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**COMMISSION IMPLEMENTING DECISION**

**of 23.11.2023**

**on the authorisation of the disbursement of the third instalment of the non-repayable support for Croatia**

(Only the Croatian text is authentic)

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## on the authorisation of the disbursement of the third instalment of the non-repayable support for Croatia

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility<sup>1</sup>, and in particular Article 24(5) thereof,

Whereas:

- (1) According to Article 4(2) of Regulation (EU) 2021/241, the specific objective of the Recovery and Resilience Facility is to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans.

Council Implementing Decision of 28 July 2021 on the approval of the assessment of the recovery and resilience plan for Croatia<sup>2</sup> (the ‘Council Implementing Decision’) provides that the Union is to release instalments in accordance with the Financing Agreement conditional on a decision by the Commission, taken in accordance with Article 24(5) of Regulation (EU) 2021/241, that Croatia has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan.

- (2) On 24 July 2023, Croatia submitted a request for payment, accompanied by a management declaration and a summary of audits. The request concerned the third instalment of the non-repayable support. Pursuant to Article 24(3) of Regulation (EU) 2021/241, the Commission assessed on a preliminary basis whether the relevant milestones and targets set out in the Council Implementing Decision had been satisfactorily fulfilled. For the purpose of this assessment, the operational arrangements concluded between the Commission and Croatia<sup>3</sup> in accordance with Article 20(6) of Regulation (EU) 2021/241, were taken into account.
- (3) The Commission made a positive preliminary assessment of the satisfactory fulfilment of all 45 relevant milestones and targets and, in accordance with Article 24(4) of Regulation (EU) 2021/241, provided its findings to the Economic and Financial Committee asking for its opinion on the satisfactory fulfilment of the relevant milestones and targets. In accordance with Article 25(4) of that Regulation, the

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<sup>1</sup> OJ L 57, 18.2.2021, p. 17.

<sup>2</sup> ST 10687/21.

<sup>3</sup> Recovery and Resilience Facility Operational arrangements between the European Commission and Croatia, entered into force on 10 February 2022.

Commission provided the competent committee of the European Parliament with an overview of its preliminary findings concerning the satisfactory fulfilment of the relevant milestones and targets. The Economic and Financial Committee agreed with the Commission's positive preliminary assessment and was of the opinion that Croatia has satisfactorily fulfilled all the milestones and targets associated with the payment request. The Commission has taken the opinion of the Economic and Financial Committee into account for its assessment.

- (4) Section 2(1)(1.3) of the Annex to the Council Implementing Decision provides the relevant milestones and targets that are to be satisfactorily fulfilled for the third instalment of the non-repayable support for an amount of EUR 804 597 701.

Milestones and targets related to the non-repayable support:

