national level to integrated actions for sustainable urban development (€)	Proportion of the total allocation to the Fund (%)
ERDF	273,351,269.00	6.32

ESF	42,000,000.00	2.77
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3.1.4. The main priority areas for cooperation, under the ESI Funds, taking account, where appropriate, of macro-regional and sea basin strategies

Croatia will be involved in 13 European territorial cooperation (ETC) programmes in the period 2014–2020, these are:

1. Cross-border cooperation (CBC): Croatia–Italy, Croatia–Hungary, Croatia–Slovenia, IPA CBC Croatia–Serbia, IPA CBC Croatia–Bosnia and Herzegovina–Montenegro;
2. Transnational cooperation: Central Europe, Danube Programme, Adriatic–Ionian Programme, Mediterranean
3. Interregional cooperation: URBACT, ESPON, INTERACT, INTERREG EUROPE

Depending on the area of cooperation, phase of programming and the type of programme, the priorities of Croatia vary. Potentially all TOs can be covered by the ETC and IPA programmes; national priorities are taken into account during the programming process. With respect to the CBC programmes and their strong local/regional character, full alignment must be adapted to the specific context and the additionally principle ensured. As far as the transnational and interregional cooperation programmes are concerned, Croatian priorities are mainly reflected in TOs 3, 4, 6 and 7 and, where appropriate, TO 11 in principle where programmes coincide with macro-regional strategies.

At this stage of programming under the ETC (2 out of 13 programmes, due to some specific issues just started the programming exercise), TO 6 is widely shared by all the programmes with the exception of ESPON and INTERACT. There programmes also concentrated on TOs 1, 4, 5 and 11 areas, as presented in the Table 26 in PA Annex 1; it is therefore expected that the majority of cooperation activities will be achieved within those TOs. Selected thematic objectives and investment priorities are fully in line with national, regional and local development priorities as well as the priorities selected within this PA. Under the INTERREG EUROPE programme, two types of cooperation are envisaged: specific Policy Learning Platforms connected to TO's 1, 3, 4, 6 and Interregional Cooperation Projects.

3.1.4.1 Macro-regional strategies

Croatia is part of two macro-regional strategies, European Strategy for Danube Region (EUSDR) and the emerging European Strategy for Adriatic and Ionian Region (EUSAIR). Both strategies are deeply embedded in Croatian strategic orientation; the involvement of stakeholders is being taken into account in the programming and in future implementation process of both "mainstream" and "ETC" programmes.

Goal 1 ("Mainstream") programmes shall be presented to the Coordination Committee/NCC during the consultation phase in order to set-up more coordinated strategic programming. Similar procedures are envisaged for monitoring the implementation of Goal 2 ("ETC") programmes. All the relevant line ministries in the

context of macro-regional strategy priority areas are actively participating in the Thematic Working Groups (TWG) in charge of the programming of Goal 1 programmes. Given the importance of TOs 3, 4 and 6 for the achievement of the Macro-regional Strategies (MRS) goals, the Croatian EUSDR Priority area coordinators are in some cases heads of TWGs: The Ministry of Environment and Nature Protection that is coordinating Priority-axis 6 and Ministry of Crafts and Entrepreneurship responsible for coordination of the Priority-axis 8 were given the role of chair in their respective TWGs. Moreover, given the relevance of TO 7 for Croatia the Ministry of Transport who is strongly involved in the EUSDR priority area 1 chaired TWG 4. This has provided the institutional framework for alignment of the priorities and key actions identified. With regard EUSAIR, the programming process provided the opportunity to put into place clear alignment between the strategic orientation for ESI Funds and the definition of the priorities of Croatia in the Strategy. The overall coordination was achieved through the active contribution of the National Committee, Ministry of Foreign and European Affairs and MRDEUF.

The most important objectives identified for cooperation to achieve the macro-regional strategic goals are:

- Creation of trans-European transport corridors by removing bottlenecks in key network infrastructure and the promotion of sustainable transport modes;
- Investment in energy infrastructure in order to interconnect the electricity and gas grids and avoid over-dependence on certain providers;
- Implementation of the relevant international conventions and action plans against the pollution of marine and land waters and the prevention, preparedness and response to climate change and natural disasters (such as flood risks);
- Strengthening of innovation and competitiveness capacities.

