29 July 2025

Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the sixth payment request submitted by Croatia on 20 December 2024, transmitted to the Economic and Financial Committee by the European Commission

Executive summary

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 20 December 2024, Croatia submitted a request for payment for the sixth instalment of the non-repayable support and the second instalment of the loan support. The payment request was accompanied by the required management declaration and summary of audits.

To support its payment request, Croatia provided due justification of the satisfactory fulfilment of the 20 milestones and targets of the sixth instalment of the non-repayable support and the 6 milestones and targets of the second instalment of the loan support, as set out in Section 2(1)(6) and Section 2(2)(2) of the Annex to the Council Implementing Decision of 20 June 2025 on the approval of the assessment of the recovery and resilience plan for Croatia[1].

In its payment request, Croatia has confirmed that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed. The Commission does not have evidence of the contrary. Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Croatia, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of all 26 milestones and targets.

The milestones and targets positively assessed as part of this payment request demonstrate significant steps in the implementation of Croatia's Recovery and Resilience Plan. They notably highlight the continuation of the reform momentum in key policy areas. This includes, among others, advancing the implementation of a water management programme, specifying the new wage and work models in the public sector, improving the coordination and efficiency of national anti-corruption authorities, and improving the governance of state-owned enterprises including at local level. The milestones and targets also confirm progress towards the completion of investment projects related to upgrading the electricity interconnection of six islands, building flood protective structures, supporting a new urban mobility ecosystem based on autonomous vehicles, digitalising healthcare through state-of-the-art surgery equipment and upgrading the central health information system, strengthening gas transport capacity to improve energy security, and supporting the post-earthquake and energy renovation of buildings.

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

[1] ST 9586/25

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Non-repayable support

Number and name of the Target: 40 Upgrade of underground cables connecting 6 islands to the mainland grid completed

Related Measure: C1.2.R1-I1 Revitalising, building and digitising the energy system and supporting infrastructure to decarbonise the energy sector

Quantitative Indicator: Number

Baseline: 0

Target: 6

Time: Q2 2024

1. Context:

The objective of this investment is to support electrification and decarbonisation of the energy sector. This will be achieved by upgrading and digitalising the Croatian transmission and distribution electricity network, which is expected to enable better connection between the south of Croatia, where most of the renewable energy can be produced, and the north, where most of electricity is consumed.

Target #40 requires at least six islands with the upgraded electricity network connection to the mainland (the planned islands are Krk, Cres, Lošinj, Brač, Hvar and Korčula). The investment includes the replacement of old submarine cables with new, environmentally friendly cables.

Target #40 is the second step of the implementation of the investment, and it follows milestone #39, related to construction permit granted for the upgrade of the high voltage network. It will be followed by, targets #41 and #44, related to the upgrade of the high voltage network (220/110 kV), target #42, related to 1500 MW of new installed RES capacity connected to the grid, target #43, related to 40000 smart meters of electricity installed, target #376 related to additional 60000 smart meters of electricity installed, and target #377, related to new energy battery storage capacity completed with the overall capacity of 100 MWh. The investment has a final expected date for implementation on 30 June 2026.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	T40_Cover note	Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled

2	Uporabna dozvola KB 110 kV Crikvenica – Krk / Use permit for the submarine cable Crikvenica – Krk, reference Up/l-361-05/22-01/000066, 2170-03-02/3-22-0007, 5 December 2022	The use permit that confirms that all the works have been done and that a submarine transmission cable is ready for use
3	Uporabna dozvola KB 110 kV Krk – Cres / Use permit for the submarine cable Krk – Cres, reference UP/I-361-05/24-01/000045, 2170-03-04/4-24-0005, 17 June 2024	The use permit that confirms that all the works have been done and that a submarine transmission cable is ready for use
4	Uporabna dozvola KB 110 kV Cres-Lošinj / Use permit for the submarine cable Cres-Lošinj, reference UP/I-361-05/24-01/000019, 2170-03-05/1-24-0008, 24 June 2024	The use permit that confirms that all the works have been done and that a submarine transmission cable is ready for use
5	Uporabna dozvola KB 110 kV Dugi Rat – Postira / Use permit for the submarine cable Dugi Rat – Postira, reference, UP/I-361-05/22-01/000082, 2181/1-11-00-00/07-23-0010, 19 April 2023	The use permit that confirms that all the works have been done and that a submarine transmission cable is ready for use
6	Uporabna dozvola KB 110 kV Brač – Hvar / Use permit for the submarine cable Brač – Hvar, reference U P/l-361-05/24-01/000247, 2181/1-01-11-00-00/04-24-0007, 26 July 2024	The use permit that confirms that all the works have been done and that a submarine transmission cable is ready for use
7	Uporabna dozvola KB 110 kV Hvar – Korčula / Use permit for the submarine cable Hvar – Korčula, reference Up/l-361-05/24-01/000073, 531-08-3-4-24-0017, 17 September 2024	The use permit that confirms that all the works have been done and that a submarine transmission cable is ready for use
8	Završno izvješće KB 110 kV Crikvenica_Krk / Report by a supervising engineer for the submarine cable Crikvenica – Krk, reference 30 September 2022	
9	Main project Crikvenica - Krk DC1650E1, reference DC1650E100, December 2016	Justification that the technical specifications of the project(s) are aligned with the description of the target and of the description of the investment in the CID Annex

10	Završno izvješće KB 110 kV Krk_Cres / Report by a supervising engineer for the submarine cable Krk - Cres, reference 3 June 2024	
11	Main project Krk - Cres DC1651AE1, reference DC1651AE100, December 2019	Justification that the technical specifications of the project(s) are aligned with the description of the target and of the description of the investment in the CID Annex
12	Završno izvješće KB 110 kV Cres – Lošinj / Report by a supervising engineer for the submarine cable Cres - Lošinj, reference 800/24-01/03, 3-0O1-O02/DM2-24-65 of 4 June 2024	
13	Main project Cres - Lošinj DC1652AE1, reference DC1652AE100, October 2018	Justification that the technical specifications of the project(s) are aligned with the description of the target and of the description of the investment in the CID Annex
14	Završno izvješće KB 110 kV Dugi Rat – Postira / Report by a supervising engineer for the submarine cable Dugi Rat - Postira, reference 3 November 2022	
15	Main project Dugi Rat - Postira DRB.883-E1, reference DRB883-E-1-0, June 2014	Justification that the technical specifications of the project(s) are aligned with the description of the target and of the description of the investment in the CID Annex
16	Završno izvješće KB 110 kV Brač – Hvar / Report by a supervising engineer for the submarine cable Brač – Hvar, reference 14 June 2024	
17	Main project Brač - Hvar KBH1124-E1, reference KBH1124-E1-0, March 2019	Justification that the technical specifications of the project(s) are aligned with the description of the target and of the description of the investment in the CID Annex
18	Završno izvješće KB 110 kV Hvar – Korčula / Report by a supervising engineer for the submarine cable	

	Hvar – Korčula, reference 20240705-2AS of 5 July 2024	
19	Main project Hvar - Korčula KHK1069-E1, reference KHK1069-E1, February 2023	Justification that the technical specifications of the project(s) are aligned with the description of the target and of the description of the investment in the CID Annex
20	Map - Podmorski kabel 110 kV Crikvenica – Krk / map with the location of the submarine cable Crikvenica - Krk	
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3. Analysis:

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

At least six islands shall have an upgraded electricity network connection to the mainland (the planned islands are Krk, Cres, Lošinj, Brač, Hvar and Korčula).

The Croatian authorities have provided copies of use permits, confirming that all the works have been done and that the use of the reconstructed infrastructure of the energy system (electricity transmission), i.e., submarine transmission cables, is allowed, as regards:

- the cable Crikvenica (mainland)– Krk (Evidence No. 2);

- the cable Krk – Cres (Evidence No. 3);
- the cable Cres-Lošinj (Evidence No. 4);
- the cable Dugi Rat (mainland) – Postira (on the island of Brač) (Evidence No. 5);
- the cable Brač – Hvar (Evidence No. 6); and
- the cable Hvar – Korčula (Evidence No. 7).

The authorities have provided copies of the final reports by the supervising engineer and main project documentation demonstrating that the upgraded electricity network is connecting the mainland and the six islands (Krk, Cres, Lošinj, Brač, Hvar and Korčula), in line with the description of the target and of the description of the investment in the Council Implementing Decision Annex:

- the cable Crikvenica (mainland)– Krk (Evidence No. 8 and No. 9 pages 9-10 and pages 19-20)
- the cable Krk – Cres (Evidence No. 10 and No. 11 page 14 and pages 26-27);
- the cable Cres-Lošinj (Evidence No. 12 and No. 13 page 10 and pages 22-23);
- the cable Dugi Rat (mainland) – Postira (on the island of Brač) (Evidence No. 14 and No. 15 pages 33-34 and page 47);
- the cable Brač – Hvar (Evidence No. 16 and No. 17 pages 65-66 and page 77); and
- the cable Hvar – Korčula (Evidence No. 18 and No. 19 pages 91-93 and page 105).

The authorities have provided maps providing the location of the submarine transmission cables as regards:

- the cable Crikvenica (mainland)– Krk (Evidence No. 20);
- the cable Krk – Cres (Evidence No. 21);
- the cable Cres-Lošinj (Evidence No. 22);
- the cable Dugi Rat (mainland) – Postira (on the island of Brač) (Evidence No. 23);
- the cable Brač – Hvar (Evidence No. 24); and
- the cable Hvar – Korčula (Evidence No. 25).

The investment will include replacement of old submarine cables with new, environmentally friendly cables.

The main project documentation provided by the Croatian authorities also demonstrates that the new cable is environmentally friendly, since it is three-core cable insulated with cross-linked polyethylene (hereinafter referred to as: XLPE), which is more durable, easier to repair and greatly reduces environmental risks in the event of damage or malfunction. The XLPE cable integrates a protective tube with 4 multimode fibers and 48 single-mode fibres. Between the conductor and the cross-linked polyethylene insulation is a polymer layer that eliminates the risk of electrical discharges in the part of the insulation directly next to the conductor. The surface of the inner polymer layer is extremely smooth, in order to reduce as much as possible, the dielectric stresses of the cross-linked polyethylene insulation that may arise on any unevenness. On the outside of the insulating XLPE layer, and on the inside of the cable screen, there is another semiconducting layer that has a task identical to the semiconducting layer located directly next to the cable conductor, i.e., its purpose is to achieve a gradual transition from the copper screen in which the electric field is equal to zero to the insulating XLPE layer in which the electric field exists. In order to ensure the best possible adhesion between the semiconducting layers and the insulating XLPE layer, all three layers are extruded in the same operation - triple extrusion. This is demonstrated as regards:

- the cable Crikvenica (mainland)– Krk in Evidence No. 9 on pages 19-20;
- the cable Krk – Cres in Evidence No. 11 on pages 26-27;
- the cable Cres-Lošinj in Evidence No. 13 on pages 22-23;
- the cable Dugi Rat (mainland) – Postira (on the island of Brač) in Evidence No. 15 on pages 33-34;
- the cable Brač – Hvar in Evidence No. 17 on pages 65-66; and

- the cable Hvar – Korčula in Evidence No. 19 on pages 91-93.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Target: 77 Flood protective structures built

Related Measure: C1.3 R1-I3 Disaster risk reduction programme

Quantitative Indicator: Number

Baseline: 0

Target: 65

Time: Q2 2024

1. Context:

The objective of this investment is to improve flood protection measures for 20 000 inhabitants. It consists of a flood risk reduction programme that focuses on reduction of flood risks of largest Croatian rivers of the Danube River basin and the Adriatic basin. The flood protection measures will entail defensive embankments with broad inundation areas along watercourses.

Target #77 concerns the construction of at least 65 km of flood protective structures in order to protect against the harmful effects of water.

Target #77 is the third target of the investment, and it follows the completion of target #74 (Works contracts concluded for flood protection projects) related to concluded work contracts for flood protections projects, and target #75 (Flood protective structures built) related to the construction of at least 13 kilometres of flood protective structures. It will be followed by target #79 (Flood protective structures built) related to the construction of 77 kilometres of flood protective structures. The investment has a final expected date for implementation by 30 June 2026.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the requirements of the target (including all its constitutive elements) have been satisfactorily fulfilled.
2	Detailed Excel overview table of the achievement of the target	Detailed overview table which points to concrete documentary evidence submitted by the authorities detailing each project's information and key outcomes, including verification of completed kilometres.
3-24	Copies of the grant agreements	Grant agreements with supporting annexes.

25-59	Copies of the technical specifications or main designs	Main designs of each project or technical specifications as extracted from the main designs.
60-89	Copies of the supervising engineer's reports	The documents show the completion of built flood protective structures.
90-101	Copies of the use permit	Document providing usage permit.
102-123	Copies of the quality assessment forms	The documents show compliance of submitted projects with all relevant legislation, Recovery and Resilience Plan, national strategic and programming documents in the water management sector and DNSH principle requirements, as assessed and approved by the Project Approval Committee.
124-145	Copies of Do no significant harm (DNSH) compliance checklist documents	Documents showing DNSH compliance.
146-170	Copies of the work contracts	Signed work contracts following public procurement.
171	Draft Multiannual program for the construction of regulatory and protective water structures and structures for reclamation until 2030	The Multiannual program indicating, among other elements, project locations and their basin affiliations. Also available at link: https://mingo.gov.hr/UserDocsImages/UPRAVA-ZA-PROCJENU-UTJECAJA-NA-OKOLIS-ODRZIVO-GOSPODARENJE-OTPADOM/Spuo/27_05_2022_Nacrt_visegodisnjeg_programa.pdf
172-204	Copies of environmental impact assessment documentation	Copies of Environmental impact assessment (screening) decisions, and (where applicable) Opinions of the competent nature authorities and Analysis of the compliance of the assessed impacts and/or the mitigation measures identified for projects in relation to the re-considered site specific conservation objectives of the Natura 2000 sites.

3. Analysis:

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

At least 65 km of flood protective structures built in order to protect against the harmful effects of water.

The authorities provided evidence that at least 65 kilometres of flood protective structures were built. The evidence provided refers to 70.099 kilometres of flood protective structures built in twenty project locations. The number of built kilometres per project location has been verified in the submitted supervising engineer reports (Evidence No. 60-89). In order to support that, the authorities provided a detailed overview table of submitted documentation (Evidence No. 2), presenting the number of kilometres in column R, while references to concrete pages confirming the number of kilometres within supervising engineer's report for each project are in column Q (Evidence No. 60-89). The technical specifications for each project, based on which the works have been done, indicate that the built flood protective structures protect against the harmful effects of water and improve the functionality of the flood protection system (Evidence No. 25-59). This was also confirmed for all projects by the Project Approval Committee (Evidence No. 102-123), which in particular examined the Annex I - Application Form that is a constituent part of the Grant agreements (Evidence No. 3-24) and the environmental impact assessment documentation (Evidence No. 172-204), and by the technical specifications that are a constitutive part of the main design within work contracts (Evidence No. 25-59).The detailed overview table (Evidence No. 2) contains references to relevant chapters of the technical specifications, grant agreements, the quality assessment forms (Evidence No. 102-123) and the environmental impact assessment decisions for each project. The detailed overview table and its content have been verified against the accompanying evidence. The authorities have further presented information regarding the number of residents who will be safeguarded from the adverse impacts of water and will benefit from reduced flood risks as a result of the flood protective structures built (Evidence No. 3-24, Annex I – Application Form, constituent part of the grant agreements and Evidence No. 102-123).

Furthermore, in line with the description of the measure, **the flood risk reduction programme will focus on reduction of flood risks of largest Croatian rivers of the Danube River basin, Adriatic basin and smaller torrent basins in urban, semi-urban and rural areas.**

The majority of flood protection investments (17 project locations) aim to reduce flood risks of the Sava and Drava rivers within the Danube River basin (Chapter 3, Figure 3.1. "Flood hazard map of low, medium and high probability", Table 3.1 Flooding areas for three scenarios according to the developed flood hazard maps of Evidence No. 171, hereinafter referred to as: "Multiannual program"). Three projects are part of the Adriatic River Basin District, while projects also focus on reducing flood risks in smaller torrent basins partly in urban, semi-urban and rural areas. Locations and basin affiliations are indicated in Chapter 11.2. "Projects of protection against adverse effects of water" of the Multiannual program, and as such listed in columns K and L of the overview table (Evidence No. 2) for each project. Each project location is explicitly documented in column D of the overview table and further substantiated by the technical specifications (Evidence No. 25-59), grant agreements (Evidence No. 3-24) and the supervising engineer's reports (Evidence No. 60-89), indicating that flood protection measures also span across urban, semi-urban, and rural areas as outlined in the measure description.

Furthermore, in line with the description of the measure, **flood protection measures will entail defensive embankments with broad inundation areas along watercourses, in line with nature-based solutions and principle of 'give space to rivers'.**

Based on the evidence provided regarding the project selection (grant agreements and quality assessment forms, Evidence No. 3-24 and No. 102-123), as well as project implementation (works contracts and technical specifications, Evidence No. 146-170 and No. 25-59) and supervising engineer reports (Evidence No. 60-89), the completed works relate to mature projects that swiftly implement climate adaptation measures through the improvement of flood protection in the country. With the primary objective of reducing flood risks for inhabitants in the Danube River and Adriatic basins, abovementioned evidence also explains that several projects entail defensive embankments with broad inundation areas along watercourses, in line with nature-based solutions and principle of "give space to rivers", such as improvements to the hydrodynamic conditions and hydromorphology of the river basin, usage of reusable materials or greening the surroundings. In addition, some works improve defensive embankments without nature-based solutions or green infrastructure, as they are smaller torrent basins located in urbanised areas with higher population density, with limited choice of available and efficient technical solutions. At the same time, those structures provide an important contribution to flood protection in Croatia, as they improve flood protection systems to ensure an acceptable level of risk for residentially and economically significant areas, in line with water and nature acquis and national strategic and programming documents in the water management sector. Accordingly, all kilometres of flood protective structures built achieve the measure description of protecting inhabitants from floods and contribute to climate change adaptation by, wherever technically possible, entailing nature-based solutions and green infrastructure.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 120 New legislation on autonomous driving

Related Measure: C1.4 R5-I2 Research, development and production of new mobility vehicles and supporting infrastructure

Qualitative Indicator: Entry into force of the new legislation on autonomous driving

Time: Q2 2024

1. Context:

The objective of the investment is to develop and implement a new urban mobility ecosystem project. The new urban mobility ecosystem includes three key components: (i) a fully autonomous electric vehicles capable of performing all dynamic driving functions without any driver-person assistance with the help of artificial intelligence, (ii) the development and construction of a specialised infrastructure for autonomous and electric vehicles integrated with public urban transport, and (iii) the development of a software platform to operate the complete system.

Furthermore, it requires 50 000 vouchers for trips with the fully autonomous vehicles assigned to people with disabilities and/or facing difficulties in using other public transport means.

Milestone #120 requires entry into force of the new legislation on autonomous driving that covers the following:

- Development of a national test procedure for autonomous driving;
- Adaptation of national road safety legislation to enable autonomous vehicles in circulation;
- Adaptation of national vehicle type-approval rules;
- Adaptation of road passenger safety rules to enable the carriage of passengers by autonomous vehicles;
- Adaptation of the national insurance legislation to enable the insurance of autonomous vehicles and services.

Milestone #120 is the second step in implementing the investment, and it follows target #119 which is related to verification prototypes of fully autonomous and electric vehicles and relevant testing. It is followed by target #121, related to the award of support for the research and development of a new urban mobility ecosystem project, milestone #122, related to fully autonomous and electric vehicles adapted to the needs of disabled passengers and specialised infrastructure, and target #123, related to 50 000 vouchers for trips with fully autonomous vehicle granted free of charge to disabled people, valid for at least 5 years after issuance. The investment has a final expected date for implementation in Q1 2026.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description

1	The Ordinance on the Amendments to the Ordinance on special conditions for vehicles used for public road transport and transport for personal needs, reference Official Gazette 154/2024 of 30 December 2024, entry into force on 31 December 2024 as stipulated in Article 8	Copy of the Ordinance relevant for the test procedure for autonomous driving and the road passenger safety rules
2	The Act on the Amendments to the Road Safety Act, reference Official Gazette 145/2024 of 13 December 2024, entry into force on 21 December 2024 as stipulated in Article 10	Copy of the Act relevant for the road safety of autonomous vehicles
3	The Ordinance on the Amendments to the Ordinance on technical inspections of vehicles on the road, reference Official Gazette 4/2025 of 10 January 2025, entry into force on 18 January 2025 as stipulated in Article 4	Copy of the Ordinance relevant for the road safety of autonomous vehicle
4	The Ordinance on the Amendments to the Ordinance on vehicle technical inspections, reference Official Gazette 4/2025 of 10 January 2025, entry into force on 18 January 2025 as stipulated in Article 3	Copy of the Ordinance relevant for the road safety of autonomous vehicle
5	The Ordinance on the Amendments to the Ordinance on the technical conditions of vehicles in road traffic, reference Official Gazette 6/2025 of 15 January 2025, entry into force on 23 January 2025 as stipulated in Article 2	Copy of the Ordinance relevant for the road safety of autonomous vehicle
6	The Ordinance on Amendments to the Ordinance on determining the conformity of motor vehicles and their trailers, reference Official Gazette 100/2020 of 9 September 2020, entry into force on 10 September 2020 as stipulated in Article 18	Copy of the Ordinance relevant for vehicle type-approval rules for autonomous vehicle
7	The Act on the Amendments to the Act on Road Transport, reference Official Gazette 136/2024 of 27 November 2024, entry into force on 5 December 2024 as stipulated in Article 61	Copy of the Act relevant for the national test procedure for autonomous driving and for the road passenger safety rules for autonomous vehicle

8	The Ordinance on the Amendments to the Ordinance on initial and periodic training of drivers, reference Official Gazette 154/2024 of 30 December 2024, entry into force on 7 January 2025 as stipulated in Article 2	Copy of the Ordinance relevant for the road passenger safety rules for autonomous vehicle
9	The Act Amending the Compulsory Insurance Act, reference Official Gazette 155/2023 of 22 December 2023, entry into force on 30 December 2023 as stipulated in Article 46	Copy of the Act relevant for the motor vehicle insurance of autonomous vehicle
10	T120_Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled

3. Analysis:

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

Entry into force of the new legislation on autonomous driving.