- (5) Milestone 1 provides for the adoption of a regulatory policy strategy and an accompanying action plan, to improve the assessment of the economic impact of regulations by addressing the planning, coordination, organisation and monitoring of the conduct of the SME Test, as well as other relevant tools and methodologies for the economic analysis of regulation. Croatia provided evidence of the adoption by the government of the Strategy for the Evaluation of the Economic Effects of Regulation on the SME sector and the accompanying Action Plan and of their publication, as well as the government decision on adopting the Strategy and the Action Plan published in the Official Gazette on 5 May 2023 (No. 48/2023). The evidence provided by Croatia demonstrates that the adopted Strategy and Action Plan set out improvements to the economic impact assessment procedures used in the public administration to better support innovation and the adoption of new business models, in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (6) Target 7 provides for the implementation of measures in the 2018, 2019 and 2020 Action Plans to alleviate the administrative burden on the economy, amounting to at least 95% of the envisaged cost reduction. The Commission has identified a clerical error in the text of the Council Implementing Decision and has undertaken the assessment on a revised basis. These measures achieve administrative burden relief through optimisation and digitalisation of administrative processes in various areas, as required by the Council Implementing Decision. Croatia provided evidence on the implementation of each of the target measures reaching 98.2% of the total cost reduction envisaged with the measures in the three action plans (as presented in an explanatory report). The evidence provided by Croatia demonstrates the implementation of the measures to alleviate the administrative burden on the economy is in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (7) Milestone 23 provides for the set-up of a new financial instrument aimed at increasing the size of private equity and venture capital in Croatia and supporting faster development of start-ups and innovative SMEs. The instrument is managed by the National Bank for Reconstruction and Development (HBOR) with the support of the European Investment Bank (EIB). Croatia provided a copy of the funding agreement and the investment strategy. The evidence provided demonstrates that the adopted documents address the objectives and requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (8) Milestone 37 provides for the entry into force of legislation and/or regulation to improve uptake of renewable energy sources, including introduction of a premium-based system for the support of renewable energy sources. Croatia provided a copy of the Act on the amendments to the Renewable Energy Sources and High-Efficiency Cogeneration Act and of the Act on the amendments to the Electricity Market Act, as adopted by the Croatian Parliament and published in the Official Gazette (No. 83/2023) on 21 July 2023, and a copy of the Regulation on stimulating electricity production from renewable energy sources and high-efficiency cogeneration, published in the Official Gazette (No. 70/2023) on 29 June 2023. The evidence provided by Croatia demonstrates that the legislation and the regulation have been adopted, published in the Official Gazette and that legislation entered into force on 29 July 2023, and the regulation entered into force on 29 June 2023. The Act on the amendments to the Renewable Energy Sources and High-Efficiency Cogeneration Act and the Act on the amendments to the Electricity Market Act include provisions to promote renewable energy self-consumption and renewable energy communities. The Regulation on stimulating electricity production from renewable energy sources and high-efficiency cogeneration includes provisions that contribute to a fully operational premium-based system for the support of renewable energy sources. Some provisions of the Renewable Energy Sources and High-Efficiency Cogeneration Act shall enter into force on 1 January 2024. Whilst this constitutes a minimal temporal deviation from the requirement of the Council Implementing Decision, the delay between the publication of this Act and the actual application of the relevant provisions is considered both limited and proportional. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (9) Milestone 60 provides for entry into force of amendments to four bylaws in order to create the legal preconditions for consolidation of water operators. Croatia provided copies of the publications in the Official Gazette of the Services Areas Regulation, the Regulation on performance evaluation of water operators, the Regulation on the methodology for determining the pricing of water services and the Regulation on specific conditions for the provision of water services. The evidence provided by Croatia demonstrates that all four regulations have been adopted and published in the Official Gazette (No. 70/23). The Service Areas Regulation entered into force on 15 July 2023, while other three regulations entered into force on 16 July 2023. Furthermore, the evidence provided by Croatia demonstrates that the adopted amendments address the objectives and requirements of the milestone by creating legal preconditions for the consolidation of water operators. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (10) Target 69 provides for at least 526 metering devices installed at water abstraction sites, used for measuring water quantities. Croatia provided a list of 539 water metering devices as well as the additional evidence based on which a sampling exercise was carried out. For the selected sample, Croatia provided reports of completion and project main designs containing relevant parts of the technical specifications. The evidence provided verifies that water metering devices are installed and operational in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (11) Target 74 provides for at least 20 contracts concluded for flood protection projects by the end of 2022, ensuring projects are implemented in line with the relevant environmental framework. Croatia provided a package of supporting evidence for 18 projects which encompass 20 concluded works contracts. The following evidence was

provided for each project: copy of the works contract, copy of the contract award notice, extract from the technical specifications, environmental impact assessment decision and, where applicable, an opinion of the competent authorities and analysis of the compliance of the impacts and/or the mitigation measures regarding the specific conservation objectives of the Natura 2000 sites, environmental impact assessment study, the grant agreement with supporting annexes, DNSH compliance checklist and quality assessment form. The content and objectives of the evidence provided demonstrates that the concluded contracts are in line with the requirements of the target. The Council Implementing Decision required that the tender criteria shall focus on nature-based solution measures and green infrastructure. The evidence provided by Croatia demonstrates that a broader term “green measure” has been used to determine the focus of the call for proposals, which encompasses nature-based solutions, green infrastructure, and application of green materials. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, this minimal deviation does not affect the progress towards achieving the investment that the target represents. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.

- (12) Target 75 provides for the construction of at least 13 kilometres of flood protective structures to protect against the harmful effects of water. Croatia provided supporting evidence for eight projects containing the following for each project: copy of the works contract, extract from the technical specifications, the grant agreement with supporting annexes, DNSH compliance checklist and quality assessment form, and supervising engineer's report. The evidence provided by Croatia demonstrates that 13.73 kilometres of flood protective structure were built. The content and objectives of the evidence provided demonstrate that the constructed structures are in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (13) Target 76 provides for at least two kilometres of restored watercourses including revitalisation of abandoned sleeves, permanent river and sleeve contact and investment in related infrastructure. Croatia provided a package of supporting evidence for one project including technical specifications, grant agreement with supporting annexes, supervising engineer's report, report of the person authorised for contract monitoring, environmental protection study, opinion of the competent authorities regarding the specific conservation objectives of the Natura 2000, and a screening decision. The evidence provided by Croatia demonstrates that the target was exceeded, as three kilometres of watercourses have been restored. The content and objectives of the evidence provided demonstrate that the restored watercourses are in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (14) Milestone 83 provides for the adoption of the Waste Management Plan aligned with objectives of the Waste Management Act and the Circular Economy Action Plan and specifying a target of at least 55% for waste recycling, sorting, reusing, and repairing by 2025 and a target for collection and recycling of biowaste. The Commission has identified a clerical error in the text of the Council Implementing Decision and has undertaken the assessment on a revised basis. Croatia provided a copy of the publication of the Waste Management Plan of the Republic of Croatia for the period 2023-2028 (Official Gazette No. 84/2023). The content and objectives of the evidence provided demonstrates that the adopted Plan is in line with the requirements of the

milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (15) Target 84 provides for reducing the share of municipal waste sent for disposal to 49%. Croatia provided the National report on municipal waste for 2022, a quality report, and relevant data and supporting estimations for computing the national figures confirming that the target has been reached. The content and objectives of the evidence provided demonstrate that the share of municipal waste sent for disposal has been reduced in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (16) Milestone 99 provides for the adoption of the National Plan for the Development of Railway Infrastructure and the National Management Plan for Railway Infrastructure and Service Facilities by the Croatian Government. Croatia provided a copy of the National Plan for the Development of Railway Infrastructure and a copy of the National Plan for the Management of Railway Infrastructure and Service Facilities and the Development of Railway Transport Services, as published in the Official Gazette (No. 156/2022) on 30 December 2022. The evidence provided by Croatia demonstrates that both national plans were adopted by the Croatian Government and published in the Official Gazette. The National Plan for the Development of Railway Infrastructure includes provisions on projects and activities necessary for the development of railway infrastructure, and the National Management Plan for Railway Infrastructure and Service Facilities includes provision on projects and activities for management, organization of railway traffic regulation and development of railway transport services. The content and objectives of the evidence provided demonstrate that the adopted Plans are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (17) Milestone 111 provides for the entry into force of the new Maritime Domain and Seaports Act. Croatia provided a copy of the Maritime Domain and Seaports Act, as adopted by the Croatian Parliament, and published in the Official Gazette (No. 83/2023) on 21 July 2023. The Act entered into force on 29 July 2023. The Maritime Domain and Seaports Act includes provisions relevant for the reorganisation of the structure of the port system open to public traffic, to ensure uniformity in the implementation of the legal obligations to operate public ports and rationalise management costs. The content and objectives of the evidence provided demonstrate that the adopted Act is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (18) Target 114 provides for a new cable ferry 'Križnica' across the River Drava in the Municipality of Pitomača to become operational. Croatia provided a copy of the certificate of completion, a report by a supervising engineer, a copy of approval decision of the Croatian Register of Shipping, as well as the bill of quantity from the procurement documents, the technical data sheet issued by the Croatian Registry of Shipping indicating capacity of the new cable ferry, and the certificate of the Ship's Ability for Navigation indicating capacity of the old cable ferry. The evidence provided by Croatia demonstrates that the new cable ferry is a solar-powered electric cable ferry connecting the mainland to the island of Križnica and is in operation with the approval of the Croatian Register of Shipping. The evidence provided by Croatia also demonstrates that the new cable ferry has increased transport capacity compared to old cable ferry and that it contributes to greening the transport sector. The content

and objectives of the evidence provided demonstrate that the new cable ferry operates in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.