Modalities of implementation and specification of actions, aligned with MRS's action plans will be identified in the relevant programmes. Many of these actions correspond already to measures and important projects identified during the preparation of the programming work at national/regional level including the project pipeline. Therefore, a strong framework has been established to allow for the relative strategy and action plan to be linked to ESI Funds during implementation, which shall be monitored also by the National Committee as described above. In this light, Croatia will analyse how the use of Article 60 of the CPR, Article 87.3. (d) and new tools such as Integrated Territorial Investments or Joint Action Plans, can achieve the MRS objectives through implementation of convergent, complementary, coordinated and joint cooperation actions. The Goal 1, Goal 2 and MRS coordination system, described above, is functioning efficiently and will be used to support the strategic and operational coordination necessary between the different States in the strategies. Indeed, in this way the policy forming, strategy planning and programming processes shall take into consideration the actions corresponding to national interests that pertain to the macro-regional level framework.

European Union Strategy for Danube Region (EUSDR)

The entire territory of Croatia is part of the Danube Region, which is the subject of the macro-regional European Union strategy for Danube Region (EUSDR), addressing the world's most international river basin development challenges. Cohesion policy funds

are considered one of the major sources of financing of actions for implementation of EUSDR. The Strategy seeks to connect people, their ideas and needs and create synergies and coordination between existing policies and initiatives taking place across the Danube Region. Transport interconnections should be modernised, and information access improved. Energy can be cheaper and more secure, thanks to better links and alternative sources. Development can be balanced with protection of the environment, within a sustainable development approach; Cooperation is needed to minimise risks and disasters such as floods, droughts and industrial accidents. By building on considerable research and innovation perspectives, the implementation of the strategy can be at the forefront of the economic development (trade, SMEs) in the region. Disparities in education and employment can be overcome. It can be made a safe and secure area, where conflict, marginalisation and crime are properly addressed. The opportunities defined for sustainable and coherent development of the Danube Region, as well as Croatian priorities in the context of EUSDR, were analysed and taken into account when selecting the Thematic Objective and defining the Investment priorities. Croatia is especially interested to ensure coordination and complementarity between ESI Funds and actions implemented in the context of EUSDR within the Priority Area 1A "To improve mobility and intermodality of inland waterways" which is coordinated by Austria and Romania. Further development of existing transport and trade links opportunity will be realised under TO 7. Croatia is committed to participate actively in the following projects and initiatives: environmental research, the Danube Sturgeon Task Force, the SMEs networking platform, the scientific support to the strategy, the rehabilitation of the Danube waterway, and the touristic branding of the Danube Region. Table 27 in PA Annex shows areas of complementarity between ESI Funds and EUSDR.

European Union Strategy for the Adriatic and Ionian Region (EUSAIR)

The European Union Strategy for the Adriatic and Ionian Region (EUSAIR) is covering four EU countries (Greece, Italy and Slovenia, and Croatia) and four non-EU countries (Albania, Bosnia Herzegovina, Montenegro and Serbia). The general objective of the Strategy is to promote economic and social prosperity and growth in the region by improving its attractiveness, competitiveness and connectivity. The Strategy will also play an important role in promoting the EU integration of EU candidate countries.

In line with the conclusions of the Report on the evaluation of the macro-regional strategy concept (adopted in June 2013), the Strategy will have a limited focus on areas of mutual interest with high relevance for the Adriatic-Ionian countries. It will be built on four thematic pillars:

- Pillar I "Blue Growth": Blue technologies, Fisheries and aquaculture, Maritime and marine governance and services
- Pillar II "Connecting the Region" (transport and energy networks): (Maritime transport, Intermodal connections to the hinterland, Energy networks
- Pillar III "Environmental quality": The marine environment, transnational terrestrial habitats and biodiversity
- Pillar IV "Sustainable tourism": Diversified tourism offer (products and services), Sustainable and responsible tourism management (innovation and quality)

and two cross cutting issues: Research, innovation and SMEs development and capacity building.

The Croatian priorities in the context of EUSAIR which activities should be coordinated together with ESI Funds are integrated in all pillars of the strategy according to the conclusion of the National Committee and subsequently the Government. Croatia identifies all EUSAIR pillars as important and relevant for economic growth and job creation in the country. Therefore, it will equally participate in all of them. Table 28 shows areas of complementarity between ESI Funds and EUSAIR.