The Croatian authorities have introduced new legislation on autonomous driving, as outlined in the following legal texts:

1. The Ordinance on the Amendments to the Ordinance on special conditions for vehicles used for public road transport and transport for personal needs, published in the Official Gazette 154/2024 of 30 December 2024, entry into force on 31 December 2024 as stipulated in Article 8 (Evidence No. 1).
2. The Act on the Amendments to the Road Safety Act, published in the Official Gazette 145/2024 of 13 December 2024, entry into force on 21 December 2024 as stipulated in Article 10 (Evidence No. 2).
3. The Ordinance on the Amendments to the Ordinance on technical inspections of vehicles on the road, published in the Official Gazette 4/2025 of 10 January 2025, entry into force on 18 January 2025 as stipulated in Article 4 (Evidence No. 3).
4. The Ordinance on the Amendments to the Ordinance on vehicle technical inspections, published in the Official Gazette 4/2025 of 10 January 2025, entry into force on 18 January 2025 as stipulated in Article 3 (Evidence No. 4).
5. The Ordinance on the Amendments to the Ordinance on the technical conditions of vehicles in road traffic, published in the Official Gazette 6/2025 of 15 January 2025, entry into force on 23 January 2025 as stipulated in Article 2 (Evidence No. 5).
6. The Ordinance on Amendments to the Ordinance on determining the conformity of motor vehicles and their trailers, published in the Official Gazette 100/2020 of 9 September 2020, entry into force on 10 September 2020 as stipulated in Article 18 (Evidence No. 6).
7. The Act on the Amendments to the Act on Road Transport, published in the Official Gazette 136/2024 of 27 November 2024, entry into force on 5 December 2024 as stipulated in Article 61 (Evidence No. 7).

8. The Ordinance on the Amendments to the Ordinance on initial and periodic training of drivers, published in the Official Gazette 154/2024 of 30 December 2024, entry into force on 7 January 2025 as stipulated in Article 2 (Evidence No. 8).
9. The Act Amending the Compulsory Insurance Act, published in the Official Gazette 155/2023 of 22 December 2023, entry into force on 30 December 2023 as stipulated in Article 46 (Evidence No. 9).

The new legislation on autonomous driving shall cover, inter alia, the following:

1. Development of a national test procedure for autonomous driving

The Croatian authorities provided a copy of the Act on the Amendments to the Act on Road Transport (Evidence No. 7) and a copy of the Ordinance on the Amendments to the Ordinance on special conditions for vehicles used for public road transport and transport for personal needs (Evidence No. 1).
Evidence No. 7 develops a national test procedure for autonomous driving. Article 27 prescribes test procedures for transport services for carriers that carry out commercial transport of passengers with fully automated vehicles. The testing procedure is conducted by a committee composed of representatives of several bodies and representatives of local authorities, with the presence of the manufacturer. It involves testing the transport service by a fully automated vehicle on a registered vehicle model in real conditions.

The conditions and method of testing of transport services by fully automated vehicles are prescribed in detail under Article 4 of the Evidence No. 1. This includes the procedure for testing such as:

- the functioning of the application for ordering and paying for transport and the time and place availability of the service;
- the method of selecting the place for boarding and disembarking passengers, by taking into account the safety of other road users and conditions of visibility and possibility on the traffic surfaces used;
- the functioning of the remote intervention, such as the supervision of a fully automated vehicle by an operator in the vehicle or a remote intervention operator, including elements such as adequate data connection, technical equipment, and operator training;
- the way incidents are managed, including communication with passengers and emergency services, and the manoeuvre that the system undertakes to move or put the vehicle in a state of minimal risk.

2. Adaptation of national road safety legislation to enable autonomous vehicles in circulation

The Croatian authorities provided a copy of the Act on the Amendments to the Road Safety Act (Evidence No. 2). It adapts the national road safety legislation to enable autonomous vehicles in circulation by:

- prescribing definitions related to the automated driving system (such as a fully automated vehicle, automated driving system (hereinafter referred to as: ADS), minimal risk manoeuvre (hereinafter referred to as: MRM), minimal risk condition (hereinafter referred to as: MRC), on-board operator and remote intervention operator) (Article 2);
- authorising local and regional self-government units to regulate the area of the traffic of fully automated vehicles within their area with the prior consent of the ministry responsible for internal affairs (Article 3);
- enabling the testing of vehicle prototypes using portable plates in road traffic, and thus enabling the participation in road traffic of fully automated vehicles during their movement from the exhibition location, certification location, storage location, upgrade location,

location performing a technical inspection, and vehicle registration, as well as when a test drive is performed (Article 4).
- prescribing the competence of the Ministry of Internal Affairs to, under certain conditions, temporarily prohibit the circulation of a certain type of fully automated vehicle, as well as the possibility of filing a legal remedy against that decision (Article 8).

Article 7 further prescribes:

- the area of traffic of fully automated vehicles, with the prescribed condition that the owner of the vehicle is a legal entity, and that the vehicle is registered on the territory of the Republic of Croatia and intended for the performance of public transport activities;
- the obligation to mark fully automated vehicles, as well as the prohibition of obstructing the traffic of fully automated vehicles by other road users;
- the conditions under which the on-board operator/remote intervention operator may not perform tasks in the fully automated vehicle, as well as the reasons for excluding the vehicle from traffic;
- the conditions under which the owner is liable for offenses committed by a fully automated vehicle;
- amounts of fines for offenses committed by natural and legal persons in relation to the use of fully automated vehicles;
- the obligation of the owner of a fully automated vehicle to deliver data about the vehicle, video surveillance data recorded by the vehicle, as well as the storage period for such data.

The authorities also provided copies of the Ordinance on the Amendments to the Ordinance on technical inspections of vehicles on the road (Evidence No. 3), the Ordinance on the Amendments to the Ordinance on vehicle technical inspections (Evidence No. 4), and the Ordinance on technical conditions of vehicles in traffic on roads (Evidence No. 5), which provide legal basis for technical inspection of fully automated vehicles, thereby enabling circulation of such vehicles in line with national road safety legislation.

Evidence No. 3 prescribes the general conditions for carrying out a technical inspection on the road, as well as a detailed technical inspection at a vehicle technical inspection station for the fully automated vehicles (Article 1).

Evidence No. 4 prescribes an obligation that the systems that are checked are available, as well as the obligation of the on-board operator, or operator of remote intervention to, according to the instructions of the supervisor of the technical condition of the vehicle, enable the performance of a technical inspection of a fully automated vehicle (Article 1).

Evidence No. 5 prescribes additional technical conditions for fully automated vehicles, the possibility for the vehicle to undergo a regular technical inspection; and other technical conditions that a fully automated vehicle must meet (Article 1).

3. Adaptation of national vehicle type-approval rules

The Croatian authorities provided a copy of the Ordinance on Amendments to the Ordinance on determining the conformity of motor vehicles and their trailers (Evidence No. 6).

Evidence No. 6 adapts national vehicle type-approval rules by prescribing:

- that the national type-approval is carried out under the responsibility of the Office of Metrology (Article 1);
- that the national type-approval procedure of an individual vehicle is the conformity assessment procedure in which the Office of Metrology determines whether a particular vehicle meets the appropriate administrative provisions and technical requirements for the national type-approval of an individual vehicle (Article 3), such as newly manufactured autonomous vehicle;
- that the certificate on the national type-approval of an individual vehicle is a document by which the Institute officially confirms that the vehicle meets the appropriate administrative provisions and technical requirements for the national type-approval of an individual vehicle (Article 3), such as newly manufactured autonomous vehicle;
- that the national type-approval of an individual vehicle is carried out by the technical service for new individually manufactured vehicles for which EU type approval has not been issued and for new incomplete vehicles that are completed in one or more stages (Articles and 8), such as newly manufactured autonomous vehicle.

4. Adaptation of road passenger safety rules to enable the carriage of passengers by autonomous vehicles

The Croatian authorities provided a copy of the Act on the Amendments to the Act on Road Transport (Evidence No. 7).

Evidence No. 7 adapts the road passenger safety rules to enable the carriage of passengers by autonomous vehicles by prescribing:

- "automated road passenger transport" as a new category of passenger transport (Article 3);
- the requirements of the remote intervention operator (Article 4);
- that the service of automated road transport of passengers can be performed by legal entities or natural persons, tradespeople, when they have the approval of the Ministry of the Sea, Transport and Infrastructure to perform this service, assuming that consent for the operational area of the service is issued by the relevant local or regional authorities (Article 9);
- professional training of responsible persons in the activity of automated road transport of passengers (Article 11);
- special conditions for issuing permits for automated road transport of passengers (Article 27).

The authorities also provided copies of the Ordinance on the Amendments to the Ordinance on special conditions for vehicles used for public road transport and transport for personal needs (Evidence No. 1), and the Ordinance on the Amendments to the Ordinance on initial and periodic training of drivers (Evidence No. 8). These Ordinances adapt the road passenger safety rules to enable the carriage of passengers by autonomous vehicles by prescribing:

- technical and organisational measures that the operator must fulfil to obtain a license from the Ministry to provide service of the carriage of passengers with fully automated vehicles (Evidence No. 1, Article 4);
- detailed method of training required for the operator in the vehicle, that is, the remote intervention operator of fully automated vehicles (Evidence No. 8, Article 1).

5. Adaptation of the national insurance legislation to enable the insurance of autonomous vehicles and services

The Croatian authorities provided a copy of the Act on Amendments to the Compulsory Insurance Act in Transport (Evidence No. 9).

Evidence No. 9 adapts the national insurance legislation to enable the insurance of autonomous vehicles and services by prescribing:

- that all provisions on compulsory insurance that apply to the owner of a vehicle, also apply to the owner or a user of an automated vehicle, unless otherwise prescribed by the provisions of the Act itself (Article 2);
- that the owner of an automated vehicle shall be required to take out a compulsory transport insurance contract for the use of an automated vehicle, which shall include the liability of the security operator of that vehicle and the safety driver in the test phase (Article 4);
- that owners of automated vehicles that are used to transport passengers in public transport are obliged to conclude a passenger insurance contract against the consequences of an accident (Article 10);
- the information that the operator of an automated vehicle is obliged to provide in the event of a traffic accident and what information the manufacturer of the automated vehicle is obliged to provide to resolve claims for compensation (Article 5);
- procedures for resolving disputes and compensation for damages in the event of accidents involving autonomous vehicles (Article 16, Article 21 and Article 38).

The assessment of the Act on Amendments to the Compulsory Insurance Act for the purposes of payments from the Recovery and Resilience Facility does not prejudge the assessment by the Commission in any other proceedings regarding the conformity of national law with Directive 2009/103/EC as amended by Directive (EU) 2021/2118.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Target: 167 The human resources management system, Registry of Public Officials and Centralised Salary System (RegZap – Cop), is complemented with nine new functionalities, digitising all related processes that shall simplify and speedup the amendment of the salary system

Related Measure: C2.2 R2-I1 Improving the remuneration system in the state administration and public services

Quantitative Indicator: Number

Baseline: 0

Target: 9

Time: Q2 2024

1. Context:

As part of component 2.2, investment R2-I1 is aiming at improving the efficiency of public administration by placing the new remuneration system in the state administration and public services. Thus, ensuring a fairer system from the perspective of civil servants, make it user-centric and provide a stable framework for fiscally sustainable total wage weight.

Target #167 requires the development and implementation of nine new functionalities into the human resource management IT system, with the objective of an increased digitalisation of processes, for the simplification and speedup of the amendment of the salary system. These functionalities are designed to enhance key areas such as drafting acts on staff rights and obligations, employee evaluation, work records, career planning and development, internal labour market management, a personalised approach for officials, and mission management.

Target #167 is the only target of this investment, related to the human resources management IT system which supports the public service wage setting reform in Croatia. The investment has a final expected date for implementation on 30 June 2024.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	fiscal-impact-of-the-wage-setting-reform-for-mof-66e081c43775d.docx+A1:B8	Analysis of the fiscal impact of the wage setting reform
2	world-bank-ras-political-economy-analysis-comm-strategy-en-5-66e0815d94241.pdf	World Bank report on the political economy analysis and stakeholder engagement study and draft implementation and communications

		strategy on the public sector wage-setting mechanism
3	world-bank-ras-diagnostic-report-en-f-66e0815db662a.pdf	World Bank Diagnostic Report on the Legal and Institutional Framework of the Public Sector Wage-Setting Mechanism in Croatia
4	example-obavijest-za-sluzbenike-i-namjestenike-05-03-2024-66e0815cd049e.msg	Email example of information of officials on the wage-setting mechanism 05/03/2024
5	decision-on-the-appointment-of-the-president-and-members-of-the-council-for-monitoring-and-improving-the-salary-system-in-the-civil-service-and-public-services-66e08146015e2.pdf	Decision on the appointment of the president and members of the Council for monitoring and improving the salary system in the civil service and public services, Official Gazette No. 19/2024, entered into force on 15 February 2024, in accordance with Article 4 entered
6	primopredajni-zapisnik-aktivnost-2-2-6-edukacija-i-izrada-edukativnih-materijala-za-koristenje-novih-funkcionalnosti-potpisano-66e081464a8b8.pdf	Certificate by the contractor and the competent authority demonstrating that the nine new functionalities have been developed and are operational
7	m167-cover-note-676177e641f89.docx	M167 Cover note
8	hrm-specifikacija-funkcionalnih-zahtjeva-sustava-sluzbena-putovanja-finalno-potpisano-667160dc22f08.pdf	Human Resources Management - Specifications of the system functionality - missions - - signed
9	hrm-specifikacija-funkcionalnih-zahtjeva-sustava-interna-burza-rada-finalno-potpisano-667160ca5906b.pdf	Human Resources Management - Specifications of the system functionality - internal job market signed
10	hrm-specifikacija-personalizirani-pristup-finalno-potpisano-667160c842469.pdf	Human Resources Management - Specifications of the system functionality - personalised approach -signed
11	hrm-specifikacija-planiranje-i-razvoj-karijere-finalno-potpisano-1-667160c8605f4.pdf	Human Resources Management - Specifications of the system functionality - career development- signed
12	hrm-specifikacija-funkcionalnih-zahtjeva-sustava-zaduzenja-zaposlenika-opremom-finalno-potpisano-667160c8b1ffe.pdf	Human Resources Management - Specifications of the system functionality - equipment allocation - signed
13	hrm-specifikacija-funkcionalnih-zahtjeva-izvjestajni-sustav-open-data-finalno-potpisano-667160c69ab93.pdf	Human Resources Management - Specifications of the system functionality – reporting system, open data - signed

14	hrm-specifikacija-funkcionalnih-zahtjeva-ocjenjivanje-finalno-potpisano-667160c6e722b.pdf	Human Resources Management - Specifications of the system functionality - evaluation - signed
15	hrm-specifikacija-funkcionalnih-zahtjeva-sustava-evidencija-rada-finalno-potpisano-667160c562194.pdf	Human Resources Management - Specifications of the system functionality – working time recording -signed
16	hrm-specifikacija-funkcionalnih-zahtjeva-sustava-erjesenja-eocevidnik-finalno-potpisano-667160973298a.pdf	Human Resources Management - Specifications of the system functionality – staff documents - signed
17	primopredajni-zapisnik-aktivnost-2-2-7-uvodenje-u-rad-i-primopredaja-hrm-modula-potpisano-6671608f4db23.pdf	Certificate by the contractor and the competent authority demonstrating that the nine new functionalities have been developed and are operational
18	isporu-1-6671607e905c1.pdf	User manual for system administrators, module administrators, trainers
19	isporuka-6-1-b-hrm-korisnicki-prirucnik-sluzbenici-rukovoditelji-ver-a-smanjena-velicina-6671607cc6760.pdf	User manual for officials and managers
20	isporu-3-6671607beb661.pdf	User Manual for HRM unit
21	prilog-1-projektni-zadatak-6671607010558.docx	Annex 1 of the Contract on Public Procurement No. 72/22 (Project assignment)
22	ugovor-72-22-6671606f5f0f1.pdf	Signed Contract on Public Procurement No. 72/22
23	ugovor-1-dodatak-ugovoru-6671606ee2d05.pdf	Addendum to the Contract on Public Procurement No. 72/22
24	Act on Salaries in the State Administration and Public Services (https://narodne-novine.nn.hr/clanci/sluzbeni/2023_12_155_2359.html)	Official Gazette, No. 155/2023, entered into force on 1 January 2024, in accordance with Article 54.
25	enhancing-the-productivity-of-the-public-sector-workforce-in-croatia-676177d4ab61f.pdf	Proposal of a new project with the World bank named “Enhancing the productivity of the public sector workforce in Croatia”
26	Link to communication campaign	https://mpudt.gov.hr/reforma-sustava-placa/28227)
27	Link to high level communication	https://vlada.gov.hr/vijesti/cilj-reforme-je-priblizno-jednaka-placa-za-priblizno-jednak-rad-uz-rast-placa-svima-u-drzavnoj-i-javnim-sluzbama/40775

28	Link to high level communication	https://vlada.gov.hr/vijesti/plenkovic-najvece-povecanje-placa-u-povijesti-1-63-milijardi-eura-vise-za-place-zaposlenih-u-drzavnom-i-javnom-sektoru/40999

3. Analysis:

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

In more detail:

Nine new functionalities shall be developed and implemented in the REGZAP-COP to support the implementation of the proposed changes to the salary system.

The takeover report (Evidence No. 17), signed by both the contractor (Ericsson Nikola Tesla) and the Croatian Ministry for Justice and Public Administration demonstrates the delivery of the nine new functionalities implemented in the Registry of Public Officials and Centralised Salary System (REGZAP-COP).

In addition, the Commission services conducted an on-the-spot check on 18 September 2024 to verify the delivery of the nine new functionalities. This check was completed successfully, confirming that nine new functionalities were developed and implemented in the REGZAP-COP.

1. **drafting of acts on staff rights and obligations,**

This developed and implemented Human Resources Management (HRM) functionality supports the process of creating administrative and other legal acts related to employees' rights and obligations, contains the personal file of each employee in which e-decisions are stored and other documents in electronic form related to their rights and obligations (Evidence No. 16, 17, and 20, Chapter 10).

2. **evaluation,**

This developed and implemented HRM functionality supports the process for annual evaluation and performance assessment of employees based on the existing legal framework (Evidence No. 14, 17 (page 2), 19, Chapter 12).

3. **work records,**

This developed and implemented HRM functionality supports the process of recording employees' work time and work method (office, hybrid, official travel, annual leave, etc.). (Evidence No. 15, 17 (page 2), and 19, Chapter 17).

4. **career planning and development,**

This developed and implemented HRM functionality supports the process of career planning and development process of civil servants based on existing legal framework. In particular, it includes education/trainings and competences listed in the file of each official and provides a registry of available trainings in the system. (Evidence No. 11, 17 (page 2), and 19, Chapter 13).

5. **internal labour market**

This developed and implemented HRM functionality supports the internal job market in civil service based on the existing legal framework. In particular, the official can see (and apply for) the vacancies within the state body they work in or express interest or mobility showing their availability for managers seeking employees. (Evidence No. 9, 17 (page 2), and 20, Chapter 13).

6. **personalised approach to the system by officials,**

This developed and implemented HRM functionality supports the desktop and mobile access of employees into the system and its functionalities. Personalised access to the system is enabled through the National Identification and Authentication System (hereinafter referred to as: NISA) portal. Each official can adapt the desktop and have a personalised view and highlight preferred functionalities. (Evidence No. 10, 17 (page 2) and 19, Chapter 15).

7. **missions**

This developed and implemented HRM functionality supports business trips organisation i.e. official travel of employees, both in the planning phase and costs declaration and validation. (Evidence No. 8, 17 (page 2), 19, Chapter 16).

8. **reporting system**

This developed and implemented HRM functionality provides a reporting system to enable efficient human resources management and decision-making on all organisational levels. Managers and human resources staff can produce different reports on HRM indicators which they can use to inform decisions (Evidence No. 13, 17 (page 2), and 18, Chapter 18).

9. **allocation of equipment**

This developed and implemented HRM functionality supports the process of allocation of equipment to the employees (desktops computers, laptops, mobile phones, licenses, etc.). (Evidence No. 12, 17 (page 2), and 19, Chapter 18).

Furthermore, in line with the description of the measure, **this investment shall put in place the new remuneration system in the state administration and public services, supporting the reform in the same area.**
This investment supports the new remuneration system established for the state administration and public services by the New Act on Salaries in the Civil Service and Public Services (assessed in milestone 166). Regarding the total wage weight in the state budget, the report provided by the World Bank (Evidence No. 1) indicates that after the initial increase in 2024 and 2025, the share of wages in the state budget is expected to converge towards the levels prior to the reform (see page 4). In addition, by enhancing key Human Resources Management (HRM) processes through digitalisation and

streamlining, this investment ensures that the working environment of civil servants is fairer and more competitive.

A communication strategy was also prepared and implemented to support and inform on the new system.

As confirmed by the description of the specifications of the functionalities (Evidence No. 8-16), the nine new HRM functionalities support this reform through streamlined processes and increased efficiency. From these added functionalities, all HRM processes are digitalised, in replacement of former burdensome paperwork processes. Digital HRM files increase transparency, which was one of the objectives of the reform, as well as contribute to the streamlining of different job classification in the Croatian public service, leading to the speedup of the amendment of the salary system. The new functionalities, including the drafting of acts on employees' personal rights and obligations, the improved process for annual evaluation and performance assessment of employees, the improved recording of employees' working time, as well as increased career planning and internal mobility support operationally the New Act on Salaries.