- (19) Milestone 141 provides for the adoption of the Strategy for the Development of Sustainable Tourism by 2030. Croatia provided a copy of the Strategy adopted by the Croatian Parliament on 16 December 2022, published in the Official Gazette, No. 2/2023 on 4 January 2023, which entered into force on the same date. The Strategy includes objectives related to the green and digital transition of the economy, energy efficiency, waste reduction and water consumption reduction, and is addressing spatial planning and uneven distribution of tourism development, with the purpose of improving the quality of tourism product and extending the tourism season. The content and objectives of the evidence provided demonstrate that the Strategy is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (20) Milestone 144 provides for the publication of a call for proposals for the green and digital transition of public tourism infrastructure. Croatia provided the call documentation package with the relevant annexes and forms, published on 5 October 2022. The content and objective of the evidence provided demonstrate that the published call for proposals is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (21) Milestone 146 provides for the publication of a call for proposals to strengthen sustainability and boost the green and digital transition of tourism entrepreneurs. The Commission has identified a clerical error in the text of the Council Implementing Decision and has undertaken the assessment on a revised basis. Croatia provided the call documentation package with the relevant annexes and forms, published on 5 October 2022. The content and objectives of the evidence provided demonstrate that the published call for proposals is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (22) Milestone 150 provides for entry into force of the Amendments to the Act on the System of Strategic Planning and Management of Development of the Republic of Croatia and accompanying bylaws improving the effectiveness of strategic planning and the professionalisation of the preparation of strategic documents. Croatia provided copy of the publication of the amendments that entered into force on 30 December 2022, of the Decree on guidelines for the preparation of strategic acts that entered into force on 8 April 2023 and of the ordinances on deadlines and procedures that entered into force on 3 May 2023. The content and objectives of the evidence provided demonstrate that the legislation entered into force is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (23) Target 161 provides for the awarding of EUR 6 370 695 for engaging external support to the ministries, national agencies, and local and regional authorities in the preparation of technical and project documentation for the green and digital transition. Croatia provided evidence of awards for the external support for the preparation of project and technical documentation to a total of 57 beneficiaries. The content of the evidence provided by Croatia demonstrates that the funds were awarded through call for proposals supporting only projects with the intervention field contributing to the

green transition and digital transformation. The content and objectives of the evidence provided demonstrate that the awards are in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.

- (24) Target 165 provides for enabling the officials of all the public institutions, required to pass the state exam, to pass the exam through a fully digitalised model. The process of passing the State exam is digitalised with a view to making the exam system more transparent, accessible (in multiple locations across the country) and efficient. The Ordinance on taking the state exam as amended, prescribe the procedures related to the application for the State Exam, organization, and the implementation of State Exam. With the new system, all the officials who have an obligation to take the State Exam - take the State Exam electronically. Croatia provided the contracts, proofs of delivery and other relevant evidence concerning the software, IT equipment as well as the furniture for the test centres. The evidence provided by Croatia demonstrates that the complex software (ADI system) was procured and put in place as well as the hardware equipment and furniture in four regional centres for performing state exams in digital form. The content and objectives of the evidence provided demonstrate that public officials are enabled to pass state exams digitally in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (25) Milestone 176 provides for the entry into force of the “Digital Strategy Croatia 2032,” defining strategic objectives and setting the framework for investments in the digital transition. The assessment of the Strategy confirms that it covers the following areas: the digitalisation of public administration and judiciary, the development of broadband electronic communications networks, as well as the one of digital competences and digital jobs. A comprehensive governance system is set in place to coordinate the monitoring and implementation of the strategy, including the set-up of a new strategic management Council at intergovernmental level. Croatia provided a copy of the publication of the Strategy adopted by the Parliament on 16 December 2022 and published on 4 January 2023. The content and objectives of the evidence provided demonstrate that the Strategy is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (26) Milestone 177 provides for setting up the platforms for the central interoperability system improving data management system by facilitating the collection, sharing and analysis of data across the national and local public authorities. Croatia provided the relevant evidence, including a list of services available in the central interoperability portal and a copy of the report from the Central State Office for the Development of Digital Society on the operationalisation of platforms and testing for use. The content and objectives of the evidence provided demonstrate that the platforms set up are in line with the requirements of the target. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (27) Target 179 provides for the upgrading of the State cloud with the setting in operation of six new functionalities accessible for its users. The assessment of the evidence provided demonstrates that the following functionalities have been set in operation: a platform for the development, implementation and testing of applications (Kubernetes); a platform for ICT support to users (ITSM); a central information security monitoring system for managing potential security events is operational and accessible to users (SIEM); a platform to manage the digital content of the websites