3.1.5. Where appropriate, an integrated approach to addressing the specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or social exclusion, with special regard to marginalised communities, persons with disabilities, the long term unemployed and young people not in employment, education or training

Croatia is among the EU countries with the highest risk of poverty or social exclusion rate (as described in Chapter 1). However, aggregate, national level indicators often hide important differences between regions and areas in terms of poverty. The analysis of poverty, its determinants and poverty-reducing interventions therefore requires a focus on poverty information that is further geographically disaggregated. In addition, poverty and inequality are multidimensional (employment status, income, age, education attainment, health, opportunities, ethnic background, etc.) and have multiple territorial determinants (the quality or availability of good housing, geographic, social services availability, infrastructure, etc.). The plotting of such information on maps (poverty mapping) is useful to identify information on the spatial (territorial) distribution of poverty and its determinants.

The highest geographical concentration of poverty factors (measured by national statistics at the county and local level) influencing the share of people at risk of poverty can be found predominantly in rural areas in the east, central and the south of the country alongside the Croatian borderline to Bosnia and Herzegovina and Serbia as the areas affected the most by the recent destructive Homeland war (designated also as the areas of special state concern). In the predominantly rural surroundings there is a number of degraded small towns and the high share of people at risk of poverty and social exclusion including minority issues of returnees as well as Roma population, and with low economic base and high unemployment as a result of employment losses due to the transition process and fall of traditional industries. The share of people at risk of poverty is in general lower in the four urban agglomerations in Croatia, with only a few geographical concentrations visible at the level of sub-local deprived neighbourhoods.

Poverty in Croatia has a territorial dimension and is connected to differentiated development factors such as level of household and personal income, education attainment, level of unemployment, housing quality and circumstances, access to services, quality of social welfare institutions, opportunity to gain access to living conditions according to basic standards of society, as well as visible physical degradation of areas. The national Strategy on Combating Poverty and Social Exclusion 2014-2020 defines vulnerable groups, which face the highest risk of poverty and exclusion. To achieve objectives of inclusive economic growth for reducing poverty, the Government has defined objectives to which Government efforts will be directed at the regional level. These are:

- Rising the investment level in deprived areas
- Enhancing access to (community-based) social services
- Improvement of and access to basic communal infrastructure
- Raising education, employment and self-employment levels
- Implementation of measures from the Housing Programme
- Implementation of measures from the RDP 2014-2020.

Although poverty maps providing specific spatial distribution of poverty are not available for the territory of Croatia at present, currently available statistical data, analysis of regional development index and public evidence-bases provide clear indication of the areas with geographical concentration of poverty and social exclusion at county and municipality level.

In the short-term, in parallel with the completion of poverty mapping and strategic and policy-related work, Croatia will **select five small towns within which Pilot regeneration and revitalisation schemes** will be developed. Within these Pilot Projects on physical, social and economic regeneration and active inclusion aiming at reducing social inequalities, exclusion and poverty, an integrated area-based approach will be implemented that accompany the ERDF interventions on physical, social and economic regeneration with ESF activities aiming to reintegrate beneficiaries. ERDF interventions may include community facilities, social economy projects, enterprise schemes, infrastructure and social housing to be accompanied with ESF activities such as promotion of social enterprise and employment, education and training, social inclusion activities etc.

Poverty mapping will be done to precisely define geographical areas most affected by poverty and degradation in order to understand the underlying determinants of poverty in relation to its spatial distribution. Based on this **integrated packages will be proposed** to tackle the underlying causes of poverty and social exclusion, supported from the ESI Funds. Based on the outcomes of the poverty mapping, **a decision on selection of small and medium-sized towns** for the future projects on physical, social and economic regeneration will be made as a territorial-based integrated approach tackling poverty and social exclusion.

The **integrated regeneration model** may be improved and capacity will be developed during the Pilot Projects implementation. Later on, it may be implemented in other degraded places to be identified based on the poverty mapping. A particular support will be given to vulnerable groups.

After finishing the full implementation of the Pilot Projects in five selected Pilot areas and dependent to its positive evaluation, the areas for **possible roll out of the regeneration programme** will be selected among small and medium sized towns over 10,000 to 50,000 inhabitants at highest risk of deprivation based on the poverty mapping that will be finished meanwhile.