Furthermore, in line with the description of the measure, **it shall ensure a fairer system from the perspective of civil servants, become more competitive and fiscally sustainable, in terms of maintaining the total wage weight in the state budget and its more rational distribution.**

Articles 6 – 8 of the Act on Salaries (Evidence No. 24) stipulate the three main principles that ensure fairness and transparency of the salary system:

- right to equal pay (Article 6)
- salary transparency (Article 7)
- non-discrimination (Article 8)

Jobs (posts) in the civil service and public services are evaluated using the standard criteria for evaluation and classification of jobs prescribed and regulated in the Article 9 of the Act on Salaries to ensure harmonisation of grades and bonuses in the civil service and in the public service, which are: a) competences, b) complexity, c) responsibility and influence on decision making, d) cooperation and communication, e) management and f) special working conditions.

On the fiscal impact of the reform, an ex-ante analysis by the World Bank was provided under milestone 166 (Evidence No. 1). The proposal of a new project with the World bank named "Enhancing the productivity of the public sector workforce in Croatia" (Evidence No. 25) reiterates that the wage reform fulfilled its purpose while having some inevitable fiscal implications. Comparing to nominal GDP, the wage bill is projected to peak at 13.0% of GDP in 2025 before gradually declining to 12% by 2032, assuming moderate employment growth and controlled salary adjustments. Potential overstaffing in certain sectors could prompt further cost-saving measures, such as attrition or reallocation of workforce to other sectors, to achieve long-term fiscal sustainability. Furthermore, in terms of maintaining the total wage weight in the state budget, the report provided by the World Bank (Evidence No. 1) indicates that after the initial increase in 2024 and 2025, the share of wages in the state budget is expected to converge towards the levels prior to the reform (page 4 of Evidence No. 1) thus ensuring fiscal sustainability.

The government aims to optimise the public workforce through strategic workforce planning and functional reviews, as confirmed by the proposal of a new project with the World bank named "Enhancing the productivity of the public sector workforce in Croatia" (Evidence No. 25). The proposed activities include assessing staffing needs, productivity, and workload across sectors such as health and education, aligning workforce deployment with policy objectives. Enhanced workforce planning

and monitoring systems, coupled with evidence-based human resource management, are expected to yield efficiency gains and better fiscal management of the wage bill.

Furthermore, in line with the description of the measure, **a single government coordination body in charge of the inter-institutional coordination of all activities shall be established, accompanied by expert teams including representatives of the social partners.**

Based on Article 31 of the Act on Salaries (evidence, No. 24), the Government of Republic of Croatia on 15 February 2024 adopted the Decision on the appointment of the president and members of the Council for monitoring and improving the salary system in the civil service and public services (Evidence No. 5, hereinafter referred to as: Government Decision), which entered into force on the day of its adoption. The entry into force of this decision formally establishes the single coordination body as required in the measure description.

The Council for monitoring and improving the salary system in the civil service and public services (hereinafter referred to as: the Council) monitors the salary system in the civil service and public services, analyses the market competitiveness of salaries in the civil service and public services in relation to the real sector, monitors the financial sustainability of the system salary in accordance with the fiscal framework of the Government of the Republic of Croatia, monitors the implementation of the principle of salary equality and evaluation of workplaces in accordance with the provisions of this Act, gives opinions on the proposed regulations from Article 14, paragraphs 3 and 4 of this Act and recommendations in accordance with Act on Salaries. The Council also proposes to the Government changes of the salary system in the civil service and public services, including a change in the salary scale, the range of coefficients in salary classes, salary supplements determined by this Act and other changes related to the salary system in the civil service and public services (Article II of the Government Decision).

Based on Article 31(3) of the Act on Salaries, the Council consist of the representatives of Government, state administrative bodies (responsible for civil service, justice, labour, social care, finance, health, education, culture, internal affairs, foreign affairs, spatial planning, building and state property) as well as representatives of all representative trade union headquarters as social partners (point III of the Government Decision, Evidence No. 5).

Furthermore, in line with the description of the measure, **the current pay system and legal framework shall be analysed and a comparative analysis with peer member states shall be developed.**

The Report "Diagnostic Report on the Legal and Institutional Framework of the Public Sector Wage-Setting Mechanism in Croatia – September 2022" (Evidence No. 3) by a World Bank team as a deliverable under Component 1 of the "Reforming the Wage Setting Mechanism" Reimbursable Advisory Services (hereinafter referred to as: RAS) presents the analysis of the current legal framework and a comparative analysis of peer member states. The aim of the RAS was to support the Croatian government in reforming the public pay system in order to make it more equitable, transparent, internally consistent, and financially sustainable.
In particular, the report has achieved two objectives:

- provided a comparative analysis of the relevant experience of the peer member states and highlights several potentially useful system design elements (Chapters 2 and 3). Countries included in the analysis are Poland, Lithuania, Portugal, Slovenia, Austria and Denmark. Analysis focuses on international trends and practice in public sector wage-setting, as well as specific elements such as collective bargaining, coefficient-based system and a single-pay spine system.

- the report takes stock and presents a comprehensive assessment of the current legal and institutional framework for wage setting in Croatia (Chapters 4, 5 and 6), analysing wages in civil and public services, as well as specific sectors as judiciary and education. Particular focus is assigned to planning, execution and monitoring of expenditure.

The report's findings were the baseline for subsequent analytical activities under the RAS, including job evaluation and the development of a new grading structure.

Furthermore, in line with the description of the measure, **a communication strategy shall be prepared and implemented.**

A communication strategy was prepared as part of the report "political economy analysis and stakeholder engagement study and draft implementation and communication strategy by the World Bank (Evidence No. 2, chapter 5), as a deliverable under Component 4 of the "Reforming the Wage Setting Mechanism" Reimbursable Advisory Services. This report provides a situation analysis to contextualise the level of communication risk and identify initial targets and messages for reform communication. These analyses serve as the basis for an integrated change management and communication strategy.

Integrating these recommendations, an initial communication strategy was developed. The two main goals of the communication strategy are to articulate the public narrative on wage pay system reform and to provide an evidentiary basis for the benefits of the reform. Communication strategy's focus is on citizens, government employees and unions. The Ministry of Justice and Public Administration implemented a communication campaign online informing on the changes in salary systems (Evidence No. 26).

The rationale of the reform was communicated at the level of the Prime Minister, to explain the unsustainability of the status quo, the contours of the reform and the process to work out the details (see Evidence No. 27or Evidence No. 28). Internally all civil servants were informed on the change of their work post prior to the implementation of the Act on Salaries (Evidence No. 4 provides an example).

These communication efforts (see Evidence No. 27, 28 and 4) are being complemented by a substantial communication effort between social partners and Government of Republic of Croatia, which were continuously consulted in the working group for preparation of the draft Act on Salaries and regulations, in line with Article 14 (3-4) and (6) of the Act on salaries, and also in addendum of the Collective Agreements to fully implement new Act on Salaries in the beginning of the 2024, since the new coefficients were successfully implemented with 1 April, 2024.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 171 Establishment of a national archive information system

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

Qualitative Indicator: National Archives Information System fully functional and accessible

Time: Q2 2024

1. Context:

The objective of the reform is to enable efficient delivery of public administration services by enhancing documentation management by public authorities through implementation of the ICT solutions that ensure interoperability and data sharing, cost reduction, business transparency and the protection of citizens' rights. To this end, the measure foresees the development of national archives information system and strengthening public administration capacity to digitise analogue records to improve digital public services through faster access to documentation.

Milestone #171 concerns the establishment of a national archive information system to support business processes efficiency by improving documentation management.

Milestone #171 is the second and last milestone of the reform, and it follows the completion of milestone #170, related to the establishment of an e-conservation service. Therefore, the measure had a final expected implementation date by 30 June 2024.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document that justifies how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
2	Explanatory note issued by the Ministry of Culture and Media	Summary document confirming the execution of the contract and development of the service with all the requested results
3	Final report	The report was signed by project managers of both contracting sides, Ministry of Culture and Media and Ericsson Nikola Tesla company. Report confirms that following results were delivered: i) A detailed system specification (system architecture, functional specification with process description, API specification) has been developed; ii) The National Archives Information System (NAIS) is in place; iii) E-

		services for creators and holders of archives have been developed; iv) E-services are in place for citizens, public authorities and private legal entities; v) Detailed instructions for the use and administration of the system have been developed; and vi) User groups were trained.
4	A brief overview of the National Archives Information System (NAIS) modules	A document providing a visual content of the National Archives Information System with all the modules and functionalities depicted.
5	Architecture of the system	Part of the technical documentation for the development and implementation of the system providing a description of the architecture of the information system
6	Functional specifications (13 documents)	Technical documentation describing the detailed contents of the system and the means of functioning of every constitutive part
7	Security measures of the National Archives Information System (NAIS)	Document containing the analysis and the information security measures developed to verify the resilience of the system and to eliminate any critical security gaps that would compromise the orderly and secure operation of the system.
8	Instructions for installation (2 documents)	Instructions for installation and use of the NAIS systems
9	User instructions (13 documents)	Instructions developed for the institutional users of the information system
10	Specification of non-functional system requirements	This document contains a specification of the non-functional requirements of the NAIS system. Non-functional requirements define the quality characteristics that the system must possess in order to meet user expectations and maintain the required level of performance, safety and sustainability.
11	Data model	Excel table with functional specifications of different data models which are used in the information system
12	Decision on the establishment of the working group	Decision appointing expert working groups to carry out activities under investment C2.2 R3-12 “Improving digital infrastructure and public sector services by developing a national archive

		information system and strengthening the national archives network”
13	Signature sheets from the implemented educations	Document containing the information on all the participants of the education: “Development services of the national archiving information system, including testing and migration data, development of repository for digitised material storage and development of e-services”
14	Confirmation on the conducted testing of the system	Confirmation on the successfully performed test. The testing started on 7 May 2024 and lasted until 23 May 2024.
15	Contract for establishment of IT system No. 43/2022	Procurement contract for National Archival Information Development Services System, including data migration, development of repository for storage of digitised material and development of e-services
16	Link to National Archive IT System	https://earhiv.gov.hr

3. Analysis:

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

A national archive information system shall be established to improve documentation management by public authorities and other creators of documents, as an essential supporting function for all business processes.

Authorities provided the final report (Evidence No. 3) on the execution of the Contract No. 43/2022 on the ‘Procurement of services for the development of national archival information system’ (Evidence No. 15) signed on 30 December 2022 between Ministry of Culture and Media as contracting authority and Ericsson Nikola Tesla as contractor. The final report, signed on 28 May 2024 by the representative of the Ministry and the contractor, provides information on the scope and the timeline of the implementation of the two constitutive phases of the project (pages 8-21): i) system development and implementation, and ii) system testing and entry into production, including data migration. The final report, which was signed after the testing phase was concluded, confirms that the contractor delivered the complete and operational IT system. The new digital archive is functional and accessible through the link (Evidence No. 16) . Moreover, the authorities have provided credentials to access the IT system in the production environment as a document creator, confirming that the system is functional for institutional users (Evidence No. 1).

Technical documentation of the National Archive Information System (hereinafter referred to as: ”NAIS”), as provided by the authorities, describes all the constitutive elements and functionalities available for the institutional users to create, manage and store the documents, and to digitize currently analogue documents, confirming the improvement of the documentation management as it allows centralised and simplified handling of various entities’ documents. This documentation

includes a brief overview of the NAIS system modules (Evidence No. 4), architecture of the system (Evidence No. 5), functional specifications (Evidence No. 6) and specification of non-functional system requirements (Evidence No. 10).

In line with the description of the measure, **the reform strengthens infrastructure and human capacities in state archives and strengthening of the capacity to digitise analogue paper records by document creators and owners.**

Authorities provided instructions for installation (Evidence No. 8) and user instructions (Evidence No. 9) which contain detailed instructions for institutional users on how to install the NAIS system and guidance for the installation of services for management of the digitalisation process. Instructions for users include detailed descriptions of the functionalities of the system and guidance on how to manage the system's services. Additionally, the authorities provided a signature sheet confirming that the institutional users participated in trainings on functionalities and the use of the new enhanced software provided by the contractor (Evidence No. 13). By developing the system and training staff the infrastructure and human capacities have been strengthened, whereas the overall functionality provides a useful and easily accessible digital services which facilitates access to documentation for all end-users.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 182 Cybersecurity public prevention campaign

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

Qualitative Indicator: Report from the Ministry of the Interior

Time: Q1 2024

1. Context:

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

Milestone #182 requires the public prevention campaign on cybercrime manifestations and prevention measures to be carried out.

Milestone #182 is the second and last milestone of the investment, and it follows the completion of milestone #181, related to the acquisition of the specialised equipment and the implementation of the pilot project simulating cyber-crime research. This investment shall be completed by 31 December 2024.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note, 18 June 2024	Summary document duly justifying how he milestone (including all the constitutive elements) was satisfactorily fulfilled
2	Procurement contract – procurement of conceptual solution and implementation of the preventive campaign for citizens and private sector	Procurement contract with the agency SM Studio Marketing communications d.o.o., No. 511-01-165-22-25, signed on 25 October 2022
3	Attachment 2 – media plan	Media plan containing budget and planned broadcast for social media, radio, and TV products for the period 28 November to 18 December 2023
4	Attachment 3 – detailed list of media posts	A list of 154 media posts about various activities conducted as part of the campaign

5	Report of the Ministry of Interior on activities related to the implementation of the public preventive campaign "Web Hero"	Report issued by the Head of the Cyber Security Department of the Ministry of Interior.
6	Attachment 5 – radio and TV proof records	A document listing out the number of campaign's TV and radio broadcasts on national and regional channels
7	Attachment 6 – distribution table	A signed list of promotional materials distributed to the individual police departments
8	Attachment 8 – TikTok and YouTube report	A document containing screenshots of the promotional videos on social media, where the relevant metrics are visible
9	Attachment 7 – campaign website report	Google Analytics excerpt with an overview of Web Hero webpage metrics
10	Attachment 9 – detailed list of target groups' responses on social media	A document issued by the marketing agency SM Studio marketing d.o.o., providing an overview of responses on social media
11	Attachment 10 – detailed list and processed results of online surveys	A document issued by the marketing agency SM Studio marketing d.o.o, providing an overview of responses to the conducted online surveys
12	Attachment 11 – detailed list and results of the evaluation of target groups…TV Evaluation	An analysis issued by the marketing agency SM Studio marketing d.o.o
13	Attachment 12 - detailed list and results of the evaluation of target groups…Internet Evaluation	An analysis issued by the marketing agency SM Studio marketing d.o.o
14	Procurement of modules for trainingof police officers in the field of cyber security and digital forensics	Report from the contracting consortium – INsig2 d.o.o., Algebra d.o.o., Faculty of Electrical Engineering and Computing, 10 December 2024
15	Attendance lists of training modules for police officers	Signed attendance lists of two groups for each of nine training modules in the period from January to November 2024
16	Link to the website www.webheroj.hr	Primary online resource dealing with information and guidance on computer and online fraud

3. Analysis:

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

A public prevention campaign shall be carried out on cybercrime manifestations and prevention measures […]

The work on the public prevention campaign started with the signature of the contract with the marketing agency (Evidence No. 2) in October 2022. The main focus of the campaign was the website (Evidence No. 16) (which is accessible to the public. The website is the primary platform for informing and educating citizens and businesses, containing information about the most common types of computer and online fraud, providing guidance on how to recognise fraud, what to do if one becomes a victim of fraud, and whom and how to report it.

Additionally, the campaign included informative materials on cybercrime manifestations and prevention broadcasted through TV, radio, social media, and internet portals (Evidence No. 3, 5, 8), as well as several events conducted amongst students, senior citizens, and the general public (Evidence No. 4).

This is also in line with the description of the measure, which states that **the investment includes […] the implementation of public prevention campaign targeting businesses and citizens to raise awareness against cybercrime**.

[…] monitored by the following indicators:
-number of preventive awareness-raising and education activities carried out by different target groups on measures of self-protective behaviour in relation to the risks of cybercrime […]
The Ministry of the Interior reported 588 total activities conducted (Evidence No. 5, page 7). This document itself provides a comprehensive overview of the implementation of the campaign as planned in the project task (Annex IV of the contract with the agency (Evidence no. 2, pages 7-8)) and is further substantiated by a range of additional records.
Among others, the reported activities include designated TV spots which were broadcasted 42 times on the national TV station and 180 times on regional TV stations. Furthermore, the radio spot was broadcasted 29 times on national radio stations and 227 times on regional radio stations (Evidence No. 3 and 6). The authorities also delivered a list of 154 posts on internet portals (Evidence No. 4).

[…] number of participants in the activities […]
The Ministry of Interior reported 7740 children and 40 061 adults taking part in the activities and promotions on the ground, which included visits to, for example, schools, businesses, and elderly care institutions (Evidence No. 5, page 5). This document itself provides a comprehensive overview of the implementation of the campaign, as planned in the project task (Annex IV of the contract with the agency (Evidence no. 2, pages 7-8)) and is further substantiated by a range of additional records: additional participants engaged in the online part of the campaign with, for example, at least 1 900 users visiting the campaign's website (Evidence No. 9) and at least 53 700 users viewing the campaign's videos on TikTok (Evidence No. 8).

[…] number of preventive materials distributed […]
Over the campaign's period, the following preventive materials were distributed: 4 750 leaflets; 955 posters; 4 750 brochures; 3 410 T-shirts; 4 050 pens; 3 950 USB drives with promotional radio and TV spots; 2 685 caps; 2 685 promotional canvas bags (Evidence No. 7). Additional smaller quantities of

materials were retained by the police Directorate and the Cybersecurity service for use in their own activities and to supplement additional needs of the police departments (Evidence No. 1, page 3).

[…] number of media posts (includes all media) […]
In addition to TV and radio spots, and the posts on internet portals (mentioned above), there were four promotional videos posted on social media (TikTok and YouTube, Evidence No. 8). The authorities also reported that police officers executed a total of 82 media statements and appearances (Evidence No. 5, page 5).

[…] number of target groups' responses on social media and the number and processed results of online surveys carried out via social networks […]
The campaign's website was viewed at least 11 000 times by at least 1 900 users, which is the number of users who accepted analytical cookies (Evidence No. 9). The campaign videos garnered at least 53 700 views and 1 342 likes on TikTok, and over 750 views on YouTube. The 30-second TV spot posted on the Ministry of Interior's YouTube channel garnered at least 624 views (Evidence No. 8).

On social media, ads were displayed 1 992 312 times, collecting 50 179 reactions and 4 450 link clicks (Evidence No. 10). An online survey conducted via Facebook included two questions. 1 464 respondents answered the first question, while 883 respondents answered the second question (Evidence No. 11).

[…] number of evaluation of target groups carried out using quantitative methods.
Two evaluations were conducted using quantitative methods. The first evaluation relates to the campaign's TV spot and it found that the spot was viewed 1 372 447 times on two TV channels (Evidence No. 12) by the target group older than 18 years. The second evaluation relates to the campaign's Internet metrics and found that the number of ads displays online was 2 000 181, with 1 734 clicks on the ad (Evidence No. 13).

Furthermore, in line with the description of the measure, **the investment includes […] specialised training for police officers for detecting and combating cyberattacks..**
The authorities delivered evidence on the completion t of the specialised training for police officers in the field of cyber security and digital forensics (Evidence No. 14). The report from 10 December 2024 confirms completion of nine modules (Live Forensics; Forensics of hard drives and other data transfer and storage media; Linux Forensics; Network Forensics; Mobile Device Forensics; Windows Forensics; Investigations of Malicious Software – Malware; Big Data and Databases; Python Programming) as a part of the service contract *Procurement of modules for education of police officers in the field of cyber security and digital forensics.* Furthermore, the attendance lists were annexed to the report (Evidence No. 15).

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 184 CEZIH IT system

Related Measure: C2.3 R3-I4 Consolidation of CEZIH health information infrastructure systems

Qualitative Indicator: Report from the Ministry of Health

Time: Q2 2024

1. Context:

The objective of the investment is to upgrade the Central Information Health System of the Republic of Croatia (*Centralni zdravstveni informacijski sustav Republike Hrvatske*, hereinafter referred to as 'CEZIH') which is used by all actors in the health system. The investment includes the migration of the system into the State cloud (Shared Services Centre, *Centar dijeljenih usluga*, hereinafter referred to as 'CDU') and establishment of the disaster recovery solutions, in order to ensure business continuity and provide a continuous, reliable and secure mode of operation of CEZIH.

Milestone #184 requires CEZIH to be operational for use in the CDU.

Milestone #184 is the only milestone of this investment. The investment has a final expected date for implementation on 30 June 2024.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note M184	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	Report on the completed works	Certificate of completion issued by contractor Ericcson Nikola Tesla d.d. and IN2 d.o.o., 26 June 2024
3	Full scope tests for phase 5 of the CEZIH migration	A technical document issued by contractor Ericsson Nikola Tesla d.d., providing details of the successful testing related to the simulated disaster recovery scenarios, 29 May 2024
4	Report from the Ministry of Health on the CEZIH information system – milestone #184	Ministry's report describing the timeline, steps, and the results of the CEZIH migration project, 30 June 2024
5	CEZIH migration – takeover records – phase 5	Takeover records issued by contractor Ericsson Nikola Tesla d.d., 29 May 2024

6	Disaster recovery scenarios	Reports from test cases in different failure scenarios y contractor Ericsson Nikola Tesla d.d., generated on 29 May 2024

3. Analysis:

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

Croatia's central health information system shall be operational for use in the state cloud (CDU).

On 26 June 2024, all the required data and functionalities of CEZIH have been migrated to new data centres in the CDU's production environment. With that, CEZIH became operational for use within the CDU, as confirmed by the certificate of completion issued by the contractors (Evidence No. 2).

Furthermore, in line with the description of the measure, **the investment shall in particular migrate the system into the State cloud (Shared Services Centre) and shall establish disaster recovery solutions, in order to ensure business continuity and provide a continuous, reliable and secure mode of operation of the Central Health Information System.**

As noted above, CEZIH was migrated into CDU in June 2024. CEZIH migration project involved testing of six disaster and equipment maintenance scenarios (Evidence No. 3 and Evidence No. 4, page 9) related to the transfer of CEZIH's functionalities from a primary to a secondary data centre in the CDU, thus ensuring business continuity. They include partial resource outage of the primary data center that:

- threatens the high availability of an individual component, or
- requires the transfer of one or more components to the secondary data centre, and
- a complete outage of the resources of the primary data centre which requires the transfer of all resources to the secondary data centre.