(Web Hosting); a platform for the development of block-chain technologies for the State cloud (blockchain); a secured authentication system to access the cloud. Instead of using a separate biometric authentication platform, the authorities extended the mobileID system functionality to the State Cloud. Whilst this constitutes a minimum substance deviation from the requirement of the Council Implementing Decision, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the target represents. The content and objectives of the evidence provided demonstrate that the upgrading of the State cloud is in line with the requirements of the target. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (28) Milestone 195 provides for the setting up of a new e-system used by the Croatian Pension Insurance Institute, for the management of its digital archives, enhancing the availability and quality of publicly available information, improving protection and storage of archival and registry materials, streamlining the administrative procedures for the management of documents, and improving the overall cost-effectiveness and efficiency of the operations by the Institute. Croatia provided the relevant evidence, including the copy of certificate of completion of the operating system for managing digital archives. The content and objectives of the evidence provided demonstrate that the newly set up e-system is in line with the requirements of the target. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (29) Milestone 229 provides for equipping all courts of first instance for remote hearings, as well as ensuring the conditions for holding remote hearings are met. Croatia provided detailed lists of the new equipment, list of equipment for remote hearing and locations where it was installed or distributed, and confirmations from first instance courts on delivered equipment for remote hearing. The content and objectives of the evidence provided demonstrate that, in line with the requirements of the milestone, by 31 December 2022 all courts of first instance were equipped with the necessary IT equipment and meet conditions for holding remote hearings. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (30) Milestone 233 provides for entry into force of amendments to the Act on the protection of persons reporting irregularities, improving the provisions of the Act, clarifying the notion of a confidential person and making provisions for the delivery of a certificate of registration received. Croatia provided a copy of the publication of the Act on the protection of persons reporting irregularities (Official Gazette No. 46/2022), which entered into force on 23 April 2022. The content and the objective of the evidence provided demonstrate that the amendments are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (31) Milestone 249 provides for the development and putting into use of a structural macroeconomic model of the Croatian economy, to draw up projections underlying the annual budget and simulate the effects of economic policies and the impact of shocks on the sustainability of public debt. Croatia provided evidence that the model was developed with the assistance of the World Bank, and a research note by the Ministry of Finance where the economic responses to several shocks were assessed. Furthermore, the assessment confirms that the model was used in the preparation of budgetary forecast and documents for the budget proposal for the year 2023. The content and the objective of the evidence provided demonstrate that the development and use of the structural macroeconomic model is in line with the requirements of the

milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (32) Milestone 256 provides for the development and publication of guidelines on the Public Procurement Portal further encouraging the involvement of SMEs in the public procurement procedures. Croatia provided the new guidelines (published on the public procurement portal: <http://www.javnabava.hr/> on 19 September 2022) which are aimed at both the SMEs as well as the contracting authorities, with detailed information on how to improve the participation of SMEs in public procurement. These recommendations are based on an analysis of needs and the current situation. The content and objectives of the evidence provided demonstrate that the guidelines have been developed and published in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (33) Milestone 259 provides for the publication of an independent analysis and concrete recommendations to improve the burden management of all staff in the three key institutions carrying out public procurement in Croatia by analysing historic trends in workload, developing training needs and providing an action plan to address these needs. Croatia provided the report of the analysis carried out by external experts as well as three separate action plans, one for each of the indicated institutions. The action plans build on the analysis and provide concrete recommendations on how to improve and ensure adequate capacities to carry out high quality procurement procedures. The content and objectives of the evidence provided demonstrate that the analysis, recommendations, and action plans are published in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (34) Milestone 260 provides for the entry into force of an amended public procurement legislative framework introducing the e-appeal as a mandatory means of obtaining redress in the public procurement system. Croatia provided a copy of both the Public Procurement Act published in the Official Gazette No. 114/2022, which entered into force on 11 October 2022, and the Ordinance on Electronic Appeals in Public Procurement (Official Gazette No. 19/2023) which entered into force on 26 January 2023. The evidence shows that e-appeals are introduced as a mandatory means for obtaining redress, that the time for dealing with appeals is shortened and that appeals procedures are made more transparent and efficient. The content and objectives of the evidence provided demonstrate that the amendments entered into force are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (35) Milestone 273 provides for the adoption of the new Act on Scientific Activity and Higher Education improving the availability, quality, and labour market relevance of higher education. Croatia provided a copy of the publication of the Act in the Official Gazette No. 119/2022, that entered into force on 22 October 2022, as well as the Act on Quality Assurance in Science and Higher Education (Official Gazette No. 151/2022) that entered into force in January 2023, aligning higher education programmes with the content of the Croatia Qualification Framework. In addition to these Acts, Croatia included several requirements of the Council Implementing Decision into a wider legislative framework comprising of acts and bylaws. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. The evidence provided