Pilot projects

Pilot areas will be selected among the small towns with more than 10,000 to 35,000 inhabitants in the war affected areas on the basis of the index of multiple deprivation calculated by use of socio-economic data available at the municipality level regarding

unemployment, demographics, level of education, portion of population on social welfare with one town that meet criteria of significant Roma population.

The integrated package of works will be constructed in such a way that it supports their physical, economic and social regeneration and associated activities to promote equal opportunities, active participation, an improvement to the employability of its citizens and to reduce the town's current problems associated with depopulation. In meeting this objective, a particular effort will be made to address the needs of vulnerable and marginalised communities and to secure social mix and the spatial integration of people. The integrated regeneration package of physical and human resources interventions will make a major contribution to reducing the current problems of poverty and social exclusion in the respective Pilot area.

The integrated regeneration pilot project will incorporate a programme of projects funded by the Croatian state (central and local), co-financed with ESIF funding and supported by the private sector. Collectively, these projects will contribute to Croatia's commitments against ERDF Investment Priority 9.2 Providing support for physical, economic and social regeneration of deprived communities in urban and rural areas and ESF Investment Priority 9.4 Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability.

An important element of the strategy to counteracting poverty is also **activation of local authorities and partners** in order to better target ESIF interventions. The municipal authorities of the Pilot areas will be involved in design of the Pilot area Intervention Plan on integrated regeneration program that will set the interventions to be implemented with clear local project pipeline articulation and setting up interrelationships between discrete local projects. These local projects will initially be created as separate building blocks, to enable effective communication and the engagement of key local stakeholders in proposals they genuinely own on one hand, and ensure value for money in procurement on the other hand.

Intervention of the ESI Funds

In regard to the implementation of the ESI Funds in Croatia for 2014-2020 the largest effects on decrease of poverty in absolute and geographical sense are expected under the OP Efficient Human Resources (co-financed by the ESF) and under OP Competitiveness and Cohesion (co-financed by the ERDF), however also some activities foreseen in the RDP (co-funded by EAFRD) will have impacts, especially in rural areas.

For some rural and fisheries dependent-areas, EAFRD and EMFF measures will also have impact on the number of people threatened of poverty. This will be achieved through actions aiming at:

- Financing small scale local strategies under the CLLD approach - actions rooted in local needs and financed under this mechanism aimed at reduction of poverty in rural areas shall be coordinated with the use of other ESI Funds through prepared integrated territorial strategies, and
- Support to increase non-agricultural and non-fisheries related activity contributing to the increase in employment.
- Support to certain types of infrastructure in rural areas.

The regeneration programme in small towns (referring to the pilot projects as described in Chapter 3.1.5) will be implemented by combining ERDF and ESF measures without the use of EAFRD and EMFF measures.

The role and possible contribution of the ESI Funds in the implementation of the integrated approach to address specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination and social exclusion is given in the following Table.

Table: The role and the contribution of the ESI Funds in the implementation of the integrated approach to address the specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or social exclusion

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used (ERDF, ESF, CF, EAFRD, EMFF, YEI)	Main types of planned actions which are part of the integrated approach	Programme
Poverty areas identified by index of multiple deprivation (Pilot Projects areas) and poverty mapping (Roll out areas) (Territorial approach)	Specific needs of poverty areas are connected with their geographical features, socio-economic factors and long-term degradation not allowing them to use their potentials Very often this is the reason for big geographical concentration of poverty In the short term and from available information a few local sites affected by physical, social and economic degradation will be identified for pilot integrated regeneration projects with possible later roll out to other identified	ESF	– Improving employability through support to self – employment, micro-enterprises and business creation as well as support to development of social entrepreneurship, including specially tailored measures for vulnerable people; – Promotion of social enterprise and employment; – Supporting local development initiatives and aid for structures providing neighbourhood services to create jobs; – Development of appropriate health and social community based services including broadening the network of services; – Access to good quality education of all types and level, including vocational education and training and lifelong learning and development of new verified programmes in the fields of strategic importance for Croatia and Pilot Areas (formal and non-formal learning); and – Community inclusion and reintegration activities including active integration of vulnerable groups into wider society through education, public information and training initiatives.	2014HR05M9OP001
		EAFRD	– Contributing through LEADER directly to the balanced territorial development of rural areas through the implementation of local development strategies (LDS)	2014HR06RDNP001