In addition to disaster scenarios, equipment maintenance scenarios that require interventions on system components were also established. This includes

- the need to shut down a part of the resources and/or transfer a part of the resources of an individual component to a secondary data centre in order to maintain the high-availability architecture,
- the need to shut down all resources and/or transfer all resources of an individual component to a secondary data centre in order to continue the operation of the CEZIH system at nominal capacity, and
- planned works on the CDU network and/or information infrastructure that results in short-term network slowdowns or unavailability of resources.

All tests associated with phase 5 of the migration, related to the establishment and testing of the georedundancy procedure, have been successfully completed (Evidence No. 5 and No. 6).

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 208 New legal framework on state-owned enterprises, incorporating the recommendations of the OECD.

Related Measure: C2.4 R2 Improving corporate governance in state-owned enterprises of particular interest to the Republic of Croatia and in majority-owned enterprises of central government

Qualitative Indicator: Provision on the entry into force of the law on state-owned enterprises and relevant decision and provisions

Qualitative Indicator: Provision on the entry into force of the law on state-owned enterprises and relevant decision and provisions

Time: Q1 2024

1. Context:

As part of component 2.4 on improving the management of state assets, the objective of the reform is to improve the corporate governance in state-owned enterprises (hereinafter referred to as: "SOEs") through a law, implementing the OECD recommendations on the corporate governance of SOEs, the establishment of a central coordination unit on the management of SOEs and the strengthening in the law of the SOEs board's autonomy and independence.

In line with the measure description, Milestone #208 requires that the new legislation on SOEs includes provisions to comply with the OECD guidelines on corporate governance of SOEs, sets up a regulatory framework for SOEs, establishes a central coordination unit to manage SOEs, strengthens board autonomy and independence, including specific criteria that (i) the state has to nominate/appoint members of the SOEs supervisory board within 3 months of the post becoming vacant, and (ii) the line ministry proposes a candidate to the government based on a recommendation by the central coordination unit. In addition, the milestone assesses the government decision establishing a central ownership coordinating entity with appropriate mandate and resources, and the ownership policy defining clear objectives and rationales for state ownership of SOEs.

Milestone #208 will be followed by milestone #442 on the adoption of an ownership policy for SOEs. The reform has a final expected date on 30 September 2025.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note for Milestone #208	Summary document that justifies how the milestone (including all the constitutive elements) was satisfactorily fulfilled

2	The Act on legal entities owned by the Republic of Croatia (NN 102/2025)	Act Regulating State-Owned Entreprises by Croatian public authorities
3	OECD Review of the Corporate Governance of SOEs in Croatia - 2021	2021 OECD report evaluating the corporate governance framework of the Croatian SOEs relative to the OECD guidelines
4	The Act on the Organisation and Scope of State Administration Bodies (Official Gazette, No. 85/20, 21/23)	Act defining the structure and responsibilities of each ministry and administrative organisations, outlining how Croatia's state administration is organised and functions
5	The Act on the Restructuring and Sale Centre (NN 102/2025)	Act establishing a legal framework for the Centre for Restructuring and Sales (CERP), the body responsible for managing and disposing of state-owned assets in Croatia, in particular those that are not of strategic
6	The Act on Amendments to the Act on the Organisation and Scope of State Administration Bodies (Official Gazette 21/23)	Act restructuring Croatia's government ministries, including expanding the Ministry of Finance's role in governing State-Owned enterprises (SOEs)
7	Decree on Amendments to the Decree on internal organisation of the Ministry of Finance (Official Gazette 78/23)	Amendment to the regulation on the internal organisation of the Ministry of Finance
8	Amendments to the Law on Fiscal Responsibility (July 2023)	Amendment requiring SOEs to prepare and submit a Statement of Fiscal Responsibility
9	Act on the Protection of Whistleblowers (Official Gazette 46/22)	Act improving the whistleblower protection system

10	Guidelines with Recommendations for Strengthening the Independence of the Internal Audit Function, May 2022	Guidelines signed by the Minister of Finance and delivered to the management boards of SOEs in May 2022
11	Attendance List of Workshop Participants for heads of internal audit	
12	Attendance List of Workshop Participants for the Management of Legal Entities	
13	Official Letter on Implementation of the Measure from the Conclusion of the Government of the Republic of Croatia – Audit of the Procurement Process	
14	Guidance for the preparation and submission of the Statement of Fiscal Responsibility for 2023 for state-owned companies and other legal entities	
15	OECD Guidelines on Corporate Governance of SOEs, 2024	Official OECD guidelines providing guidance to help policy makers evaluate and improve the legal, regulatory and institutional framework for the ownership and governance of SOEs

3. Analysis:

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

The new legal framework for the governance of SOEs shall include:

i. Provisions to comply with the OECD guidelines on corporate governance of state-owned enterprises.

The cornerstone of the new legal framework is the Act on legal entities owned by the Republic of Croatia, adopted on 15 July 2025 (Evidence No. 2) that includes provisions to comply with the OECD recommendations on the Corporate Governance of State-Owned Enterprises (Evidence No. 3 and 15). These recommendations are met in the new regulatory framework as follows:

- *Establishment of an ownership coordination unit.*

Article 7 paragraph 3 of the Act on SOEs (hereinafter referred to as "the Act") establishes that the Ministry of Finance is the coordinating body for the competent ministries, with the aim of ensuring the harmonised exercise of the ownership rights of the Republic of Croatia in state-owned legal entities of special interest. Article 17 lists the duties and tasks of the Ministry of Finance as the coordinating entity (Evidence No. 2).

- *Elaboration of an ownership policy and strong corporate governance and disclosure standards for SOEs.*

The adoption and content of the Ownership Policy is defined in Article 20 of the Act (Evidence No. 2). The Government determines legal entities of special interest by decision (article 12 (5) of the Act). Article 21 provides that the Ownership policy is to be reviewed at least once every four years, while the rationale for ownership are continuously reviewed. The Article 21 explicitly stipulate that the revision will include the list of SOEs of special interest to Republic of Croatia. The adoption of the ownership policy is part of milestone M442, with planned completion by Q3 2025.

- *Clarify SOEs' financial and non-financial performance objectives*

Article 27 (1) of the Act (Evidence No. 2) establishes the legal obligation for the Government of the Republic of Croatia to set financial and non-financial objectives for legal entities of special interest. The decision shall be taken at the proposal of the Ministry of Finance, whereas proposals for these financial and non-financial objectives shall be submitted to the Ministry of Finance by the competent ministries. Also, a separation of market activities and public service provision activities is stipulated in article 31.

- *Harmonisation of the legal and regulatory framework*

The new regulatory framework for SOEs is established with the Act (Evidence No. 2) and complemented with the Act on the Restructuring and Sale Centre (Evidence No. 5). The latter establishes a legal framework for the Centre for Restructuring and Sales (hereinafter referred to as: "CERP"), the body responsible for managing and disposing state-owned assets that are not of strategic interest to Croatia.

This new comprehensive framework consolidates existing relevant rules into two comprehensive laws on SOEs and align applicable corporate governance standards and requirements with OECD guidelines, marking a clear delineation of SOEs of strategic interest to the state and those that are not, therefore achieving harmonisation of the legal and regulatory framework of SOEs according to their strategic importance

- *Streamline SOEs' legal and corporate forms.*

Article 13 provides that legal persons owned by the Republic of Croatia, established by special laws, not having the legal form of a company and engaged in predominantly market activities, shall be converted into the legal form of a capital company.

The process of decision making on the legally mandated conversion, taking account of the principles established by the relevant OECD recommendation, is further outlined in Articles 20 and 76. Article 20 sets out the decision-making process to be followed for the streamlining, and Article 76 sets out the timeline for its completion. The OECD recommendation prescribes that any transformation of SOEs' legal forms should be preceded by an in-depth review of individual SOEs' objectives, in order to make an informed assessment of their commercial orientation. The Ownership Policy, as stipulated by Article 20, can take account of such in-depth reviews of individual SOEs' objectives as: i) Article 20, paragraph 2, item 1 of the Act provides that the Ownership Policy shall establish the objectives pursued through the ownership of legal persons and the grounds for ownership, hence the plan for the streamlining of SOEs' legal and corporate forms is best laid out by the Ownership Policy, in compliance with OECD recommendations, and ii) Article 20, paragraph 2, item 4 of the Act stipulates that the Ownership Policy will contain a plan for the conversion of such statutory SOEs into capital companies, in line with the law governing the formation, organisation, dissolution and status changes of companies. Article 76, paragraph 1 establishes that the competent ministries shall carry out procedures for the conversion within one year from the date of entry into force of the Act.

- *Extend the scope of the aggregate report*

Article 62, paragraph 1 of the Act provides that the Ministry responsible for financial affairs shall prepare and publish an aggregated annual report on legal entities owned by the Republic of Croatia.

This provision expands the scope of the reports to include the operations of SOEs that are majority-owned by CERP, in addition to enterprises of special interest.

- *Improve financial and non-financial disclosure by SOEs.*

The relevant OECD guideline recommends that disclosure standards are harmonised across the SOE sector to ensure high quality and credibility of all SOEs' corporate reporting, and not just of listed SOEs, by establishing in a single policy document what accounting, audit and disclosure standards are applicable to SOEs, including any differences according to enterprise characteristics. Article 56, paragraph 1 of the Act prescribes the information that all SOEs are required to publish. Paragraph 5 establishes that the finance minister shall lay down any additional information that SOEs need to make available on their websites. Article 57 sets out additional disclosure obligations depending on enterprise characteristics, including size and whether their financial instruments are listed on a regulated market or other trading venue. This addressed the OECD recommendation by harmonising the SOEs' corporate reporting and the standards applicable to SOEs, taking into account the different enterprise characteristics.

- *Strengthen the effectiveness of SOEs' internal control systems*

With the Amendments to the Law on Fiscal Responsibility (July 2023 – Evidence No. 8), all companies that are majority owned by the Republic of Croatia, as well as all legal entities of special interest to the Republic of Croatia (currently 36 companies), have become obliged to prepare and submit a Statement of Fiscal Responsibility. This statement improves transparency and confirms the functioning of the internal control systems. Until this Amendment to the Law, only companies and other legal entities 100% owned by the Republic of Croatia were obliged to submit a Statement

confirming the functioning of the internal control system based on the completion of the Fiscal Responsibility Questionnaire, internal audit opinion and findings of the State Audit Office.

The recommendation for improving the whistleblower protection system was made through the Act on the Protection of Whistleblowers (Official Gazette 46/22 – Evidence No. 9).

According to the Action for the implementation of the OECD recommendations for improving corporate governance in legal entities owned by the Republic of Croatia from September 2021, all planned activities have been carried out, and an overview of the completed activities is provided below:

- The "Guidelines with Recommendations for Strengthening the Independence of the Internal Audit Function" were prepared. The Guidelines, signed by the Minister of Finance, were delivered to the management boards of the companies in May 2022 (Evidence No. 10).
- A training for heads of internal audit was held in March 2022 with a total of 50 internal auditors from legal entities of special interest to the Republic of Croatia and relevant ministries participating. The training emphasized OECD recommendations, and the current and expected state of internal auditing was analysed in accordance with the International Standards for the Professional Practice of Internal Auditing and the regulatory framework of the Republic of Croatia (Evidence No. 11).
- A training for the management of legal entities was held in May 2022, with a total of 43 management board members attending. Representatives of the Ministry of Finance presented OECD recommendations on internal control systems, relevant regulations, and provided an overview of the measures undertaken to implement the OECD recommendations, including the presentation of the Guidelines with recommendations for strengthening the independence of the internal audit function (Evidence No. 12).
- At its session held on 24 November 2022, the Government of the Republic of Croatia adopted a Conclusion, which, among other things, tasked legal entities of special interest to the Republic of Croatia that have established internal audit functions to plan and conduct a procurement process audit in 2023 based on risk assessment (Evidence No. 13). In February 2023, a workshop on the procurement process was organized, during which employees of the Ministry of Finance and a representative of the Ministry of Economy provided an overview of the requirements and application of the Public Procurement Act, including the most common mistakes made by contracting authorities (Evidence No. 14). All internal audit units in legal entities of special interest to the Republic of Croatia conducted an audit in the area of procurement.

- *Establish professional and independent supervisory boards*

Article 37 of the SOE Act regulates the minimum number of independent members (33%) in the composition of the Supervisory boards. This is fully consistent with the OECD Guidelines on Corporate Governance of SOEs, 2024 (Evidence No. 15) which in section VI.D establish that "an appropriate number of independent board members should be on boards and on specialized board committees," further specifying that "independent board members should be sufficient counterweight in case of the presence of representatives of the state on boards" (page 64).

The selection of Supervisory board members is regulated by Articles 45-47, which require the introduction of public tenders to be carried out by the state Commission (hereinafter referred to as: "Commission"), appointed for a period of 3 years.

This provision applies to legal entities that are primarily engaged in commercial activities in the market as provided by Article 13 (on the unification of forms of legal persons owned by the Republic of Croatia) and Article 76 (on the conversion and alignment of founding and general acts) of the SOE Act. In effect, if a legal entity is assessed as predominantly engaging in market activities, it will be required to transform into a company in the period of one year. Following this transformation, the entity is obliged to establish a supervisory board with at least 33% independent members.

The decision on the selection of candidates for the supervisory board of a state-owned legal entity shall be made by the Government upon the proposal of the Commission.

- *Establish independent audit committees in SOEs.*

Article 40 of the Act (Evidence No. 2) sets out provisions to strengthen the independence of the audit board and board of supervisors. In particular: the audit committee shall be subject to the provisions of the law governing auditing (paragraph 2); the chairman and the majority of the members of the audit committee and of the board of supervisors of an SOE shall be independent of that SOE and of the Republic of Croatia and other holders of shares or business interests in that SOE (paragraph 3); and a member of the board of directors may not be a member of the audit committee and board of supervisors of an SOE. Article 51 of the Act establishes the legal obligation for the Government of the Republic of Croatia to lay out additional independence criteria.

For the purpose of improving the work of audit committees, the Ministry has also adopted Guidelines for the work of audit committees (Evidence No 10).

- *Empower supervisory boards to carry out the functions of setting strategy and supervising management.*

Article 48 of the Act (Evidence No. 2) stipulates that the Supervisory Board, following prior consultation with the Government of the Republic of Croatia, appoints the members of the management board or executive directors. In addition, article 38 stipulates that the Supervisory Board appoints and dismisses management board members, participates in establishing the strategy, approves business plans and monitors their implementation.

(i) A new law that shall harmonise the regulation on corporate governance of state-owned enterprises in Croatia:

The main acts of the new regulatory framework are the the Act on legal entities owned by the Republic of Croatia (Evidence No. 2) and the Act on the Restructuring and Sale Centre (Evidence No. 5), adopted on 15 July 2025.

The Council Implementing Decision required a single law, and Croatia has adopted a new regulatory framework made up of two main laws. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, this is acceptable and does not affect the progress towards the achievement of the reform. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

The Council Implementing Decision required the entry into force of a new legal framework for the governance of SOEs including provisions to comply with the OECD guidelines addressed to Croatia. Both the SOE Act addressing SOE governance and the Act on the Restructuring and Sale Centre have been adopted by the Croatian Parliament on 15 July 2025 and will enter into force on 1 October 2025 (Art 82 and Art 33 respectively). Whilst this constitutes a minimal temporal deviation from the

requirement of the Council Implementing Decision, the delay between the adoption of these laws and the actual application of the provisions is considered both limited and proportional, notably as the entry into force of the Acts will take place less than six months after its adoption. Moreover, article 82 of the SOE Act and article 33 of the Act on the Restructuring and Sale Centre clearly plan for the Acts' entry into force on 1 October 2025, therefore providing certainty on the timely application of the Acts. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

In comparison, the previous regulatory framework comprised a series of acts of the Republic of Croatia. Primarily, the Act on the State Assets Management, which defined the basic provisions related to the election and appointment of members of supervisory boards and management boards of companies, established a system of annual and medium-term planning and reporting, and defined the role of the Center for Restructuring and Sales. The role of line ministries, in addition to the Act on the State Assets Management, was also determined by the Act on the Organisation and Scope of State Administration Bodies, which stipulates that line ministries participate with the ministry responsible for state asset management (now the Ministry of Finance) in managing and disposing of shares and business interests of commercial of companies that constitute state asset and with regard to companies that predominantly engage in activities within the prescribed jurisdiction of this Ministry. The criteria and procedure for electing members of supervisory boards and boards of companies and other legal entities owned by the state was regulated by the Decree on the conditions for the election and appointment of members of supervisory boards and boards of legal entities of special interest to the Republic of Croatia and the manner of their election (Official Gazette 12/2019).

- **In addition, this law shall provide for the establishment of a central coordination unit with a view to a more efficient implementation of proprietary policy in the medium term, i.e. horizontal coordination between competent authorities in charge of carrying out the functions of proprietary powers:**

The central coordination unit is housed within the Ministry of Finance. As stipulated by the Act on Amendments to the Act on the Organisation and Scope of State Administration Bodies (Evidence No. 6), the Ministry of Finance took over the operations, equipment, records and other documentation, financial resources, rights and obligations of the Ministry of Physical Planning, Construction and State Asset in the part that refers to the horizontal coordination of competent ministries in charge of SOEs of special interest to the Republic of Croatia, in accordance with the structure and scope prescribed by the same Act.

Article 7 of the Act stipulates that the Ministry of Finance is a coordination entity with the aim of ensuring the harmonised exercise of the ownership rights of the Republic of Croatia in state-owned legal entities and achieving the goals set by the Ownership policy. Article 17 prescribes the duties of the Ministry of Finance as the coordinating entity for the implementation of ownership policy (the Ministry of Finance proposes ownership policy, by-laws, publishes an aggregate report on legal entities, etc.).

In practice and within the Ministry of Finance, the Directorate for State-Owned Legal Entities, Concessions and State Subsidies was established by the Decree on Amendments to the Decree on internal organisation of the Ministry of Finance (Evidence No. 7) from July 15, 2023. The Administration consists of three sectors: the Sector for Business Analysis, the Sector for Corporate Governance and the Sector for Concessions and State Aid.

The Directorate for State-Owned Legal Entities, concessions and state subsidies determines the procedures and criteria for setting financial, non-financial and sustainability goals of legal entities and

monitors and analyses their fulfilment; passes and updates acts on the improvement of annual and medium-term plans and reports on operations; collects and analyses financial data for the an annual aggregated report; proposes to the Government of the Republic of Croatia an Ownership policy and coordinates and monitors its implementation; performs tasks related to the exercise of ownership rights on behalf of the Republic of Croatia; proposes the adoption of acts for the purpose of improving corporate governance in legal entities; supervises the transparency of operations and establishes a reporting system; participates in the planning and drafting of strategic acts relating to legal entities of special interest and reports on their implementation; performs tasks related to the Concession Register and the monitoring of the concession system; analyses the dynamics of collection of concessions and revenue from concession fees and undertakes measures for more efficient collection of concession fees; performs analysis and implementation of public-private partnership projects; implements and supervises the implementation of state aid policy; performs administrative tasks related to the drafting the laws and other regulations in the area of concessions and state aid; analyses situations related to damage to property and rights caused by natural disasters; performs other tasks within its scope.

- **This law shall strengthen the board autonomy and independence. This law shall also establish that a) the state has to nominate/appoint members of the SOEs supervisory board within 3 months of the post becoming vacant, and b) that the line ministry proposes a candidate to the government based on a recommendation by the central coordination unit:**

Greater independence of supervisory boards is prescribed by Article 37 of the draft Act, which regulates the minimum number of independent members (33%) in the composition of the supervisory boards. Greater autonomy of the supervisory board is prescribed in the following articles:

- 38. The supervisory board participates in establishing the strategy, approves business plans and monitors their implementation;
- 40. The chairman and the majority of the members of the Supervisory board shall be independent of that legal person and of the Republic of Croatia and other holders of shares or business interests in that legal person;
- 44. The supervisory board decides on remuneration of the Management board;
- 45. The decision on the selection of members of the supervisory board is made by the expiration of the mandate of the existing members of the supervisory board. This provision is stricter than the requirement defined in the milestone description ("within 3 months of the post becoming vacant") and avoids interruption of work between an old and a new Supervisory board member)
- 48. Following prior consultation with the Government of the Republic of Croatia, the supervisory board appoint the members of the management board

The selection of supervisory board members is regulated by Articles 45-47, which implies the introduction of public tenders to be carried out by the state Commission, which is appointed for a period of 3 years.

For legal entities of special interest, the Commission consists of five members, two of whom are representatives of the Government, one representative of the competent ministry, one representative of the Ministry of Finance and one independent expert. For other legal entities (in the CERP's portfolio), the Commission also consists of five members, two of whom are representatives of

the Government, one representative of the Ministry of Finance, one representative of CERP and one independent expert.

The decision on the selection of candidates for the supervisory board of a state-owned legal entity shall be made by the Government upon the proposal of the Commission. The decision on the selection of members of the supervisory board shall be made by the expiration of the mandate of the existing members of the supervisory board.

(ii) A Government decision establishing a central ownership coordinating entity with the adequate mandate and resources, required to effectively fulfil its coordination role. The entity shall develop standards for corporate governance of SOEs and monitor compliance to those standards; monitor the performance of SOEs, and engage in regular public reporting.

The Council Implementing Decision required a government decision to establish the central ownership coordinating entity. The SOE Act clarifies the existence, role and mandate of the coordinating entity. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, this is acceptable and does not affect the progress towards the achievement of the reform that the milestone represents. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

Article 7 of the Act stipulates that the Ministry of Finance is a coordination entity with the aim of ensuring the harmonised exercise of the ownership rights of the Republic of Croatia in State-owned legal entities and achieving the goals set by the Ownership policy.