demonstrates that the new framework enables an organizational reform of public universities and scientific institutes and introduces a performance-based funding model based on transparent criteria and performance indicators linked to the development objectives of higher education institutions. The content and objectives of the evidence provided demonstrate that the adopted Act is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (36) Milestone 275 provides for the entry into force of the New Science and Higher Education Act which, together with the wider legislative framework which Croatia also adopted, provides the means for a transition to a performance-based funding system, increase scientific institutions budget for more impactful research, and foster a functional and organisational integration of universities and public research institutes. Croatia provided a copy of the New Science and Higher and Education Act (Official Gazette No. 119/2022), which entered into force on 22 October 2022. Along the new legislative framework, Croatia also provided a copy of the Directive on programme financing (Official Gazette No. 78/2023) with entry into force on 22 July 2023, setting out conditions for funding and the Catalogue of objectives and indicators which represent a repository of ambitious goals that public universities and research institutes can choose to monitor the progress of their performance-based funding. The provisions in the legislative framework provide top-up financing to ensure the aforementioned transition to a performance-oriented approach this increasing funding of the public universities and research institutes when they set ambitious goals, improve research excellence or undergo administrative changes to reduce fragmentation. Croatia also provided evidence on stakeholder consultations on the new legislative framework, clearly showing how stakeholders' proposals were taken on board. The content and objectives of the evidence provided demonstrate that the adopted Act and secondary legislation entered into force are in line with the requirements of the milestone. The provisions New Science and Higher Education Act are therefore complemented by the wider legislative framework and together relate to various requirements of the Council implementing decision. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (37) Milestone 281 provides for the entry into force of a new legislative framework regulating quality requirements for study programmes, doctoral studies and working conditions for scientific institutions to increase the quality and number of researchers and professionals in scientific and business sectors by improving the attractiveness of research careers in STEM and ICT fields. Croatia provided the Act on Quality Assurance in Higher Education and Science (Official Gazette No. 151/202), which entered into force on 30 December 2022, the Ordinance on Amendments to the Ordinance on Conditions for Selection to Scientific titles (Official Gazette No. 111/2022), with entry into force on 3 October 2022. In addition, the Croatian authorities also provided the Directive on programme financing (Official Gazette No. 78/2023) with entry into force on 22 July 2023 and the New Science and Higher and Education Act (Official Gazette No. 119/2022), which entered into force on 22 October 2022. The provisions in the legislative framework provide top-up financing to ensure the an ambitious approach to increasing quality of research careers and their attractiveness as well as reducing administrative barriers as only those public universities and research institutes who sign programme agreements with ambitious

goals to achieve those goals will receive additional financing. While the Council implementing decision only calls for the entry into force of the Act on Quality Assurance in Higher Education and Science and the Ordinance on Amendments to the Ordinance on Conditions for Selection to Scientific titles, the provisions in the wider legislative framework relate to several requirements of the Council Implementing Decision. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. The content and objectives of the evidence provided demonstrate that the new legislative framework entered into force is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (38) Milestone 284 provides for the entry into force of the Act on the Croatian Science Foundation. Croatia provided copy of the Act (Official Gazette No. 57/2022) that entered into force on 28 May 2022, along with copies of an Action plan for ensuring capacities of the Croatian Science Foundation (CSF), the new Statute of the Croatian Science Foundation (Published on the website of the Croatian Science Foundation on 26 October 2022 and entered into force on 3 November 2022), the Manual for evaluating project proposals (Published on the website of the Croatian Science Foundation on 20 July 2023 and entered into force on the same date), Ordinance on the Croatian Science Foundation internal organisation (Published on the website of the Croatian Science Foundation on 7 November 2022 and entered into force on 15 November 2022) and the Strategic Plan of the Croatian Science Foundation (Adopted by the Parliament on 17 October 2023 and published in the Official Gazette No 121/2023 on 19 October 2023). The Strategic Plan of the CSF was adopted by the Board of the CSF and received approval of the Ministry. However, the Parliament adopted the Strategic Plan on 17 October 2023, and it was published in the Official Gazette on 19 October 2023. Whilst this constitutes a minimal temporal deviation from the requirement of the Council Implementing Decision, the delay to the adoption of this bylaw is considered both limited and proportional. This framework puts in place a robust legal basis and mechanisms for strengthening the Croatian Science Foundation's capacities for selecting, funding, and monitoring research projects. It also provides the CSF with clear competences to participate in inter-institutional research and innovation coordination within the National Innovation Council. With this, the reform contributes to an overall more efficient and coherent R&I governance model to support both research and innovation projects. The content and objectives of the evidence provided demonstrate that the Act and the related framework entered into force are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (39) Milestone 294 provides for the entry into force of the Law on Tackling Undeclared Work and the Act amending the Labour Law. Croatia provided a copy of both acts, which were published on 22 December 2022 (Official Gazette No. 151/2022) and entered into force on 1 January 2023. According to Article 67 of the amendments to the Labour law, the amendments to the regulation of platform work (Article 56) will enter into force on 1 January 2024. Whilst this constitutes a minimal temporal deviation from the requirement of the Council Implementing Decision, the delay between the publication of this law and the actual application of the provisions is considered both limited and proportional. The evidence provided confirms that the amended Labour Law regulates outplacement work and platform work, limits the number of successive temporary contracts, strengthens the right to work for other employers