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used (ERDF, ESF, CF, EAFRD, EMFF, YEI)	Main types of planned actions which are part of the integrated approach	Programme
	degraded areas by the poverty mapping		which can reinforce territorial coherence and contribute to the long term sustainable development of an area. – Supporting basic services and village renewal in order to contribute to the environmental and socio-economic sustainability of rural areas and reverse trends towards negative economic and social decline, and depopulation of the countryside, in particular through the development of local infrastructure and local basic services, adding to their growth potential.	
		ERDF	– Design of poverty mapping and development of index of multiple deprivation; – Providing support for physical, economic and social regeneration and the revitalisation of degraded small towns (Pilot Projects areas) may include following actions (the list is not exhaustive); – Construction or reconstruction/renovation of community facilities, public spaces, enterprise schemes, public utilities, social infrastructure, social housing (renovating and replacing existing social housing units, converting buildings for housing and other purposes), business support facilities; – Direct support to creation of start-ups, survival and growth of existing SMEs and business support institutions specially tailored to meet the needs and potentials in terms of economic development of such areas, including higher intensity of support per project coupled with on-going technical assistance, support and	2014HR16M1OP001

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used (ERDF, ESF, CF, EAFRD, EMFF, YEI)	Main types of planned actions which are part of the integrated approach	Programme
			mentoring in all stages of business development ; and – Supporting employment-friendly growth through the development of endogenous potential as part of a territorial strategy for specific areas, including development of specific natural and cultural resources.	

3.1.6. *Where appropriate, an integrated approach, to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 of the TFEU*

The process of depopulation has been a common feature in Croatia for more than 20 years. The majority of Croatian territory is affected by the population loss that is connected with long-term negative natural change in population, with economic transition that is associated with high domestic emigration flow towards big cities and since recently with negative net international migration, as well as with the loss of population as one of the consequences of the recent destructive Homeland war. It is **partially result of various socio-economic negative factors** common in many transitional countries, but also more specifically as a **direct consequence of the recent destructive Homeland war**.

Between two Censuses in 2001 and 2011 a decrease of total population recorded -3.44% out of which average natural decrease of population was -2.15 with aging of population as ongoing process. More than 65% of Croatian territory is affected by the depopulation higher than the aforementioned average (also 35% of territory with the loss higher than 10%). Another problem is population density – 43% of territory with below 25 inhabitants per square km which narrow the access to basic public utilities and social services and impact its high costs.

Certain geographical areas such as **border areas, hilly-mountainous areas and island**, cover some 41.1% of Croatian territory with only 15.2% of population, are burdened by demographic challenges and natural handicaps. The last two are challenged in the first place by their natural handicaps. But the most demographically challenged are the areas that are still facing war-related losses – the war affected areas during the 1990-ties mainly situated along the Croatian border to BIH and Serbia in east, central and south Croatia (designated also as the areas of special state concern).

As the general depopulation area in Croatia, there are 718 islands (1,246 with coastal reefs) but only 48 inhabited with a total of 132,000 permanent inhabitants. Apart from the physical detachment that is the obvious source of problems for islanders, this seasonable inflow of population (a large number of tourists during summer seasons) makes additional strain to the services that should provide normal living conditions.

Majority of the territories with demographic handicaps are **rural areas** with limited number of small sized towns as their centres that are also affected by intense depopulation process. The **war-affected areas** are still at 60% of pre-war population with population density less than 25 inhabitants per km² and deteriorating trend of further depopulation (28% of Croatian territory with 9% of population). Those areas are also highly distressed by the general poverty and social exclusion accompanied with numerous number of development challenges.

Among these geographical areas, **the Croatian efforts are concentrated to three areas to be tackled by the ESIF interventions: the war-affected areas (1), the islands (2) and the areas facing natural or other specific constraints (3)**.

(1) Negative trends in the war affected areas that are at the same time areas the most affected by poverty can be reversed through integrated sets of ERDF and ESF pilot actions in physical, social and economy regeneration of deprived pilot areas aiming at reducing social inequalities, exclusion and poverty and reversing the high demographic losses. Between pre-war 1991 and 2011 Census the population loss reached more than 20% in each of them; it was

to some extent decreased between 2001 and 2011 Censuses due to the increased return of refugees, but recently it is increasing again due to ongoing emigration and negative natural growth (see Chapter 3.1.5).