Article 17 prescribes the tasks of Ministry of Finance as the coordination entity and therefore provides it with a clear mandate. These tasks include, among others: performing corporate governance improvement in legal persons owned by the Republic of Croatia, monitors and analyses the quality of corporate governance in legal persons owned by the Republic of Croatia (paragraph 9); monitoring and analysing the implementation of annual and medium-term business plans of legal persons of particular interest (paragraph 10); drawing up a consolidated annual report on legal persons owned by the Republic of Croatia in accordance with Article 62 of the Act, which it shall submit to the Government of the Republic of Croatia and publish on the website of the Ministry in accordance with Article 63 of this Act; supervising the implementation of the Act (paragraph 12); and publishing a list of public services of legal persons owned by the Republic of Croatia (paragraph 14). The necessary resources are provided by the Decree on Amendments to the Decree on the Internal Organisation of the Ministry of Finance (Evidence No. 7).

In addition, Article 39 of the Act stipulates that the Supervisory Committee of an SOE shall carry out an annual assessment of on the fulfilment of the annual business plan, financial and non-financial objectives including objectives relating to sustainability factors, risk factors and events relevant to the business of the enterprise (paragraph 1), as well as of its own work and impact, and that of the audit committee and other committees of the supervisory board (paragraph 2). A written report on the monitoring and supervision carried out shall also be submitted to the Ministry of Finance (the coordinating body) at the same time as it is delivered the ownership body (paragraph 3).

4. Commission Preliminary Assessment: Satisfactorily fulfilled.

Number and name of the Target: 228 Newly renovated court buildings complying with the Technical Regulation on rational use of energy and thermal protection in buildings

Related Measure: C2.5 R1-I5 Implementation of energy efficiency measures to renovate obsolete facilities of judicial authorities

Quantitative Indicator: Number

Baseline: 0

Target: 20

Time: Q2 2024

1. Context:

The objective of the investment is to modernise and increase the energy efficiency by implementing energy efficiency measures in of judicial and criminal authorities' facilities, which shall contribute to the green transition.

Target #228 requires completing renovation of 20 judicial buildings meeting standards on rational energy use and thermal protection, access adapted to persons with disabilities and compliance with fire protection standards, prioritizing the locations in economically less developed parts of Croatia.

Target #228 is the only target of this investment, related to energy efficiency. The investment has a final expected date for implementation in June 2024.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Final report on the implementation of the project, endorsed by the Ministry of Justice, Public Administration and Digital transformation	Report showing the finalisation of renovation including justification that the technical specifications of the projects are aligned with the description of the target and of the description of the investment in the CID
2.1	Service contracts for supervising engineers for each building, following public procurement	
2.2	Final Reports of supervising engineers for each building	

3.1	Certificate of completion from the constructors	The certificates of completion from constructors confirm, other than that works are completed in line with the Main designs of each project, the type of material or equipment installed within completed works.
3.2	Main designs for 20 renovated buildings	Main designs including books (sub-maps) regarding architectural, electrical and engineering works.
4.1	20 Ex-ante Energy certificates	
4.2	20 Ex-post Energy certificates	
5.1	For each building, Main design, Book 1, showing compliance with fire and technical protection standards and the functional design of interiors	
5.2	Certificates on the quality and attributes of materials used in renovation complying with fire protection regulations	
5.3	Evidence of adaptation of buildings to people with disabilities	
6	Decision on the classification of local and regional self-government units by development (Official Gazette, No. 132/2017, entered into force on 1 January 2018, in accordance with Article 5.)	Indicates locations of economically less developed parts of Croatia
7	Cover note	Summary document that justifies how the target (including all the constitutive elements) was satisfactorily fulfilled.
8	Annex 1. Report on the usage of non-combustible material - Linking Evidence No. 5.2. with the Evidence No. 3.1. Certificate of completion from the constructor	Annexed overview table additionally cross-references Evidence No. 5.2. with Evidence No. 3.1. to each individual building

3. Analysis:

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

Renovation of 20 judicial buildings shall be completed.

The Council Implementing Decision states in the target's name "court buildings". However, the Council Implementing Decision also states in the title of the investment and descriptions of the investment and target the term "judicial buildings", which encompasses both court buildings and prison or criminal authorities' buildings. The investment description refers to "criminal authorities", whereas the National Recovery and Resilience Plan also contains the broader term "judicial buildings" and additionally specifically mentions prisons and criminal authorities' buildings. In line with this, the Commission considers that the term "judicial buildings" is relevant for the assessment of this target and that the term judicial buildings should be interpreted so that it includes both court and prison buildings in its scope. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled. Reports by the supervising engineers (Evidence No. 2.2 and Evidence No. 3.1) confirmed that the works have been completed in line with the main designs (Evidence No. 3.2).
The newly renovated buildings shall meet standards on rational energy use and thermal protection. The investment concerns, on average, at least a medium-depth level renovation as defined in Commission Recommendation on Building Renovation (EU) 2019/786, resulting in achieving at least a 30% reduction of primary energy demand; or, shall achieve, on average, at least a 30% reduction of direct and indirect GHG emissions compared to the ex-ante emissions.

The main designs and supporting documents are in line with the objectives of medium-depth renovation as defined in Commission Recommendation on Building Renovation (EU) 2019/786, which means achieving at least a 30% reduction of primary energy demand or, on average, at least a 30% reduction of direct and indirect GHG emissions compared to the ex-ante emissions, in line with the CID requirement. Before renovations, for each of the 20 buildings an energy assessment was done and the provided certificates indicated ex-ante energy ratings (Evidence No. 4.1). After renovations, the ex-post energy savings assessment certifications for each building (Evidence No. 4.2) proved energy savings, demonstrating that each building met standards on rational energy use and thermal protection and achieved at least a medium-depth level renovation as defined in Commission Recommendation on Building Renovation (EU) 2019/786. Furthermore, this investment on average resulted in achieving deeper renovations, with more than 60% reduction of primary energy demand; and achieving, on average, more than 60% reduction of direct and indirect greenhouse gas (GHG) emissions compared to the ex-ante emissions (Table 1). Table 1 explains for each building the energy efficiency before and after the renovation, indicating the percentages of energy savings after the renovation in the far-right columns.

Table 1. Energy certification and savings after energy renovation

No	Building	Energy rating before energy renovation (Evidence No. 4.1.)				Energy rating after energy renovation (Evidence No. 4.2.)				Energy savings after energy renovation		
		Specific annual primary energy kWh/ (m2a)	Annual primary energy kWh/a	Specific annual CO2 emission kg/ (m2a)	Energy rating primary energy	Specific annual primary energy kWh/ (m2a)	Annual primary energy kWh/a	Specific annual CO2 emission kg/ (m2a)	Energy rating primary energy	Specific annual primary energy kWh/ (m2a)	Annual primary energy kWh/a	Specific annual CO2 emission kg/(m2a)
01	Building for the accommodation of prisoners in the Penitentiary Požega - semi-open department	494,00	220.314,77	97,00	E	71,10	31.716,11	14,28	A+	85,61%	85,60%	85,28%

02	Administrative building of the Penitentiary Požega	232,00	286.664,74	44,00	G	78,10	93.212,88	13,19	C	66,34%	67,48%	70,02%
03	Infirmary building in the Penitentiary Požega	399,00	144.009,97	78,00	D	62,40	22.544,45	12,53	A+	84,36%	84,35%	83,94%
04	Building of the closed department in the Penitentiary Požega	284,00	393.313,83	55,00	D	58,09	80.431,55	11,68	A+	79,55%	79,55%	78,76%
05	Building for prisoners in the Penitentiary Lipovica-Popovača	325,00	739.866,40	64,00	D	77,24	175.942,30	14,79	A+	76,23%	76,22%	76,89%
06	Administrative building of the Penitentiary Lipovica-Popovača	169,00	108.691,90	29,00	F	99,34	64.026,80	17,24	C	41,22%	41,09%	40,55%
07	Building of daily room of prisoners of Penitentiary Lipovica-Popovača	258,00	227.973,30	49,00	C	149,54	132.146,10	27,21	B	42,04%	42,03%	44,47%
08	County Court in Slavonski Brod	257,00	288.012,04	64,00	G	61,14	68.606,08	9,97	B	76,21%	76,18%	84,42%
09	Municipal Court in Koprivnica	227,00	376.063,49	41,00	G	104,59	173.257,89	18,41	D	53,93%	53,93%	55,10%
10	Municipal Court in Đakovo	265,00	229.901,00	48,00	G	95,28	64.877,28	17,48	C	64,05%	71,78%	63,58%
11	Municipal Court in Sesvete, Permanent Service in Vrbovec	180,00	141.230,40	34,00	F	80,42	63.190,29	14,57	C	55,32%	55,26%	57,15%
12	Municipal Court in Virovitica, Permanent Service in Slatina	198,00	143.191,60	37,00	G	73,49	53.075,63	13,55	C	62,88%	62,93%	63,38%
13	Municipal Court in Zlatar, Permanent Service in Klanjec	245,00	147.058,00	47,00	G	88,80	53.307,50	16,22	C	63,76%	63,75%	65,49%
14	Municipal Court in Bjelovar, Permanent Service in Daruvar	312,00	307.678,10	60,00	G	119,78	117.946,90	22,09	D	61,61%	61,67%	63,18%
15	Municipal Court in Đakovo, Permanent Service in Našice	248,00	260.609,00	44,00	G	75,85	79.670,76	13,77	C	69,42%	69,43%	68,70%

16	Municipal Court in Bjelovar, Permanent service in Čazma	266,00	102.963,90	49,00	G	151,27	58.625,84	26,32	E	43,13%	43,06%	46,29%
17	Municipal Court in Osijek, Permanent Service in Donji Miholjac	202,00	67.893,43	38,00	G	87,25	29.353,91	15,94	C	56,81%	56,76%	58,05%
18	Municipal Court in Rijeka, Permanent Service in Delnice	191,00	147.461,80	42,00	G	78,08	60.391,47	14,65	C	59,12%	59,05%	65,12%
19	Municipal Court in Čakovec	211,00	397.533,20	39,00	G	110,98	208.750,50	20,22	D	47,40%	47,49%	48,15%
20	Commercial Court in Osijek	142,00	289.056,10	54,28	E	95,22	193.836,20	29,56	C	32,94%	32,94%	45,54%
No	**Average**									**61,10%**	**61,53%**	**63,20%**

In addition, access to buildings shall be adapted to persons with disabilities.

In parallel to the delivery of the primary objective and focus of this target and investment, that is the rational use of energy and thermal protection in buildings, the horizontal measures referred in the requirement above were implemented where appropriate. For the delivery of these additional measures, the possibilities and overall functionality of the individual building have been taken into account.

The Council Implementing Decision required that in addition, access to buildings was adapted to persons with disabilities, alongside the horizontal measures from the target requirement. The National Recovery and Resilience Plan states that for all buildings, major energy renovation projects have been developed, and horizontally – accepting the specificities and spatial characteristics of each building – accompanying complementary projects are developed to address the adaptation of buildings to persons with disabilities, fire and technical protection measures. The Commission considers that part "accepting the specificities and spatial characteristics of each building" should be interpreted as these additional horizontal measures should be developed "subject to specificities and characteristics of each building". As concerns access to disabilities, it should be noted that in two penitentiary centres which are established as complexes, multiple buildings were contracted for the works and supervision of energy adaptation: four buildings in the complex at location Požega and three buildings in the complex at location Lipovica-Popovača. In these complexes, a number of buildings for which renovation works were contracted are not used (nor envisaged) for the imprisonment of persons with disabilities and hence an adaption for access to people with disabilities was not required nor justified. This relates to the following buildings: In Požega, the building of semi-opened department, the building of closed department, the infirmary building, and the building of prisoners' accommodation. In Lipovica-Popovača, the building for daily room of prisoners. Therefore, for the aforementioned complexes of penitentiary centers Požega and Lipovica-Popovača, the adaptation to persons with disabilities was limited to the administrative buildings, where access to person with disabilities is expected and shall be utilised. Focusing on the buildings in the complexes where this adaptation was necessary ensured that accessibility arrangements for those prison complexes are achieved within this target. In all other buildings, notably all the court buildings, access to persons with disabilities is provided or the buildings already meet the standards. Therefore, accessibility facilities were provided where they were objectively needed. It is also necessary to highlight that the prison buildings within

the two complexes, which overall do provide access to persons with disabilities, also achieved the most significant energy savings due to the renovations, which is the main objective of the investment, and are also located in less developed areas. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.
Adaptations for persons with disabilities were assessed by the authorities and made on an individual basis, because some already had an adapted access, some locations needed a completely new significant adaptation, while the majority of buildings, mostly court buildings, are easily accessible, and resulted in adaptations with tactile strips (Evidence No. 5.3, in line with Evidence No. 3.1). Horizontal measures for access to buildings adapted to people with disabilities were placed depending on the possibilities and overall functionality of the building, including, for example, elevators, inclined lifting platforms and tactile strips. Table 2 shows the connection between the adopted access to buildings for persons with disabilities with linked evidence for each building. In line with this, overall accessibility arrangements for persons with disabilities were adapted or were already present in all buildings or in the prison complexes where persons with disabilities are located or are potential users.

This adaptation shall be accompanied by compliance with fire and technical protection standards and the functional design of interiors.

Table 2 shows the connection between the adopted access to buildings, respected fire and technical standards, functional design of interiors and installed materials with linked evidence, whereas Evidence No. 3.1. for each building additionally certificates that the contractors used material and equipment which ensure that above horizontal requirements have been achieved.

Table 2. The adopted access to buildings to people with disabilities, respected fire and technical standards and installed materials with linked evidence.

No.	Building	Evidence No. 5.3. Evidence of adaptation for persons with disabilities	Evidence No. 5.1. Main design, chapters indicating fire, technical protection standards and overall functional design of buildings.	Evidence No. 5.2 Certificate rock/mineral wool (installation of non-combustible materials)
1	Building for the accommodation of prisoners in the Penitentiary Požega - semi-open department	Tactile strips and lift platform in the administrative building. The rest of the buildings in this complex are not foreseen for disabled prisoners	Book 1 chapter 1.6, 2. and 5. Book 2 chapter 1.1, 2. and 3. Book 3 chapter 1.2., 2.2, 2.3 and 4. Book 4, page 6-8, chapter II and III.	Certificate rock/mineral wool
2	Administrative building of the Penitentiary Požega		Book 1 chapter 1.6, 2., 3.1 and 6. Book 2 chapter 1.1, 2., 3. and 4.1 Book 3, chapter 1.2, 2.2, 2.3 and 4.	Certificate rock/mineral wool
3	Infirmary building in the Penitentiary Požega		Book 1 chapter 1.6., 2. and 5. Book 2 chapter 1.1, 2. and 3. Book 3 chapter 1.2., 2.2, 2.3 and 4. Book 4, page 6-8, chapter II and III.	Certificate rock/mineral wool
4	Building of the closed department in the Penitentiary Požega		Book 1 chapter 1.6., 2. and 5. Book 2 chapter 1.1, 2. and 3. Book 3 chapter 1.2., 2.2, 2.3 and 4. Book 4, page 6-8, chapter II and III.	Certificate rock/mineral wool

5	Building for prisoners in the Penitentiary Lipovica-Popovača	Tactile strips in the administrative building. The rest of the buildings of this complex no need or not foreseen for disabled prisoners	Book 1, chapter 2.2, 2.8 and 2.9 Book 2.1 chapter 1.2, 2.2, 2.3. and 4 Book 2.2 chapter 1.3, 1.4, 2.2 and 4. Book 3, Chapter 1.7, 4, 5 and 6.	Certificate rock/mineral wool
6	Administrative building of the Penitentiary Lipovica-Popovača		Book 1, chapter 2.2, 2.9 and 2.10 Book 2.1 chapter 1.2, 2.2, 2.3. and 4 Book 2. chapter 1.8, 4., 5. and 6. Book 3, Chapter 1.3, 1.4. 2.2, 2.3 and 4.	Certificate rock/mineral wool
7	Building of daily room of prisoners of Penitentiary Lipovica-Popovača		Book 1, page 14, chapter 1, and 4. Book 2 , Chapter 1.3, 1.4, 2.2, 2.3. and 4.	Certificate rock/mineral wool
8	County Court in Slavonski Brod	Tactile strips	Book 1, chapter 1.6, 1.7, 2. , 3.3 and 6. Book 2, chapter 4., 5. and 6. Book 3 chapter 1.7, 1.8 and 2.	Certificate rock/mineral wool
9	Municipal Court in Koprivnica	Tactile strips/lift platform	Book 1, chapter 1.6, 2. and 6. Book 2. Chapter 1.1, 2. and 3. Book 3, chapter 1.2, 2. and 4.	Certificate rock/mineral wool
10	Municipal Court in Đakovo	Elevator/lift platform	Book 1, chapter A/6, B/2 and B/4 Book 2, chapter 1.5, 2.2, 2.3 and 2.6 Book 3, chapter 1.3. and 2.	Certificate rock/mineral wool
11	Municipal Court in Sesvete, Permanent Service in Vrbovec	Tactile strips	Book 1, chapter 1. 2. and 3. Book 2, chapter II, III, V and VI Book 3, chapter 1.4 and 2. Book 4, pages 4-6, chapter 1, 2. and 3.	Certificate rock/mineral wool
12	Municipal Court in Virovitica, Permanent Service in Slatina	Elevator/concrete ramp	Book 1, chapter 1., 2. and 3. Book 2. Chapter II, III V and VI Book 3. Chapter 1.3, 1.4, 1.5 and 2.	Certificate rock/mineral wool
13	Municipal Court in Zlatar, Permanent Service in Klanjec	Tactile strips	Book 1, chapter 1., 2. and 3. Book 2. Chapter II, III V and VI Book 3. Chapter 1.3, 1.4, 1.5 and 2.	Certificate rock/mineral wool
14	Municipal Court in Bjelovar, Permanent Service in Daruvar	Tactile strips	Book 1, chapter 2.2, 2.9 and 2.10 Book 2. chapter 1.8, 4., 5. and 6. Book 3, page 11, Chapter 2.3. and 2.4.	Certificate rock/mineral wool
15	Municipal Court in Đakovo, Permanent Service in Našice	No need based on specificities and spatial characteristics	Book 1, chapter A/6, B/2, B/4 and B/7 Book 2 chapter 1.4, 2.2, 2.3 and 2.6 Book 3, 1.3, 1.4 and 2.	Certificate rock/mineral wool
16	Municipal Court in Bjelovar, Permanent service in Čazma	Lifting platform	Book 1, chapter 2.2, 2.9. and 2.10. Book 2 chapter 1.8, 4. and 5. Book 3, Chapter 2.4, 2.5, 3., 4. and 5.	Certificate rock/mineral wool
17	Municipal Court in Osijek, Permanent Service in Donji Miholjac	Tactile strips	Book 1, chapter 1., 2. and 3. Book 2. Chapter II, III V and VI Book 3. Chapter 1.3, 1.4, 1.5 and 2. Book 4 chapter 1., 2. and 3.	Certificate rock/mineral wool, walls and floor
18	Municipal Court in Rijeka, Permanent Service in Delnice	Renovation of concrete ramp –	Book 1 chapter 2.2, 2.9 and 2.10 Book 2, chapter 1.2, 2.2., 2.3 and 4.	Certificate rock/mineral wool

		renewed ramp handrail		
19	Municipal Court in Čakovec	Tactile strips	Book 1 chapter 2.2, 2.9 and 2.10 Book 2 chapter 1.7, 4., 5. and 6. Book 3, chapter 1.2, 2.2., 2.3 and 2.4	Certificate rock/mineral wool
20	Commercial Court in Osijek	Elevator	Book 1 chapter I. 4., 5., II. 2., 3., 4. and 5. Book 2. Chapter II 1., 2. and 3.	Certificate rock/mineral wool

During the performance of energy renovation works, safety measures in case of fire were complied with (Evidence 3.1 and 2.2, in line with Evidence 3.2). The works were carried out in compliance with fire and technical protection standards and the functional design of interiors since the works and materials used for energy renovation were installed in accordance with the Law on Fire Protection (Official Gazette No. 92/10,114/22), Ordinance on fire resistance and other requirements that buildings must meet in case of fire (Official Gazette No, 29/13,No. 87/15, entered into force on 16 August 2015). Complying with fire standards and technical protection is referred to in each Main design (Evidence No. 5.1) and by the prescribed standard of installed non-combustible materials meeting of requirements for fire resistance (Evidence No. 5.2), whereas certificates from contractors prove that such materials have been used (Evidence 3.1, in line with Evidence No. 8). The Main design, book 1 for each building precises that the use of rock/mineral wool as a material which is a thermal (interior/exterior coating) and non-combustible material, and which does not have a limited life span, will respect the fire protection of the building (Evidence No. 5.1). In line with Article 6 of the Ordinance on fire resistance and other requirements that buildings must meet in case of fire (Official Gazette No. 29/13, 87/15), the relevant certificates prove that the appropriate non-combustible materials have been installed (Evidence 3.1 in line with Evidence No. 5.2).

The project was carried out respecting the needs of technical protection and functional design of existing interiors as reports by the supervising engineers and contractors (Evidence No. 2.2 and Evidence No. 3.1) confirmed that the works have been completed in line with the Main designs (Evidence No. 3.2 and Evidence No. 5.1), which ensured that works respect the needs of fire and technical protection and the functional design of each building. Lighting of specific rooms was selected depending on the room purpose and usage. While setting those solutions in place, the functional design of the building was respected. Table 2 lists the books and chapters of Evidence No. 5.1 indicating which and how fire, technical protection standards and the overall functional design of interiors adaptations and works have been achieved concerning each building.

In this investment cycle, priority shall be given to the locations of judicial authorities in economically less developed parts of Croatia.

The regions in Croatia are ranked as per the government's Decision on the classification of local and regional self-government units which was in force during the selection of projects (Evidence No. 6). Units of regional self-government are classified into 4 groups, from group I which represents the least developed region to group IV which represents the most developed region. Units of local self-government level of development are classified into 8 groups, where group I contains the least developed local government units, group IV contains below-average ranked local government units and group VIII being the most developed units. In selecting buildings for energy renovation, priority was given to the buildings that are situated in economically less developed parts of Croatia, as 16 of the selected buildings are situated in less developed parts of Croatia (in particular regionally), while court buildings in Koprivinca, Čakovec, Vrbovec and Delnice were primarily selected because of their

poor physical condition (Table 3). Having this in mind, the majority of renovated buildings are situated in less developed parts of Croatia.