and revises the 65-year retirement clause, changes the provisions on financing of sick leave and severance for workers at retirement age, encourages additional employment and part-time employment and includes provisions to allow flexibility in working time and place of work and reduce the gender pay gap. The new Law on Tackling Undeclared Work defines undeclared work and all its manifestations, strengthens inspections and lays down misdemeanour provisions, and regulates the process of transferring workers from undeclared to declared work. The content and objectives of the evidence provided demonstrate that the adopted Law and Act are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (40) Milestone 313 provides for the adoption of standards of treatment for family assistants. Croatia provided the copy of the Standards adopted on 30 December 2022 and all the relevant evidence. The assessment of the evidence confirms the adoption of harmonised provisions of on-the-spot services in the beneficiary's home in cooperation with other stakeholders at the local community level. Those standards ensure conduct, further development and improvement of the quality of services for a specific target group of children and families at risk of neglect and social exclusion. The procedure in the implementation of family associate activities within the social service has been standardised and harmonised. The content and objectives of the evidence provided demonstrate that the standards have been adopted in line with the requirements of this milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (41) Milestone 318 provides for the adoption of the Health System Performance Assessment Framework (HSPA framework). Croatia provided a Ministerial Decree on entry into force of the HSPA framework from 15 September 2022. The evidence confirms that it is a tool enabling monitoring of health system performance thanks to, key performance indicators having been set up. It helps populating the HSPA with reliable and timely updated data, thus allowing for comparison and monitoring of health care providers and counties. The content and objectives of the evidence provided demonstrate that the adoption of the HSPA framework is in line with the requirements of this milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (42) Milestone 323 provides for the modernisation of health services in Clinical Hospital Centre KBC Split (CHC Split) through the purchase of medical diagnostic equipment for the Clinical Institute for Diagnostic and Intervention Radiology. The evidence provided by Croatia confirms that such medical equipment improves the healthcare in the field of prevention, treatment and diagnosis of diseases, and digitalises health services and processes, thus ensuring transparency and future financial stability. The content and objectives of the evidence provided demonstrate that the purchase and instalment of equipment for the Clinical Institute for Diagnostic and Intervention Radiology in KBC Split (CHC Split) is in line with the requirement of this milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (43) Milestone 336 provides for the entry into force of the Acts amending the Health Care Act and the Compulsory Health Insurance Act, allowing significant transformation in healthcare management and accessibility, with a strong focus on ensuring financial stability and sustainability in the healthcare system. Croatia provided copy of both Acts published in Official Gazette No. 33/2023 which entered into force on 1 April 2023. The assessment of the evidence confirms that the amendment of the Health Care

Act comprises the reorganization of the hospital management, the empowerment of the Croatian Institute for Emergency Medicine to establish the Single Office for Emergency Medicine and the reorganisation of Public Health Service. The amendments to the Compulsory Health Insurance Act introduce clear and transparent criteria for determining healthcare programs under compulsory health insurance, as well as providing financial stability to the healthcare system. The content and the objective of the evidence provided demonstrate that the new Acts entered into force are in line with the requirement of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (44) Milestone 346 provides for the entry into force of a national telemedical framework expanding the scope of the services in the field of emergency medicine in the Republic of Croatia. Croatia provided evidence that the new framework was adopted on 27 December 2022. The assessment of the evidence shows that the framework includes an architecture of the future remote monitoring system in Emergency Health Service (HMS), through the provisions on the organisation of teleconsultation centres and ensuring the generation and transmission of real-time data from a non-hospital HMS vehicle to a teleconsultation centre. The evidence provided demonstrates that the national telemedical framework extended the scope of the services of the information management system through new functionalities such as provisions for the establishment of the transmission of patients' vital parameters from HMS to the Joint Emergency Hospital Service (OHBP) and the establishment of HMS surveillance. The content and objectives of the evidence provided demonstrate that the expanded national telemedical framework entered into force is in line with the requirements of this milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (45) Target 349 provides for the purchase of medical IT equipment packages placed in each of the 35 transfusion centres in Croatia, ensuring digital transmission of medical data and strengthening the interconnection of establishments with transfusion units. The teletransfusion project was developed as an additional service within the existing digital framework (ePrescription and eDossier) further enabling the digital processing of patients' data to start treatment in the secondary or tertiary healthcare facility. The content and objectives of the evidence provided demonstrate the purchase and placement of the equipment in telemedical centres to ensure the digital transmission of medical data and strengthen the interconnection of 35 hospital establishments with transfusion units with the Croatian Institute for Transfusion Medicine (HZTM), in line with the requirements this target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (46) Target 353 provides for the signing the contracts awarding EUR 66 364 404 for energy renovation of public and multi-dwelling buildings to reach a minimum reduction of energy consumption for heating by at least 50% compared to the annual energy consumption for heating prior to the renovation, and to contribute to an increase of 30% in primary energy savings. Croatia provided evidence that the target was exceeded, as a total of EUR 92 905 966 million was awarded. Croatia provided a contract register for multi-dwelling buildings and the extract from the Call for proposals. For the selected sample of multi-dwelling buildings, Croatia also provided the project summaries. Croatia provided a direct award contract with the Croatian Real Estate Agency for public buildings and with the Central State Office for Reconstruction and Housing Care, as well as contract registers for public buildings. The content and objectives of the evidence provided demonstrate that the contracts