2) The Croatian islands are another territory given special attention in the new financial perspective. The OP Competitiveness and Cohesion targets operations aiming at their better connectivity (investments in internet NGN broadband infrastructure), accessibility (transport) and access to basic services for the local population, primarily the water supply and health services (primary and emergency health care).

3) Specific attention shall also be paid to areas with natural and other specific constraints for the disadvantages, which affect agricultural production in order to prevent land abandonment and loss of biodiversity through EAFRD support for the continuation of agricultural activity.

4. ARRANGEMENTS TO ENSURE EFFICIENT IMPLEMENTATION OF THE ESI FUNDS

4.1. An assessment of the existing systems for electronic data exchange, and a summary of the actions planned to gradually permit all exchanges of information between beneficiaries and authorities responsible for management and control of programmes to be carried out by electronic data exchange

In view of accumulation, summarising and presenting the financial and statistical data related to the management of the ERDF, ESF and CF programmes in 2007-2013 period, Republic of Croatia has established a single MIS – SCF MIS. All the data, necessary for planning, financial management, accounting, monitoring, supervision, audit and evaluation are collected and stored securely in the SCF MIS as required by the respective regulations of the 2007-2013 period.

SCF MIS has functionalities to support the following business processes: selection of projects, contracting, verification of expenditure, payments, certification, monitoring and administration. Selection and contracting module provides support to the submission of applications, evaluation of application, preparation of contracts and contract management. Verification and payment module provides support to the submission of applications for reimbursement (including data on physical progress, achievement of the monitoring indicators, incurred expenditure, payment forecasts, payments to suppliers), verification of the applications for reimbursement, determining financial corrections including registration of irregularities, registering information on executed payments to the beneficiaries and funds recovered/due to be recovered. Monitoring module provides support to registering information on performed on-the-spot checks and audit visits. Reporting module is used for generation of predefined reports based on the information of all other modules. Certification module is used for creation of Statement of expenditure at each management level. Information on users and their access rights as well as master data are stored within the administration module of SCF MIS.

The Coordinating Body (CB) in co-operation with other bodies of MCS has developed SCF MIS during the years 2012 and 2013. CB is responsible for the support in relation to the overall use of the system, controls all the data, develops new versions of the system and provides consultations, manuals and trainings to users, where required, through the **Network of MIS Administrators coordinated by the CB**. The latter gathers appointed local MIS administrators of the bodies of the MCS responsible to assign the functions in SCF MIS for the users within that respective institution, to provide first level support to the users by way of disseminating information and providing trainings within the institution, to ensure safety and accuracy of the data entered by that respective institution, to collect and verify errors and collect development needs. The latter are reported through the online **MIS Helpdesk administrated by the CB**. Technical-software equipment and its licenses are under the management, use and disposition of the CB which can authorize other legal or natural persons having the right to perform such activities to fulfil certain SCF MIS maintenance, improvement, development or other related activities.

The above structures in terms of responsibility for the management and upgrade of the SCF MIS as well as for the purpose of ensuring its proper use are intended for the 2014-2020 period. For that purpose, the organizational structures will be adapted to include the representatives of the new bodies in the MCS. In terms of the system itself, current version of SCF MIS is intended to be upgraded to the new requirements of the CPR for the 2014-2020

period including (a) changes in the business processes, (b) upgrades for the purpose of processing of wider scope of data and (c) e-cohesion requirements for reduction of administrative burden for the bodies of the MCS and the beneficiaries, and is intended to be used as the **single MIS for ERDF, ESF and CF programmes in 2014-2020 period**.

The fact that the SCF MIS has been developed at the very end of the 2007-2013 period in parallel to the preparation by the European Commission of the drafts of the Commission Delegated Regulation (EU) No 480/2014 and Commission Implementing Regulation (EU) No 1011/2014, setting requirements for MIS and e-cohesion modernization in 2014-2020 period, enabled CB to adapt the structure of the 2007-2013 SCF MIS as well as structure and workflows of information processed by the system in a way to ensure basis for as fast as possible upgrade of the system for the 2014-2020 period. The example of such approach is introduction of the web-based forms, which enable electronic input of the standardized and structured data by the beneficiaries.