Table 3. Table of locations of renovated judicial buildings

No.	Court	units of regional self-government level of development	local self-government units level of development
1	Building for the accommodation of prisoners in the Penitentiary Požega - semi-open department	II group	VI group
2	Administrative building of the Penitentiary Požega	II group	VI group
3	Infirmary building in the Penitentiary Požega	II group	VI group
4	Building of the closed department in the Penitentiary Požega	II group	VI group
5	Building for prisoners in the Penitentiary Lipovica-Popovača	I group	IV group
6	Administrative building of the Penitentiary Lipovica-Popovača	I group	IV group
7	Building of daily room of prisoners of Penitentiary Lipovica-Popovača	I group	IV group
8	County Court in Slavonski Brod	I group	VI group
9	Municipal Court in Koprivnica	II group	VIII group
10	Municipal Court in Đakovo	II group	IV group
11	Municipal Court in Sesvete, Permanent Service in Vrbovec	IV group	VI group
12	Municipal Court in Virovitica, Permanent Service in Slatina	I group	IV group
13	Municipal Court in Zlatar, Permanent Service in Klanjec	II group	V group
14	Municipal Court in Bjelovar, Permanent Service in Daruvar	I group	V group
15	Municipal Court in Đakovo, Permanent Service in Našice	II group	V group
16	Municipal Court in Bjelovar, Permanent service in Čazma	I group	IV group
17	Municipal Court in Osijek, Permanent Service in Donji Miholjac	II group	IV group
18	Municipal Court in Rijeka, Permanent Service in Delnice	IV group	VI group
19	Municipal Court in Čakovec	IV group	VIII group

20	Commercial Court in Osijek	II group	VII group

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Target: 235 Increase the staff budget for employees of anti-corruption bodies in the justice system.

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

Quantitative Indicator: Number

Baseline: 100

Target: 110

Time: Q2 2024

1. Context:

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

Target #235 requires increasing by 10 per cent staff budget compared to 2020 (including recruitment and mobility within the judicial system).

Target #235 is the fifth target of the reform, and it is accompanied by target #236 (Increase the budget for the acquisition of IT tools and equipment by judicial authorities to investigate corruption and organised crime offences) in this payment request. It will be followed by milestone #237 (Setting up an information system to monitor the implementation of national anti-corruption measures) and target #238 (Reducing the average length of court cases for corruption and organised crime offences), which are related to the efficiency of the public administration involved in the implementation of national anti-corruption policy. The reform has a final expected date for implementation in June 2026.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Copies of the Ministry's budget and primary documentation on the budgetary execution from the State Treasury	Evidence name self explanatory. State budget plans cover years 2020, 2021, 2022, 2023 and 2024, while evidence on budgetary execution from the State Treasury covers years 2020, 2021, 2022 and 2023.
2	Reports by the Ministry of Justice, Public Administration and Digital Transformation on the	Evidence name self explanatory. Planning reports cover years 2020, 2021, 2022, 2023 and 2024, while execution reports cover years 2020, 2021, 2022 and 2023.

	budget planning and execution	
3	Reports on the work of State Attorney's Office (years 2020 - 2023)	Links to detailed annual State Attorney's Office reports for 2020, 2021, 2022 and 2023, alongside an additional Report from State Attorney's Office summarising the increase of human capacities.
4	Reports by Register of Employees in the Civil Service and Public Services on the number of new employees in the state attorney's office system for the years 2020, 2021, 2022 and 2023	Official reports from the Register of Employees in the Civil Service and Public Services (COP) system containing data on the number of employees and transfers within anti-corruption bodies in the justice system from other judicial bodies.
5	Cover note	Summary document that justifies how the target (including all the constitutive elements) was satisfactorily fulfilled.

3. Analysis:

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

Increase by 10 per cent the budget compared to 2020 (including recruitment and mobility within the judicial system).

In Croatia, anti-corruption authorities in the judicial system that investigate corruption and organised crime offences are:

i) Office for the Suppression of Corruption and Organized Crime (hereinafter referred to as: "USKOK")
ii) State Attorney's Office of the Republic of Croatia (hereinafter referred to as: "DORH").
iii) County State Attorney's Offices (hereinafter referred to as: "ŽDO").
iv) Municipal State Attorney's Offices (hereinafter referred to as: "ODO").

The budget for the staff in judicial authorities (i-iv above) to investigate corruption and organised crime offences was increased by 21.48% from year 2020 to 2023 (Table 1 and Table 2). The data within Table 1 and Table 2 is extracted from copies of the Ministry's budget and primary documentation on the State Budget execution from the State Treasury for years 2020-2023 (Evidence No. 1).

The Annual Growth Rates (hereinafter referred to as: "AGR") represent a percentage increase between the baseline year (2020) and the reference years (2021, 2022 or 2023), as reflected in the following formula:

AGR = [ending value/beginning value] -1

Ending value is equal to the budget execution value at the end of each year, namely, years 2021, 2022 and 2023. Starting value is equal to the budget execution value for year 2020, as set out in the Council Implementing Decision. The decimal was then used to calculate the annual growth percentage.

Table 1. The Annual Growth Rates (AGR) of budget execution for staff in anti-corruption bodies 2020-2023.

	Anti-corruption authority	Beginning value (EUR)	Ending value (EUR)		
		2020	**2021**	**2022**	**2023**
Budget for staff / per authority	DORH	2 524 299.08	2 460 296.82	2 348 541.63	2 974 176.01
	ŽDO	12 095 376.14	11 807 369.42	12 545 582.08	14 174 305.13
	ODO	24 904 609.45	25 242 562.63	25 667 916.65	30 752 102.76
	USKOK	2 623 528.98	2 734 840.65	2 946 754.75	3 302 589.61
TOTAL all anti-corruption bodies (EUR)		42 147 813.65	42 245 069.52	43 508 795.11	51 203 173.51
Absolute growth rate AGR		n/a	0.0023	0.0323	0.2148
Absolute percentage growth rate		n/a	0.23%	3.23%	**21.48%**

Source: Ministry of Justice, Administration and Digital Transformation (Evidence No. 1).

Table 2. The Annual Growth Rates (AGR) of budget execution for each anti-corruption authority between 2020 and 2023

	Anti-corruption authority	**Beginning value (EUR)**	**Ending value (EUR)**	**Absolute growth rate AGR**	**Absolute percentage growth rate**
		2020	2023		
Budget for staff / per authority	DORH	2 524 299.08	2 974 176.01	0.1782	17.82%
	ŽDO	12 095 376.14	14 174 305.13	0.1718	17.18%
	ODO	24 904 609.45	30 752 102.76	0.2347	23.48%
	USKOK	2 623 528.98	3 302 589.61	0.2588	25.88%
TOTAL all anti-corruption bodies		42 147 813	51 203 173.51	0.2148	21.48%

Source: Ministry of Justice, Administration and Digital Transformation (Evidence No. 1).

Evidence No. 1 and Evidence No. 2 show an increase of 21.48% in the budget compared to 2020 for the staff for anti-corruption authorities in the judicial system.

According to the reports from State Attorney's Office (Evidence No. 3), by the end of 2023, the total number of employees in state attorney's offices had risen to 1902, which is an increase of 78 since 2020.

Recruitment is carried out through a combination of internal advertisements and public tenders.

Table 3. New employees in state attorneys' offices from 2020 to 2023

New employees in state attorneys' offices from 2020-2023			
Year	*Number of new employees*	*Public tender*	*Mobility*
2020	*152*	*88*	*64*
2021	*196*	*132*	*64*
2022	*273*	*151*	*122*
2023	*213*	*146*	*67*

Source: Ministry of Justice, Administration and Digital Transformation (Evidence No. 4)

The data shown in the Table 3 are derived from official reports obtained from the Register of Employees in the Civil Service and Public Services (Evidence No. 4, hereinafter referred to as "COP employee register"). From the total number of employees in a certain year, the number of employees was selected through a public tender, while the remaining employees belong to the mobility category. This data highlights increasing the human capacities of anti-corruption bodies and ongoing efforts to maintain an adequately staffed workforce through a combination of external recruitment and internal mobility.

This is also in line with the name of the milestone, which states **increase the staff budget for employees of anti-corruption bodies in the justice system**.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Target: 236 Increase the budget for the acquisition of IT tools and equipment by judicial authorities to investigate corruption and organised crime offences

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

Quantitative Indicator: Number

Baseline: 100

Target: 120

Time: Q2 2024

1. Context:

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

Target #236 requires increasing by 20 percent the budget compared to 2020 for computer services and IT equipment for anti-corruption authorities in the judicial system.

Target #236 is the sixth target of the reform, and it is accompanied by target #235 (Increase the staff budget for employees of anti-corruption bodies in the justice system) in this payment request. It will be followed by milestone #237 (Setting up an information system to monitor the implementation of national anti-corruption measures) and target #238 (Reducing the average length of court cases for corruption and organised crime offences), which are related to the efficiency of the public administration involved in the implementation of national anti-corruption policy. The reform has a final expected date for implementation in June 2026.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Copies of the Ministry of Justice's budget plans from the State Budget and primary documentation on the budgetary execution from the State Treasury	State budget plans cover years 2020, 2021, 2022, 2023 and 2024, while evidence on budgetary execution from the State Treasury covers years 2020, 2021, 2022 and 2023.
2	Reports by the Ministry of Justice, Public Administration and Digital Transformation on the budget planning and	Planning reports cover years 2020, 2021, 2022, 2023 and 2024, while execution reports cover years 2020, 2021, 2022 and 2023.

	execution, demonstrating the implementation of required actions	
3	Overview Excel tables of all investments for anti-corruption authorities in the judicial system, per year and anti-corruption authority	The Excel tables contains a detailed lists of IT equipment and IT system services distributed to anti-corruption authorities in 2020, 2021, 2022 and 2023 (excel file with four sheets, one for each year), including detailed references to invoices, delivery confirmations and/or handover reports for IT equipment (Evidence 4) and upgrades to the IT computer services used by anti-corruption authority (Evidence 5)
4	Invoices, delivery confirmations and/or handover reports for IT equipment for anti-corruption authorities in the judicial system, from which the values are derived and summed up in Evidence 3.	
5	Invoices and reports on the handover of upgrades to the IT computer services used by anti-corruption bodies, from which the values are derived and summed up in Evidence 3	
6	Cover note	Summary document that justifies how the target (including all the constitutive elements) was satisfactorily fulfilled.

3. Analysis:

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

Increase by 20 per cent the budget compared to 2020 for computer services and IT equipment for anti-corruption authorities in the judicial system

In Croatia, anti-corruption authorities in the judicial system that investigate corruption and organised crime offences are:

i) Office for the Suppression of Corruption and Organised Crime (hereinafter referred to as: "USKOK").
ii) the Regional office in Croatia of the European Public Prosecutor Office (hereinafter referred to as: "EPPO").
iii) State Attorney's Office of the Republic of Croatia (hereinafter referred to as: "DORH").
iv) County State Attorney's Offices (hereinafter referred to as: "ŽDO").
v) Municipal State Attorney's Offices (hereinafter referred to as: "ODO").

In addition, all abovementioned anti-corruption bodies use the CTS - Case Tracking System as their main IT tool for their work on criminal cases and are its primary users.

The budget for the acquisition of IT tools and equipment for judicial authorities dealing with corruption and organised crime offences was increased by 76.14% in the relevant fiscal year 2023 which precedes the year of completion of the target, compared to the baseline year 2020 (Table 1). In addition, the budget increased in each of the preceding fiscal years compared to year 2020, in particular, by 18.63% in year 2021 and by 189.70% in year 2022.

The Annual Growth Rates (hereinafter referred to as: "AGR") represent a percentage increase between the baseline year (2020) and the reference years (2021, 2022 or 2023), as reflected in the following formula:

AGR = [ending value/beginning value] -1

Ending value is equal to the budget execution value at the end of each year, namely, years 2021, 2022 and 2023. Starting value is equal to the budget execution value for year 2020, as set out in the Council Implementing Decision. The decimal was then used to calculate the annual growth percentage.

Table 1. Annual percentage growth rate of investments in IT tools and equipment in anti-corruption authorities

IT equipment / per authority	Anti-corruption authority	**Beginning value (EUR)**	**Ending value (EUR)**		
		2020	**2021**	**2022**	**2023**
	USKOK (including EPPO for 2022 and 2023)	16 374.35	41 806.86	17 457.03	24 321.85
	DORH	2 084.41	0.00	43 892.28	23 530.24
	ŽDO	12 895.64	35 045.78	104 904.48	101 794.21
	ODO	26 188.37	58 404.00	146 273.95	98 317.73
Joint IT tool(s) for all anti-corruption authorities		126 518.02	83 087.80	220 704.76	76 233.96
TOTAL in all anti-corruption authorities		184 060.79	218 344.43	533 232.49	324 197.99
Annual growth rate AGR		n/a	0.1862625929	1.897045535	0.7613636777

Annual percentage growth rate (compared to 2020)	n/a	**18.63%**	**189.70%**	**76.14%**

Source: Ministry of Justice, Administration and Digital Transformation – Budget and IT Departments (Evidence No. 6).

The Average Annual Growth Rate of investments in IT tools and equipment in anti-corruption bodies is 94.82% (Table 2), calculated as the average of the annual growth rates in the three periods following the baseline, namely, years 2021, 2022 and 2023, demonstrating a continuous increase in the budget.

Table 2. Average Annual Growth Rate of investments in IT tools and equipment in anti-corruption authorities

	2021	2022	2023
	GRa	GRb	GRn
	0,1862625929	1.897045535	0.7613636777
AAGR	0,9482239352		
AAGR %	94.82%		

Source: Ministry of Justice, Administration and Digital Transformation, own calculations based on data (Evidence No. 6).

The IT needs are consolidated and planned by the Ministry of Justice, Public Administration and Digital Transformation (hereinafter referred to as: "Ministry") for the entire judicial system (meaning all bodies within the judicial system) on two main budget activities: A677016 (Budget for IT equipment for anti-corruption bodies) and K629169 (Budget for IT tools for anti-corruption bodies), according to Evidence No. 1 and Evidence No. 2.

Additional tables generated by the Ministry's show IT equipment and computer services distributed to each anti-corruption authority in year 2020 (Excel Sheet 3.1-2020, Evidence 3), year 2021 (Excel Sheet 3.2-2021, Evidence No. 3), year 2022 (Excel Sheet 3.3-2022, Evidence No. 3) and year 2023 (Excel Sheet 3.4-2023, Evidence No. 3), whereas the detailed overview table (Evidence No. 3) refers also to the primary evidence provided (invoices and delivery confirmations or handover reports in Evidence No. 4 and Evidence No. 5) from which the values are confirmed, derived and calculated. Invoices for purchase of IT equipment and delivery confirmations to anti-corruption bodies are provided as evidence for each year: 2020, 2021, 2022 and 2023 (Evidence No. 4). In occurrences where delivery confirmations do not state the value of the equipment, invoices are provided to prove the values. Invoices and reports on the handover of completed upgrades of the IT computer services, in particular the CTS-Case Tracking System, the main IT tool used by anti-corruption bodies, are provided by year: 2020, 2021, 2022 and 2023 (Evidence No. 5).

The abovementioned evidence confirms that the IT equipment has been purchased, delivered and that IT computer services have been installed for the prices indicated in the supporting evidence, thus confirming that the budget has been increased.

The sum of individual IT equipment and IT computer services provided to each anti-corruption authority per year is shown aggregated in Table 1 (yearly values) and Table 2 as the benchmark value (2020) and ending values (2021, 2022 and 2023). Both calculation methods show an increase in the budget compared to 2020 for IT tools and IT equipment for anti-corruption authorities in the judicial system well above 20%.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 241 Improved asset declaration information systems for state officials and judicial officials.

Related Measure: C2.6 R1-I3 Improving the asset declarations IT system of state officials.

Qualitative Indicator: Information systems have been upgraded and implemented.

Time: Q2 2024

1. Context:

The objective of the investment is to further enhance the procedure for the filing and processing of property declarations of officials by automating some of the processes in the existing IT system for submitting an official's asset statement.

Milestone #241 requires improving the current system for submitting the asset statement of officials by enabling the automatization of some of the processes in the existing IT system for submitting their asset declarations.

Milestone #241 is the only milestone of this investment, related to increasing the efficiency in the fight against corruption. The investment has a final expected date for implementation in June 2024.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Copies of the certificates of completion of the service contracts for the asset declaration IT system (ePodatciIK) for officials	
2	Copies of the service contract for the asset declaration IT system for for state officials	The signed service contracts contain relevant technical specifications of the system proving alignment with the description of the milestone and investment in the CID Annex
3	Screenshots confirming ePodatciIK access within eGrađani portal	
4	Copy of the certificate of completion of the service contract for IT system for asset declarations of judicial officials	

5	Copy of the service contract for the IT system for asset declaration for judicial officials	The signed service contract contains relevant technical specifications of the system proving alignment with the description of the milestone and investment in the CID Annex
6	Instructions for Using the Software Solution	Manual for administrative staff of the Commission for the Resolution of Conflict of Interest showing improved preconditions for checking the information contained in the asset statement of state officials, following the improvements of the IT system
7	Cover note	Summary document that justifies how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
8	User manual for the asset declaration IT system (ePodatciIK) for state officials	
9	Copy of the service contract for developing the internal information system of the Commission for the Resolution of Conflict of Interest	The signed service contracts contain relevant technical specifications of the system proving alignment with the description of the milestone and investment in the CID Annex
10	Screenshots of the internal IT system of the Commission for the Resolution of Conflict of Interest	

3. Analysis:

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

The current system for submitting the asset statement of officials shall be improved by allowing for the automatic filling of data from available public sources.

The newly developed application ePodaciIK is an online service that enables elected and appointed state and local officials (hereinafter referred to as: "obliged entities"), as defined in Article 3 of the Act on the Prevention of Conflict of Interest (Official Gazette No. 143/21, 36/24), to automatically retrieve individual data about their property and the property of their partner and minor children from a number of registers and databases within the Government Service Bus. This facilitates filling out the asset declarations, which these obliged entities are required to submit to the Commission for the Resolution of Conflict of Interest (Evidence No. 1, No. 2 and No. 3).

Specifically, by using the ePodaciIK application, obliged entities can automatically retrieve and inspect certain data available in the registers of the competent authorities in the Republic of Croatia, connected to the Government Service Bus, namely data on their assets and the assets of their

underage children and of their partner (subject to partner's consent), before officially submitting the asset declaration. This application procedure serves to help obliged entities when filling out the asset declaration form through automatic retrieval of data, while also ensuring completeness and eliminating unintentional omissions and errors (Evidence No. 3, No. 8).

The current system for submitting the asset statement of officials shall be improved by improving the preconditions for checking the information contained in the asset statement of state officials and judicial officials.

Also, the system and methods of checking the information contained in the submitted state officials' asset declarations by the Commission for the Resolution of Conflicts of Interest's administrative staff have been improved. In particular, the Commission for the Resolution of Conflicts of Interest's internal IT system for checking asset declarations is now integrated with state registers via the Government Service Bus, as outlined in Article 3, Point 6 of the contract on public procurement for developing the internal IT system (Evidence No. 9). Additionally, Article 2 of the same contract specifies that the system includes an automatic verification mechanism, enabling the comparison of data from the state official's property card with data from official registers, processes the information, and displays the verification results. (Evidence No. 6, Evidence No. 10).

The application system for judicial officials (hereinafter referred to as: IKS) is connected with the web services of other relevant public bodies through the Government Service Bus. The IKS Application is connected with thirteen public registers through the Government Service Bus to improve the process of checking and verifying the asset declarations of judicial officials. By allowing for the automatic filling of data from available public sources the preconditions for checking the information contained in the asset statement of judicial officials was improved (Evidence No. 4 and Evidence No. 5). The improvement of the IKS application increased the effectiveness of the work of the State Judicial Council (Državno sudbeno vijeće) and the State Attorney's Council (Državnoodvjetničko vijeće) in verifying the asset declarations of judicial officials.

Therefore, the merger of the information systems of the Commission for the Resolution of Conflict of Interest and the two councils with all the above-mentioned registers within the Government Service Bus enabled the improvement of the information systems of the Commission and the two councils and the preconditions for checking the information contained in the asset statement of state officials and judicial officials.

The Commission services conducted an on-the-spot check on 19 December 2024 to verify that the new capabilities of the IT systems have been improved as explained above. Concretely, Commission services verified that the state officials can use the ePodaciIK application to request automatic retrieval of data that is retrieved for the state official via the application and the Government Service Bus from selected property registers, for instance, a record of residence and place of residence, register of marriages and registered life partnerships, records of income and receipts of the Tax Administration, land registers and cadastre, registers of vehicles, vessels, and aircrafts, court register of business shares, trade register or the register of agricultural holdings. The Commission services verified that Commission for the Resolution of Conflicts of Interest internal IT system, which includes the asset declaration verification system, is connected to state registers via the GSB in the same technical manner as the ePodaciIK application and has the option to automatically extract and compare data from the state officials' submitted asset declaration with data from official registers. A similar check was done for the IT system IKS for asset declarations of judicial officials, where it has also been confirmed that the application has been improved for public servants verifying their asset declarations**.** These checks were completed successfully, confirming that the system for submitting

the asset statement of state officials has been improved by allowing for the automatic filling of data from available public registers and that the preconditions for checking the information contained in the asset declarations of both state officials and judicial officials by administrative staff has been improved.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 244 Application of OECD corporate governance recommendations on majority ownership of local and regional units.

Related Measure: C2.6 R3 Improving corporate governance in majority-owned companies of local and regional government units.

Qualitative Indicator: Publication of a handbook for the application of the OECD recommendations on corporate governance in majority-owned local and regional units

Time: Q1 2024

1. Context:

The objective of the reform is to improve the efficiency, transparency and accountability of the local government-owned companies, and to assess the effects of the implementation of the '2021-2022 Anti-Corruption Programme for majority-owned companies of local and regional government units'.