have been signed in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.

- (47) Milestone 359 provides for the publication of the National Skills Development Plan contributing to improving the skills for green jobs in the context of energy and post-earthquake renovation, green infrastructure, application of nature-based solutions and circular management of space and buildings. Croatia provided the National Skills Development Plan published on the official website of the Ministry of Physical Planning, Construction and State Assets. The assessment confirms that the Plan reviewed the existing programmes and provides foundations and guidelines for preparing and adapting relevant educational programmes in Croatia. The content and objectives of the evidence provided demonstrate that the Plan has been published in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (48) Milestone 363 provides for putting into operation an online one-stop shop platform bringing together all the necessary information for energy renovation and post-earthquake reconstruction. Croatia provided a copy of the handover certificate and the specifications of the platform. The online one-stop shop platform was implemented in two phases, with the first phase focusing on structural renovation and the second phase integrating all other services and information relevant for comprehensive and energy renovation, including services and information for the build back better concept. The evidence provided demonstrate that the online one-stop shop has been set up and is operational in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (49) Target 366 provides for procuring at least 300 units of new seismic equipment to increase the quality of the collection, processing and application of the seismic data needed for the renovation process, planning development of new facilities and monitoring public infrastructure, as well as strengthening resilience to earthquakes and associated risks, thus strengthening the organisational and infrastructure capacity of the Seismologic Survey of the Republic of Croatia. Croatia provided evidence that the target was exceeded, as 335 new seismic equipment units were procured. Croatia provided a detailed list of new seismic equipment units, procurement contracts, invoices, bank statements and contracts award notice. The evidence provided demonstrates that the seismic equipment was purchased in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (50) Furthermore, Croatia has also confirmed that previously satisfactorily fulfilled milestones and targets have not been reversed.
- (51) Following the fully positive assessment concerning the Croatia's payment request, in accordance with Article 24(5) of Regulation (EU) 2021/241, the disbursement of the financial contribution for the third instalment of the non-repayable support should be authorised.
- (52) In accordance with Article 2(3) of the Council Implementing Decision, as specified in the Financing Agreement, the pre-financing of the financial contribution shall be cleared by being proportionally deducted against the payment of the instalments. As Croatia received EUR 818 406 049 of the financial contribution as pre-financing, an amount of EUR 104 597 701 of the payment should be utilised to clear the pre-financing.

- (53) This Decision should be without prejudice to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty on the Functioning of the European Union. It does not override the requirement for Member States to implement the measures in accordance with Union and national law and, in particular, to notify instances of potential State aid to the Commission under Article 108 of the Treaty on the Functioning of the European Union.
- (54) The measures provided for in this Decision are in accordance with the opinion of the Committee established by Article 35(1) of Regulation (EU) 2021/241,

HAS ADOPTED THIS DECISION:

*Article 1*

*Authorisation of the disbursement of the non-repayable support*

The disbursement of the third instalment of the non-repayable support as laid down in Section 2(1)(1.3) of the Annex to the Council Implementing Decision of 20 July 2021 on the approval of the assessment of the recovery and resilience plan for Croatia for an amount of EUR 804 597 701 is authorised.

In accordance with the Financing Agreement concluded pursuant to Article 23(1) of Regulation (EU) 2021/241 between the Commission and the Republic of Croatia, EUR 104 597 701 shall be utilised to clear the pre-financing of the financial contribution and EUR 700 000 000 shall be provided to Croatia by means of payment to the bank account indicated in the Financing Agreement.

*Article 2*

*Addressee*

This Decision is addressed to the Republic of Croatia.

Done at Brussels, 23.11.2023

*For the Commission*

*Paolo GENTILONI*

*Member of the Commission*