As the first phase of the upgrade, it is intended to perform thorough evaluation of the functioning of the current SCF MIS as well as to prepare overall analysis of the required upgrades of the system in line with all requirements of the CPR and respective implementing acts. This phase is to be completed by December 2014. During the second phase, system modules will be developed, primarily to ensure processing of wider scope of data. This phase is intended to start in January 2015. In the third phase, SCF MIS will be extended with a Beneficiary portal (BP), the development of which will start in June 2015. BP will enable electronic exchange of information and documents between applicants/beneficiaries and MSC bodies as well as automatic exchange of documents between SCF MIS - BP and different databases of state institutions (such as state treasury, tax register, state aid register, company register etc.), thus reducing the efforts by the beneficiaries in obtaining and submitting documents. In addition to reducing the administrative burden for the beneficiaries, linking MIS system to other systems (including at one point also the systems used for recording the data on EAFRD and EMFF funded projects as well as ensuring electronic exchange of data with European Commission ARACHNE system) is expected to also reduce the workload for the bodies of the MCS and enable them to ensure that irregular practices and double financing are avoided. This is the phase to start last in the SCF MIS upgrading process, however, the upgrade process in general will be content and time-wise in line with requirements of the CPR and related implementing acts. In the meantime, alternative technical solutions for detecting irregularities and double financing are being explored such as exchange of electronic data related to all ESI beneficiaries and supported operations between MCS bodies..

The third phase is to enable as much as possible of the required data (standardized and structured data when it comes to database log or standardized but not structured data when it comes to documents) to be obtained by the bodies of the MCS, without requiring the same to be provided by the beneficiaries. In parallel, for the part of the data that cannot be obtained by the bodies of the MCS without requiring the same to be provided by the beneficiaries, procedures will be progressively revised and MIS and related systems upgraded to enable exchange of the required data in electronic form.

As announced in Chapter 2.1, two-way exchange of data in electronic form between the applicants/beneficiaries and bodies of the MCS is intended through the **BP**. As opposed to currently used web-based platform which allows ERDF, ESF and CF applicants/beneficiaries to fill in and validate their e-project application and e-request for reimbursement form on line and submit it in hard copy, BP is intended to allow applicants to fill in, validate and submit their e-project application exclusively on-line. Through national identification and

authentication system (NIAS), the applicants/beneficiaries will be able to log in to BP, check the status of their applications as well as to exchange with the bodies of the MCS additional information during the whole project life cycle.

Key implementation information regarding selected RDP operations for funding under EAFRD, including key information on each beneficiary and project, will be recorded and maintained electronically in the Paying Agency for Agriculture, Fisheries and Rural Development (PAAFRD) for monitoring and evaluation purpose. The Electronic Information System is already set up in PAAFRD, but further customisation is needed in order to ensure proper monitoring and evaluation system according to Common Monitoring and Evaluation System set up jointly by the Commission and the Member States. It is particularly important for monitoring progress towards the established targets of the RDP to ensure relevant data for proper RDP evaluation during implementation and completion of programme. The responsibility for monitoring of RDP is shared between the MoA, acting as Managing Authority, and a Monitoring Committee set up for that purpose. However for ensuring relevant data for monitoring and evaluation purposes, the operational responsibility lies with the PAAFRD.

Agronet is a web-based application for electronic and on-line submission of requests (for support/payment/changes of projects) by applicant/beneficiary under EAFRD and EMFF interventions. The application has automatic crosschecks of information provided by the beneficiaries, with available records maintained by PAAFRD and/or other public institution. There is a clear intention of including all e-Governance solutions by the time of their availability in order to reduce administrative burden for beneficiaries and decrease costs of administration.

One of main improvements in relation to the pre-accession period (i.e. implementation of SAPARD/IPARD), when documentation was submitted manually and processed in paper format, is that the documentation will be uploaded and processed directly in the system. The application will guide the applicants in completing the application/claim by a predefined process flow, which will assure more correct data input by the applicant and ease the process. This will save time and costs for administration, while reducing risks of failure and undue applications/requests submitted by beneficiaries. Agronet also provides other benefits to potential applicants/beneficiaries, such as an insight into the entire legal basis concerning particular support measures and insight into the current status of applications (e.g. submitted/pending/approved/rejected)

Documents

Document title	Document type	Document date	Local reference	Commission reference	Files	Sent date	Sent By
ANNEXES to the Partnership Agreement	Official proposal part 1 (sections 1 and 2)	28-Oct-2014		Ares(2014)35773 92	ANNEXES to the Partnership Agreement	28-Oct-2014	ndematij