Milestone #244 requires the publication of a handbook for the application of the OECD recommendations on corporate governance in companies' majority-owned by local and regional units.

Milestone #244 is the first milestone of the reform, and it is followed by milestone #245 (Assessment of the effects of the implementation of the 2021-2022 Anti-Corruption Programme for majority-owned companies of local government and regional government units), which is also related to improving the efficiency, transparency and accountability of the local government-owned companies.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	The Handbook on the application of OECD Recommendations on corporate governance in companies in majority ownership by local and regional self-government units	The Handbook is available on the link of the web site of the Ministry of Justice, Public Administration and Digital Transformation of Croatia: https://mpudt.gov.hr/UserDocsImages/dokumenti/Antikorupcija/dokumenti/PRIRUCNIK_A4_WEB.pdf
2	Cover note	Summary document that justifies how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
3	Government's Decision on the Obligation of Introducing the Compliance Function in Majority-owned State Enterprises, Official Gazette, No. 99/2019, entered into	Available on this link: https://narodne-novine.nn.hr/clanci/sluzbeni/2019_10_99_1993.html

	force on 26 October 2019, in accordance with Article 8	
4	Law on the Prevention of Conflict of Interest, Official Gazette, No. 143/2021, entered into force on 25 December 2021, in accordance with Article 62	Available on this link: https://narodne-novine.nn.hr/clanci/sluzbeni/2021_12_143_2435.html
5	Law on Protection of Persons Reporting Irregularities, Official Gazette, No. 46/2022, entered into force on 23 April 2022, in accordance with Article 45	Available on this link: https://narodne-novine.nn.hr/clanci/sluzbeni/2022_04_46_572.html
6	Guidance on compliance function implementation in State owned enterprises	Available on this link: https://mfin.gov.hr/UserDocsImages/dokumenti/trg_dr/obrasci/trgova%C4%8Dka%20dru%C5%A1tva/Smjernice%20za%20funkciju%20pra%C4%87enja%20uskla%C4%91enosti%20poslovanja%20u%20pravnim%20osobama%20u%20ve%C4%87inskom%20vlasni%C5%A1tvu%20Republike%20Hrvatske.pdf

3. Analysis:

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

Published Handbook on: The application of OECD recommendations on corporate governance in majority ownership by local and regional government units.

The Handbook on the application of OECD Recommendations on corporate governance in companies in majority ownership by local and regional self-government units (hereinafter referred to as: "Handbook") was published on the web site of the Ministry of Justice, Public Administration and Digital Transformation of Croatia on 3 July 2024 (Evidence No. 1).

The purpose of the Handbook is to promote the OECD corporate governance standards with a special emphasis on the fight against corruption, in line with the OECD Recommendation of the Council on Guidelines on Corporate Governance of State-Owned Enterprises (OECD/LEGAL/0414) and Recommendation on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises (OECD/LEGAL/0451) (Handbook, Sources, page 51), in the companies owned by local and regional self-government units (hereinafter referred to as: "LRGUs"). The Handbook serves as a comprehensive tool for LRGUs, supervisory and management boards in improving the efficiency, ethics, and responsibility of corporate management. The Handbook also implements OECD recommendations on corporate governance in state owned enterprises issued to Croatia from 2021 (Evidence No. 1, page 4).

The Handbook serves as a guide for the application of OECD Guidelines on Corporate Governance of State-Owned Enterprises, on the companies which are majority-owned by LRGUs in Croatia, with a focus on:

i. Improving corporate governance - The Handbook provides detailed recommendations for improving governance in companies controlled by LRGUs. This includes clearly defined roles and responsibilities of LRGUs as founders, as well as the roles of supervisory boards and management. (Evidence No. 1, in particular chapters I.-III.)
ii. Increasing transparency and accountability - The Handbook emphasizes the importance of transparent reporting on business results, objectives, risks and revenue policies, to strengthen the responsibility of all stakeholders in companies. (Evidence No. 1, in particular Chapter IV.)
iii. Strengthening integrity and the fight against corruption - The Handbook provides guidelines for establishing high standards of conduct and strengthening the relationship between company owners and management, with a view to promoting integrity and an active role of LRGUs in the fight against corruption. (Evidence No. 1, in particular chapters V. and VI.)
iv. Stakeholder engagement and responsible management - The Handbook helps to recognise the importance of the rights of stakeholders and provides recommendations how to involve the workers in the corporate management process, with the aim to ensure business sustainability through responsible management of resources and stakeholders. (Evidence No. 1, in particular Chapter VII.)
v. Use of practical tools and methods – The Handbook includes practices, tools and methods for evaluating the work of supervisory boards and ensuring their independence, with the aim to strengthen supervisory and control mechanisms in companies. (Evidence No. 1, in particular chapters I. and II. and Annexes)

Published Handbook on: The introduction and implementation of a compliance function in all legal entities obliged to establish it.

The Handbook (Evidence No. 1) provides recommendations and best practices for LRGUs majority-owned companies to ensure proper conditions for the introduction and implementation of the compliance function, which is currently obligatory solely for state-owned enterprises, in accordance with the Government's Decision on the Obligation of Introducing the Compliance Function in Majority-owned State Enterprises (Official Gazette, No. 99/2019, entered into force on 26 October 2019, in accordance with Article 8, Evidence No. 3). The introduction and execution of the compliance function is explained in the Chapter VI. – Recommendations on promoting integrity and the fight against corruption on the company level (Evidence No. 1 - pages 33-40). The Handbook emphasizes that the introduction and implementation of compliance functions is important as an element of the system of internal controls in the company (Evidence No. 1 – pages 35-37).

Published Handbook on: Importance of implementing anti-corruption policies, introducing a code of ethics and a better established compliance function, as to confirm that the company carefully implements the prevention of unethical behaviour, as well as an organisational culture that encourages ethical behaviour and compliance.

The recommendations for the implementation of anti-corruption policies in LRGUs and companies owned by LRGUs are elaborated in Chapter V. (Evidence No. 1, pages 22–31) and Chapter VI. (Evidence No. 1, pages 32–40). The Handbook provides an overview and promotes standards in line with the Recommendation of the Council on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises (OECD/LEGAL/0451), which sets complementary guidelines regarding the integrity of state-owned enterprises.

In particular, recommendations on the introduction of the code of ethics, better established compliance function, and organizational culture that encourages ethical behaviors and respect for law

on the company level are included in Chapter VI. of the Handbook - Recommendations for promotion of integrity and fight against corruption on the company level (Evidence No. 1, pages 38–39), as well as Chapter V. of the Handbook (pages 23-26). Specifically, in those chapters the Handbook stresses the importance of promoting ethical behaviour and integrity at the level of LGRUs, LGRU-owned companies and building a culture of integrity on the corporate level, which should be manifested through several elements:

i. clear mechanisms and visible efforts of the company aimed at combating corruption, in particular through the adoption of a corporate Code of ethics;
ii. commitment of the management and supervisory board members to implement such efforts, including by strengthening the autonomy and independence of supervisory boards;
iii. an environment that promotes individual integrity and provides protection to persons who report irregularities, through clear rules for reporting such cases within the company and the protection of whistleblowers from unfair treatment.

In this context, the Handbook provides detailed guidelines for the development and implementation of the Code of ethics, including the conduct of business and staff in line with ethical principles, the education of employees on the importance of ethical behavior, as well as communication with external stakeholders.

Furthermore, the Handbook also makes reference to the Strategy for the Prevention of Corruption for the period from 2021 to 2030, which is the current national anti-corruption strategic document (Evidence No. 1, in particular Chapter V.). The Strategy inter alia sets measures for the fight against corruption in LRGUs and companies owned by LRGUs.

Overall, the Handbook serves as a comprehensive tool for LRGUs, supervisory boards and management on improving the efficiency, ethics, and responsibility of corporate management, contributing to the long-term sustainable and transparent operations of the companies under LRGUs' ownership.

Furthermore, in line with the description of the measure, **the reform shall include strengthening controls on compliance with existing legal obligations with a view to ensuring a higher level of transparency in the work of local and regional government units, majority-owned companies of local and regional government units.**

Regarding strengthening controls on compliance with existing legal obligations with a view to ensuring a higher level of transparency, in addition to the above, the Handbook emphasizes the importance of transparent reporting on business results, objectives, risks, and revenue policies in the Chapter IV. (Evidence No. 1, pages 18-21). This increases the responsibility of all stakeholders in companies to ensure compliance with the legal obligations in force concerning good corporate governance (Evidence No. 1).

Moreover, the scope of the Law on the Prevention of Conflict of Interest (Official Gazette, No. 143/2021, entered into force on 25 December 2021, in accordance with Article 62, Evidence No. 4) was extended in comparison to the previous Law in terms of addressees to include the presidents and management board members of companies majority owned by LRGUs, but also those companies whose founder is a company majority-owned by LRGUs as obliged entities under the Law. The Law also applies to prefects of counties, mayors, heads of municipalities and their deputies (Article 3). Furthermore, Article 4 requires representative bodies of LGRUs to adopt a code of ethics, which also provides for a higher level of transparency in their work and that members of LRGU representative

bodies are obliged to notify the representative body about entry into business relationships between entities owned by the member or family relatives and the LRGU or with LRGU-owned companies.

In addition, LRGUs and companies owned by LRGUs are subject to the Law on Protection of Persons Reporting Irregularities adopted in April 2022 (Official Gazette, No. 46/2022, entered into force on 23 April 2022, in accordance with Article 45, Evidence No. 5). The law stipulates that employees are offered protection when reporting irregularities in accordance with the Law, which additionally covers volunteers, students, temporary workers, job applicants and other persons included in a company's business activities. The Law introduced three general reporting mechanisms: i) internal procedure, established by the employer; ii) external reporting to the Ombudsman; iii) public disclosure of irregularities. To this effect, companies majority owned by LRGUs and LRGUs with over 50 employees are required to i) adopt an internal policy for reporting irregularities and ii) appoint a confidential person empowered to receive reports of irregularities (Article 19). These internal functions provide for enforcement mechanisms and further strengthen the controls on compliance with existing legal obligations in LRGUs and companies under their ownership.

Furthermore, in June 2024 the Government published the Guidance on compliance function implementation in State-owned enterprises (hereinafter referred to as; "SOE") (Evidence No. 6. This Guidance provides recommendations for SOEs on ensuring proper conditions for the implementation of the compliance function, and this Guidance is complementary for local and regional self-government unit owned enterprises as well in the sense its content provides guidance on strengthening controls by implementing the compliance function.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Target: 246 Training of judges on corruption risk management in public procurement and judicial protection in public procurement procedures

Related Measure: C2.6 R4 Strengthening judicial redress capacity in public procurement procedures

Quantitative Indicator: Number

Baseline: 0

Target: 20

Time: Q2 2024

1. Context:

The objective of the reform is to strengthen judicial capacities regarding public procurement procedures through educational workshops for the judges with the aim to increase their knowledge and awareness of corruption risk management and judicial redress in public procurement procedures.

Target #246 requires training 20 judges of the High Administrative Court of Croatia on corruption risk management in public procurement and judicial redress in public procurement procedures.

Target #246 is the only milestone of this reform. The reform has a final expected date for implementation in June 2024.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Certificates proving that the workshops have been completed	
2	Excel table with specifications in line with the requirements of the training (such as hours completed and areas of focus of the training)	
3	Workshop programmes on management of corruption risks in public procurement and judicial protection in public procurement procedures	

4	Training materials provided to the participants of the workshops	Materials include Manual for participants, Manual for trainers, workshop presentation and training exercises.
5	Lists of participants of 3 workshops	
6	The Program of lifelong professional development of the Judicial Academy for 2024	
7	List of High Administrative Court Judges. The internal organisation of the High Administrative Court is also visible on the link https://sudovi.hr/hr/vusrh/o-sudovima/unutarnje-ustrojstvo	
8	Cover note	Summary document that justifies how the target (including all the constitutive elements) was satisfactorily fulfilled.

3. Analysis:

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

20 judges of the High Administrative Court of Croatia shall be trained on corruption risk management in public procurement and judicial redress in public procurement procedures.

A total of 20 judges of the High Administrative Court were trained on corruption risk management and judicial redress in public procurement procedures in 2024 (Evidence No. 1, No. 5 and No. 7).

To that end, 2 workshops shall be organised by the Judicial Academy as part of the lifelong professional development of judicial officials, in the form of classic/regular training and distance learning depending on the circumstances, to further strengthen judicial protection in public procurement procedures.

Three workshops regarding the management of corruption risks in public procurement and judicial protection in public procurement procedures were organised by the Judicial Academy, as part of Judicial Academy's lifelong professional development of judicial officials' program (Evidence No. 1 - No. 6). As it can be seen in the workshop materials (Evidence No. 4), these workshops were tailored to judges and judicial advisors of the High Administrative Court and addressed corruption risk management and judicial redress in public procurement procedures. The workshops encompassed comprehensive training on identifying and understanding various forms of corruption and conflicts of interest, emphasizing the importance of transparency, integrity, and accountability. Judges were

taught to recognise risk indicators and preventive measures to manage corruption risks effectively. The workshops also covered the legal framework and procedures for public procurement, using case studies to illustrate real-life examples of corruption and judicial responses, which are especially useful for conducting judicial redress in public procurement cases. Acquired knowledge and examples of judicial practice on corruption risks and behaviours in this workshop enhanced corruption risk management in public procurement and judicial redress procedures regarding public procurement procedures in administrative disputes.

The same experts delivered three trainings in the form of workshops which were held on: 25 March 2024, 15 May 2024 and 30 July 2024. The issued certificates of completion (Evidence No. 1) and lists of workshop participants (Evidence No. 5) indicate that the judges of the High Administrative Court completed the trainings.

This is also in line with the reform description, which states that the **workshops shall be organised by the Judicial Academy as part of the lifelong professional development of judicial officials**.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 263 Programmes and activities aimed at designing and managing innovative public procurement

Related Measure: C2.9 R3 Innovative Procurement

Qualitative Indicator: Programme in place to provide professional assistance and training to procurers in innovation procurement

Time: Q1 2024

1. Context:

The objective of the reform is to encourage the use of innovation procurement, i.e. the public procurement of innovative products and services. Under this reform the Ministry of Economy and the Croatian Agency for Small and Medium-sized Enterprises, Innovation and Investments (hereinafter referred to as "HAMAG-BICRO") to provide public procurers with training, a roadmap and a manual to facilitate the use of innovation procurement. In addition, the authorities will establish a monitoring and evaluation system and raise awareness of private sector stakeholders about public procurement of innovation.

Milestone #263 requires the setting up of programmes to provide professional assistance to procurers regarding innovation procurement. Furthermore, the capacities in HAMAG-BICRO and the Ministry of Economy are strengthened to enable relevant staff to provide training on innovation procurement on their own.

Milestone #263 is the first step of the implementation of the reform. It will be followed by target #264, related to the training of public procurement officers on innovation procurement. The reform has a final expected date for implementation in December 2025.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	Progress report by the OECD	Progress report by the Organisation for Economic Co-operation and Development (OECD) as implementing partner of the Technical Support Instrument (TSI) project "REFORM/IM2022/029 – Supporting implementation of innovation procurement in Croatia". The project constitutes additional technical support in accordance with Article 7(2)

		of Regulation (EU) 2021/241. The progress report describes the status of the project as of end of March 2024.
3	Cooperation agreement and training plan on innovative procurement	Cooperation Agreement between the Ministry of Economy and HAMAG-BICRO "on the implementation of actions on innovative public procurement to deliver milestone #263 and #264" signed by the Minister of Economy and the President of the Board of HAMAG-BICRO with entry into force on 10 September 2024 (Class: 406-01/24-01/141 Ref. No.: 526-08-4-2-1-24-1). As an annex, the cooperation agreement includes a "Training plan for procurers in innovative public procurement procedures".
4	Training-of-trainers programme agenda, attendance list and materials.	Agenda, signed attendance lists, and training materials (presentation, case studies) used at the 3.5-day training-of-trainers programme organised by the OECD from 13-16 February 2024 in Zagreb.
5	Training-of-trainers certificates	Completion certificates signed by the OECD and the Ministry of Economy for the participants of the training-of-trainer programme of 13-16 February 2024.
6	Attendance lists and materials used for pilot training workshops	Signed attendance lists and training materials (presentation, case study instructions for trainers) for two pilot workshops on innovation procurement for public buyers organised as part of the technical support project in Zadar (3-4 June 2024) and Zagreb (5-6 June 2024).
7	Signed statement by HAMAG-BICRO and website of Competence Centre for Public Procurement of Innovative Solutions	Signed statement of 24 July 2024 by the Director of the Sector for Support and Development of Entrepreneurs, Coordination and International Cooperation of HAMAG-BICRO declaring that the staff of HAMAG-BICRO trained as trainers on innovation procurement act as contact points of the Competence Centre for Public Procurement of Innovative Solutions. Website of the Competence Centre: https://hamagbicro.hr/medunarodna-suradnja/kompetencijski-centar-javne-nabave-za-inovativna-rjesenja/
8	Manual on Public Procurement of Innovative Solutions	Manual providing detailed guidance to public procurers on how to carry out innovation procurement. The manual was published on the Public Procurement Portal (http://www.javnanabava.hr/default.aspx?id=4019) managed by the Ministry of Economy, as well as on the website of the Competence Centre for Public Procurement of Innovative Solutions managed by HAMAG-BICRO.

9	Roadmap in nine steps – How to Plan and Successfully Implement Innovative Public Procurement	Roadmap outlining the key steps for public procurers for planning and implementing innovation procurement. The roadmap was published by the Ministry of Economy on the Public Procurement Portal (http://www.javnanabava.hr/default.aspx?id=4019), and by HAMAG-BICRO on the website of the Competence Centre for Public Procurement of Innovative Solutions.

3. Analysis:

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

With the use of technical assistance support Croatian institutions shall set up programmes to provide professional assistance to procurers in innovation-related procurement procedures.

To build knowledge and inform the preparation of a training programme for procurers on innovation procurement, Croatia has made use of technical assistance support through the TSI project "REFORM/IM2022/029 – Supporting implementation of innovation procurement in Croatia", implemented in partnership with the OECD. The project aimed to support the government of Croatia in promoting innovation procurement, *inter alia* by assessing the current state of play of innovation procurement in Croatia, carrying out capacity building workshops and developing a manual on innovation procurement and relevant training modules (Evidence No. 2, page 1).

On this basis, the Croatian institutions have developed and established a training programme under the "Training plan for procurers in innovative public procurement procedures" for 2024 and 2025, which is part of the signed cooperation agreement between the Ministry of Economy and HAMAG-BICRO that entered into force on 10 September 2024 (Evidence No. 3, Article 3, Article 9, and pages 5-6). The training plan includes a series of workshops for representatives of public procurers based on the training materials developed in the context of the TSI project REFORM/IM2022/029 (Evidence No. 3, page 5). The trainings cover a range of topics related to innovation procurement, including the process of innovation procurement, different methods of innovation procurement, and nine key steps that are part of innovation procurement procedures (Evidence No. 3, page 5). In addition to the training programme, the website of the Competence Centre for Public Procurement of Innovative Solutions lists the contact details of six trainers available to provide advice on innovation procurement to interested contracting authorities and stakeholders (Evidence No. 7).

The Competition Centre for Innovative Public Procurement set up in HAMAG-BICRO (Croatian Agency for Small Businesses, Innovation and Investment) shall be strengthened and its staff trained to provide training on public procurement of innovation on its own. The administrative capacity of MINGOR (Ministry of Economy and Sustainable Development) shall also be strengthened in the same way. A progress report on this strengthening of capacities shall be prepared by Q1 2024.

The administrative capacity of HAMAG-BICRO and the Ministry of Economy (formerly Ministry of Economy and Sustainable Development) has been strengthened through participation of their staff in several training activities, including the successful completion of a 3.5-day "training-of-trainers" programme on innovation procurement by six staff of HAMAG-BICRO and five staff of the Ministry of Economy (Evidence No. 4 and 5). The skills of the trained trainers were further strengthened by

conducting two pilot workshops on innovation procurement for representatives of public procurers in Croatia in collaboration with the technical support provider (Evidence No. 2, page 2 and Evidence No. 6). Staff of the Ministry of Economy and HAMAG-BICRO who were trained as trainers on innovation procurement will also be the trainers implementing the training plan for 2024 and 2025 (Evidence No. 3, Article 4). Furthermore, the Competition Centre for Innovative Public Procurement, set up under the name of "Competence Centre for the Public Procurement of Innovative Solutions" in HAMAG-BICRO, has been strengthened with new materials such as the manual on innovation procurement being available on its website (Evidence No. 7 and Evidence No. 8), and a requirement for HAMAG-BICRO to keep the website up to date as part of the cooperation agreement with the Ministry of Economy (Evidence No. 3, Article 6). The staff of HAMAG-BICRO acting as contact points of the competence centre are those trained as trainers on innovation procurement (Evidence No. 4 and 5) and their contact details are listed on the website of the competence centre (Evidence No. 7). A progress report on the strengthening of the capacities of the Ministry of Economy and HAMAG-BICRO was prepared by the OECD in March 2024 (Evidence No. 2).

Furthermore, in line with the description of the measure, **the Ministry of Economy and HAMAG-BICRO shall adopt a manual for procuring entities with guidance on how to conduct innovation-related procurement procedures**.

In August 2024, the Ministry of Economy and HAMAG-BICRO published a document with the title "Manual on Public Procurement of Innovative Solutions" on the Public Procurement Portal and on the website of the Competence Centre (Evidence No. 8). The manual is aimed at public procurement officials in Croatia and has been adapted to the Croatian public procurement context. It includes detailed guidance for contracting authorities following nine key steps of innovation procurement (pages 10-69) and provides examples of practical application by presenting several case studies related to innovation procurement (pages 70-95).

Furthermore, in line with the description of the measure, **the Ministry of Economy and HAMAG-BICRO shall adopt an innovative procurement plan that will provide procurers with a roadmap on how to implement the innovative requirements through their planned procurements**.

In June 2024, the Ministry of Economy published a document with the title "Roadmap in nine steps – How to plan and successfully implement innovative procurement" on the Public Procurement Portal, which was subsequently also published by HAMAG-BICRO on the website of the Competence Centre (Evidence No. 9). The roadmap provides an overview and description of nine key steps of innovation procurement and lists sub-steps and questions that public procurers should consider for successfully implementing innovation procurement as part of their procurement activities (pages 2-6).

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Target: 326 New facilities at the Clinical Hospital Centre (KBC) Sestre Milosrdnice

Related Measure: C5.1. R1-I7 Equipping new facilities for day hospital and one-day surgery and integrated emergency hospital admission and adaptation of Neurosurgery Clinic at Clinical Hospital Centre 'KBC Sestre Milosrdnice'

Quantitative Indicator: Number

Baseline: 0

Target: 2

Time: Q1 2024

1. Context:

The objective of this measure is to increase the capacity for treating patients by at least 22% compared to the number of patients currently treated. The investment is expected to considerably improve the quality of healthcare for about 700 000 patients treated by hospital centre, of which about 300 000 represent emergencies and around 40 000 patients are treated in day hospital and surgery.

Target #326 concerns the upgrade of the Clinical Hospital Centre (KBC) Sestre Milosrdnice by establishing new day hospital and one-day surgery facilities, integrating emergency admissions and renovating the Neurosurgery Clinic.

Target #326 is the only target of this investment, with final expected date for implementation on 31 March 2024.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document that justifies how the target (including all the constitutive elements) was satisfactorily fulfilled.
2	Package of contracts (Ugovor) and amendments concluded with suppliers for the medical equipment and furniture – day hospital and one-day surgery facilities	Group a1 - Endoscopy – Contract no. N-203/2023 Group a2 - Gastroenterology - Contract no. N-204/2023 Group a3 - Various diagnostics - Contract no. N-205/2023

		Group a4 - Ultrasound diagnostics - Contract no. N-206/2023 Group a5 - Anaesthesia - Contract no. N-207/2023 Group a6 - Sterilization, liquid nitrogen equipment and more - Contract no. N-208/2023 Group a7 – X-ray equipment - Contract no. N-209/2023 Group a8 – Defibrillators, spirometry and monitoring - Contract no. N-210/2023 Group a9 – Micro ultrasound - Contract no. N-211/2023 Group a10 – Surgical equipment, generators and cutters- Contract no. N-212/2023 Group a11 – IVF equipment - Contract no. N-213/2023 Group a12 (group 1 and 2)- Custom-made furniture for the needs of day hospitals and one-day surgeries Contract no. N-214/2023 Group a13 (group 3)- Typical furniture (chairs) for the needs of day hospitals and one-day surgeries, as well as unified emergency hospital reception Contract no. N-215/2023
3	Package of takeover records (Zapisnik o primopredaji) for the contracts signed for the medical equipment and furniture – day hospital and one-day surgery facilities	Signed takeover records/certificates of completion confirming that the contracted equipment is installed and in function.
4	Package of contracts (Ugovor) and amendments concluded with suppliers for the medical equipment and furniture – integrated emergency hospital admission facilities	Group a1-1 - Monitoring, EKG, defibrillator – Contract no. N-174/2023 Group a1-2 - Anesthesiological equipment and equipment for operating rooms - Contract no. N-175/2023

		Group a1-3 - Radiological, ultrasound and various medical and non-medical equipment - Contract no. N-176/2023 Group a1-4 - Various endoscopic and ultrasound equipment - Contract no. N-177/2023 Group a1-5 - Laryngoscopy - Contract no. N-178/2023 Group a1-6 - CT device - Contract no. N-179/2023 Group a1-7 – Infusion and perfusion pumps- Contract no. N-180/2023 Group a1-8 (group 1 and 2)- Custom-made furniture for the needs of integrated emergency hospital admission Contract no. N-214/2023 Group a1-9 (group 3)- Typical furniture (chairs) for the needs of day hospitals and one-day surgeries, as well as unified emergency hospital admission Contract no. N-215/2023
5	Package of takeover records (Zapisnik o primopredaji) for the contracts signed for the medical equipment and furniture – integrated emergency hospital admission facilities	Signed takeover records/certificates of completion confirming that the contracted device is installed and in function.
6	Package of contracts (Ugovor) and amendments concluded with suppliers for the medical equipment and furniture – Clinic for neurosurgery	Group a2-1 – Hospital furniture - Contract no. N-422/2023 Group a2-2 – Devices for washing and disinfection - Contract no. N-423/2023 Group a2-3 – Equipment for operating rooms- Contract no. N-424/2023 Group a2-4 – Sets of instruments for neurosurgical procedures - Contract no. N-425/2023 Group a2-5 – Devices - Contract no. N-426/2023 Group a2-6 Surgery microscope - Contract no. N-107/2023

7	Package of takeover records (Zapisnik o primopredaji) for the contracts signed for the medical equipment and furniture – Clinic for neurosurgery	Signed takeover records/certificates of completion confirming that the contracted device is installed and in function.
8	Package of contracts (Ugovor) and amendments concluded with suppliers for IT equipment – Day hospital and one-day surgery facilities, integrated emergency hospital admission and Clinic for neurosurgery	Group a3-1 1-Personal computers, monitors, laptops and tablets and Group a3-1 3- Multimedia - Contract no. N-216/2023 Group a3-2 – Printers - Contract no. N-217/2023
9	Package of takeover records (Zapisnik o primopredaji) for the contracts signed for IT equipment – Day hospital and one-day surgery facilities, integrated emergency hospital admission and Clinic for neurosurgery	Signed takeover records/certificates of completion confirming that the contracted device is installed and in function.
10	c. Detailed list of new equipment	This document provides a comprehensive overview of the new equipment recently purchased. The purpose of this report is to inform the new equipment, its features, and its location.
11	d. Number of patients treated in day hospital and surgery (extract from hospital BIS)	This document provides a summary of patient volume data for the Sestre milosrdnice Clinical Hospital Centre, specifically for the day-to-day hospital and one-day surgery departments, for the years 2019, 2020, and 2023.

3. Analysis:

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

The Clinical Hospital Centre (KBC) Sestre Milosrdnice shall be equipped with integrated emergency hospital admission facilities, day hospital and one-day surgery facilities with medical, non-medical

equipment and furniture. It shall adapt Neurosurgery Clinic in the Clinical Hospital Centre (KBC) Sestre Milosrdnice.

Provided contracts define the requirements for the supplier in line with the investment description, while takeover records confirm that the obligations for providing the equipment as defined in the contracts have been met by the supplier. Official documentation, including procurement contracts and takeover records, confirms that the equipment was successfully purchased, installed, and brought into operation. The Neurosurgery Clinic at the Clinical Hospital Centre Sestre Milosrdnice has undergone a significant transformation, having been equipped with state-of-the-art medical and furniture equipment, as well as cutting-edge IT systems, thereby facilitating a comprehensive adaptation of the medical department to meet the evolving needs of patients and medical staff (Evidence No. 2-9).

Pertaining to the **medical equipment and furniture requirements for the day hospital and one-day surgery facilities (Evidence No. 2 and No. 3)**:

- **The Endoscopy device** has been purchased, delivered, and installed. The contract no. N-203/2023 between KBC Sestre Milosrdnice and Endopharm d.o.o. was signed on 14 September 2023 and the takeover record was signed on 25 November 2023.

- **The Gastroenterology device** has been purchased, delivered, and installed. The contract no. N-204/2023 between KBC Sestre Milosrdnice and Medic d.o.o. was signed on 19 September 2023 and the takeover record was signed on 29 November 2023.

- **Various diagnostics** devices have been purchased, delivered, and installed. The contract no. N-205/2023 between KBC Sestre Milosrdnice and Medial d.o.o. was signed on 15 September 2023 and the takeover record was signed on 30 November 2023.

- **The Ultrasound diagnostics device** has been purchased, delivered, and installed, and is now ready for clinical use. The contract no. N-206/2023 between KBC Sestre Milosrdnice and Medicom d.o.o. was signed on 22 September 2023 and the takeover record was signed on 29 November 2023.

- **The anaesthesia device** has been purchased, delivered, and installed. The contract no. N-207/2023 between KBC Sestre Milosrdnice and DRÄGER MEDICAL CROATIA d.o.o. for was signed on 20 September 2023 and the takeover record was signed on 27 October 2023.

- **The Sterilization, liquid nitrogen equipment and more related equipment** has been purchased, delivered, and installed. The contract no. N-208/2023 between KBC Sestre Milosrdnice and community of bidders: Panon trade d.o.o., UTP d.o.o., Eurokontakt d.o.o. and GLENINVEST d.o.o. was signed on 3 October 2023, while the amendement to the contract was signed on 8 January 2024. The takeover record was signed on 14 February 2024.

- **The X-ray equipment** has been purchased, delivered, and installed. The contract no. N-209/2023 between KBC Sestre Milosrdnice and community of bidders: Siemens Healthcare d.o.o., MEDIK ZAGREB d.o.o. and KARL STORZ CROATIA d.o.o. was signed on 2 October 2023, while the amendment to the contract was signed on 2 January 2024. The takeover record was signed on 16 February 2024.

- **The defibrillators, spirometry and monitoring equipment** has been purchased, delivered, and installed. The contract no. N-210/2023 between KBC Sestre Milosrdnice and Kardian d.o.o. was signed on 9 October 2023 and the takeover record was signed on 5 December 2023.

- The **Micro ultrasound equipment** has been purchased, delivered, and installed. The contract no. N-211/2023 between KBC Sestre Milosrdnice and Boston Medical d.o.o. was signed on 5 October 2023, while the First Amendment to the Contract was signed on 8 January 2024. The takeover record was signed on 2 February 2024.

- **The surgical equipment, generators and cutters** equipment has been purchased, delivered, and installed. The contract no. N-212/2023 between KBC Sestre Milosrdnice and Sanyko d.o.o. was signed on 20 September 2023 and takeover record was signed on 16 October 2023.

- **The IVF equipment** has been purchased, delivered, and installed. The contract no. N-213/2023 between KBC Sestre Milosrdnice and community of bidders: A&B d.o.o, EUROKONTAKT d.o.o., and LABENA d.o.o. was signed on 25 September 2023 and takeover record was signed on 13 December 2023.

- **Custom-made furniture for the needs of day hospitals and one-day surgeries** has been purchased, delivered, and installed. The contract no. N-214/2023 between KBC Sestre Milosrdnice and Primat logistika d.o.o. signed on 7 December 2023, while the amendment to the contract was signed on 10 January 2024. The takeover record was signed on 26 February 2024.

- **Typical furniture (chairs) for the needs of day hospitals and one-day surgeries, as well as unified emergency hospital reception has** been purchased, delivered, and installed. The contract no. N-215/2023 between KBC Sestre Milosrdnice and Primat logistika d.o.o. was signed on 5 October 2023, while the amendement to the contract was signed on 10 November 2023. The takeover record was signed on 22 December 2023.

Pertaining to the **medical equipment and furniture requirements for the integrated emergency hospital admission facilities (Evidence No. 4 and No. 5):**

- **The monitoring, EKG, defibrillator equipment** has been purchased, delivered, and installed. The contract no. N-174/2023 between KBC Sestre Milosrdnice and Kardian d.o.o. was signed on 19 September 2023, and takeover record was signed on 29 December 2023.

- **The Anesthesiological equipment and equipment for operating rooms** have been purchased, delivered, and installed. The contract no. N-175/2023 between KBC Sestre Milosrdnice and DRÄGER MEDICAL CROATIA d.o.o. was signed on 1 September 2023, and takeover record was signed on 15 September 2023.

- **The Radiological, ultrasound and various medical and non-medical equipment** has been purchased, delivered, and installed. The contract no. N-176/2023 between KBC Sestre Milosrdnice and community of bidders: MEDI-LAB d.o.o. and Panon trade d.o.o. was signed on 7 September 2023, while the First Amendment to the Contract signed on 8 January 2024. The takeover record was signed on 19 March 2024.

- **The various endoscopic and ultrasound equipment** has been purchased, delivered, and installed, and is now ready for clinical use. The contract no. N-177/2023 between KBC Sestre Milosrdnice and Endopharm d.o.o. for procurement of Ultrasound diagnostics Equipment, signed on 4 September 2023, and takeover record was signed on 24 November 2023.

- **The laryngoscopy device** has been purchased, delivered, and installed. The contract no. N-178/2023 between KBC Sestre Milosrdnice and KARL STORZ CROATIA d.o.o. was signed on 1 September 2023, while the first amendment to the contract was signed on 8 January 2024 and the second one was signed on 30 January 2024. The takeover record was signed on 12 March 2024.

- **The CT device** has been purchased, delivered, and installed. The contract no. N-179/2023 between KBC Sestre Milosrdnice and Siemens Healthcare d.o.o. was signed on 12 September 2023, while the first amendment to the contract was signed on 2 January 2024, the second one was signed on 20 March 2024. The takeover record was signed on 23 May 2024.

- **The Infusion and perfusion pumps equipment** has been purchased, delivered, and installed. The contract no. N-180/2023 between KBC Sestre Milosrdnice and Mediva d.o.o. was signed on 04 September 2023. The takeover record was signed on 17 October 2023.

- **The Custom-made furniture for the needs of integrated emergency hospital admission** has been purchased, delivered, and installed. The contract no. N-214/2023 between KBC Sestre Milosrdnice and Primat logistika d.o.o. was signed on 7 December 2023, and the amendment to the contract was signed on 10 January 2024. The takeover record was signed on 26 February 2024.

- **The typical furniture (chairs) for the needs of day hospitals and one-day surgeries, as well as unified emergency hospital admission** have been purchased, delivered, and installed. The contract no. N-215/2023 between KBC Sestre Milosrdnice and Primat logistika d.o.o. was signed on 5 October 2023, and the amendment to the contract was signed on 10 November 2023. The takeover record was signed on 22 December 2023.

Pertaining to the **medical equipment and furniture requirements for the Clinic for neurosurgery (Evidence No. 6 and No. 7):**

- **The hospital furniture** has been purchased, delivered, and installed. The contract no. N-422/2023 between KBC Sestre Milosrdnice and community of bidders: Norman Grupa d.o.o. and M.T.F. d.o.o. was signed on 15 February 2024, while the amendment to the contract was signed on 08 April 2024. The takeover record was signed on 29 May 2024.

- **The devices for washing and disinfection** have been purchased, delivered, and installed. The contract no. N-423/2023 between KBC Sestre Milosrdnice and Eurokontakt d.o.o. was signed on 22 January 2024. The firstamendment to the contract was signed on 18 March 2024; and the second one was signed on 28 March 2024. The takeover record was signed on 24 May 2024.

- **The equipment for operating rooms** has been purchased, delivered, and installed. The contract no. N-424/2023 between KBC Sestre Milosrdnice and Norman Grupa d.o.o. was signed on 15 February 2024, and the amendment to the contract was signed on 8 April 2024. The takeover record was signed on 29 May 2024.

- **Sets of instruments for neurosurgical procedures** have been purchased, delivered, and installed. The contract no. N-425/2023 between KBC Sestre Milosrdnice and community of bidders B.Braun Adria d.o.o., Salus-med d.o.o., E.T.S. d.o.o. and PHARM-LAB d.o.o. was signed on 29 December 2023, while the first amendment to the contract was signed on 15 March 2024 and the second one was signed on 20 March 2024. The takeover record was signed on 28 May 2024.

- **Devices** have been purchased, delivered, and installed. The contract no. N-426/2023 between KBC Sestre Milosrdnice and community of bidders H.K.O. d.o.o. and PHARM-LAB d.o.o., was signed on 20 December 2023, while the First Amendment to the Contract was signed on 15 February 2024 and the second one on 9 April 2024. The takeover record was signed on 29 May 2024.

- **The Surgery microscope** has been purchased, delivered, and installed. The contract no. N-107/2023 between KBC Sestre Milosrdnice and Mel-Medikal d.o.o. for was signed on 31 July 2023 and takeover record was signed on 8 August 2023.

Pertaining to the **IT equipment for the day hospital and one-day surgery facilities, integrated emergency hospital admission and Clinic for neurosurgery in the Clinical Hospital Centre (KBC) Sestre Milosrdnice (Evidence No. 8 and No. 9):**

- **Personal computers, monitors, laptops and tablets** and **Multimedia** have been purchased, delivered, and installed. The contract no. N-216/2023 between KBC Sestre Milosrdnice and community of bidders KING ICT d.o.o. and MR SERVIS d.o.o. was signed on 4 December 2023, while the amendment to the contract signed on 28 December 2023. The takeover record was signed on 8 January 2024 regarding personal computers, monitors, laptops and tablets and on 28 December 2023 for Multimedia.

- **Printers** have been purchased, delivered, and installed. The contract no. N-217/2023 between KBC Sestre Milosrdnice and community of bidders KING ICT d.o.o. and Info kod d.o.o. was signed on 6 December 202, and the takeover record was signed on 2 January 2024.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Target: 347 Digitised, integrated operating halls (Firule and Križine) and robotic system at the Firule site installed and functional

Related Measure: C51.R5-I1 Digital integration of operating theatres and robotic surgery at KBC Split

Quantitative Indicator: Number

Baseline: 0

Target: 4

Time: Q2 2024

1. Context:

The objective is to enhance cancer treatment by providing comprehensive care and integrate optimization measures. By introducing a new care model, featuring latest surgical treatments, the investment seeks to improve health outcomes for individuals with malignant diseases. Specifically, the project involves upgrading operating rooms through digitalisation and procuring advanced equipment for cancer treatment at KBC Split.

Target #347 concerns the digitalisation and integration of four operating rooms at Firule and Križine, as well as installing a robotic system at the Firule site. It aims to transform the treatment process by improving surgical quality and patient safety, enhancing transparency and cost control, and consolidating healthcare infrastructure and resources.

Target #347 is the only target of this investment and has a final expected date for implementation on 30 June 2024.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document that justifies how the target (including all the constitutive elements) was satisfactorily fulfilled.
2	Package of contracts (Ugovor) and amendments concluded with suppliers	Contract 459/2021 between KBC Split and main design service provider Architect Jurić d.o.o., signed on 28 October 2021. Contract 344/2023 between KBC Split and construction contractor Prolux d.o.o. for construction works, signed on 23 May 2023.

		Contract 111/2023 between KBC Split and supervision service provider Institut IGH d.d., signed on 7 April 2023. Contract 495/2024 between KBC Split and supplier Endopharm d.o.o. for procurement of integration and digitalization equipment, signed on 22 April 2024. Contract 792 between KBC Split and suppliers Sanyko d.o.o. & Dogan Septem d.o.o. for procurement of robotic assisted surgery system, signed on 30 November 2023.
3	Package of takeover records (Zapisnik o primopredaji) for the contracts signed	Signed takeover records/certificates of completion confirming that the contracted works, services and equipment were provided and purchased, installed and in function. 1-Takeover record- Creation of the main project design for the adaptation of the Križine operating rooms- Architekt Jurić d.o.o. dated 27 October 2022. 2-Takeover record - Execution of construction works on the adaptation of the Križine operating rooms for integration and digitalisation of operating rooms- Prolux d.o.o. dated 28 June 2024. 3- Takeover record (Final supervising engineer report) - Supervision over the construction works on the adaptation of the Križine operating rooms for integration and digitalisation of operating rooms - Institut IGH d.d. – dated June 2024. 4- Takeover record - Equipment for Integration and digitalisation of operating rooms - Endopharm d.o.o. - dated 27 June 2024. 5 and 5a- Takeover record - Equipment for Robotic assisted surgery system - Sanyko d.o.o. & Dogan Septem d.o.o. - dated 20 and 21 December 2023.
4	Detailed list of the new equipment and location where it was installed or distributed	1- Equipment for integration and digitalization of operating rooms - CHC Split, at location Firule, Spinčićeva 1 and at location Križine, Šoltanska 1 2- Equipment for robotic assisted surgery system - CHC Split, at location Firule, Spinčićeva 1

5	Statistics from hospital information system for Robotic assisted surgery system (HUGO)	The attached statistical report provides an overview of the surgeries that have been successfully completed on the Hugo RAS robotic surgery system at the Clinic for Surgery and the Clinic for Urology at KBC Split, highlighting experience with this technology to date
6	Commercial invoices and evidence of payments	Documentation supporting the purchase of equipment, including invoices and payment confirmation
7	Technical specifications-Equipment for Integration and digitalisation of operating rooms Firule	Detailed descriptions of the technical requirements, characteristics, and features of the equipment
8	Technical specifications-Equipment for Integration and digitalisation of operating rooms Krizine	Detailed descriptions of the technical requirements, characteristics, and features of the equipment
9	Technical specifications – Equipment for robotic assisted surgery system	Detailed descriptions of the technical requirements, characteristics, and features of the equipment
10	Multidisciplinary Digital Publishing Institute State of the Art in Robotic Surgery Hugo RAS System	2023 Scientific review of the State of the Art in Robotic Surgery with Hugo RAS System: Feasibility, Safety and Clinical Applications published in the Journal of Personalized Medicine
11	Brochure-Robotic assisted surgery system	Catalogue illustrating the minimum technical characteristics
12	Brochure-Equipment integration and digitalisation	Brochure explaining the recording of procedures and management of medical content

3. Analysis:

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

The project includes digitisation and integration of 4 operating theatres in Firule and Križine, as well as a robotic system at the Firule site.

A total of nine operating rooms, also known as operating theatres, were equipped with new equipment. The breakdown of the operating rooms by location is as follows: 4 operating rooms were equipped at Location 1, Firule, Spinčićeva 1, which is part of the Clinical Hospital Center Split, and 5 operating rooms were equipped at Location 2, Križine, Šoltanska 1, also part of the Clinical Hospital Center Split. In addition to the new equipment installed in these operating rooms, a Robotic Assisted Surgery System was also installed at Location 1, Firule, Spinčićeva 1, further enhancing the hospital's surgical capabilities (Evidence No. 2-4; 6-9).

Indeed, as supported by the provided contracts (Evidence No. 2) and delivery records (Evidence No. 3), as well as indicated in the detailed list (Evidence No. 4), works and supervision as well as equipment devices were purchased, installed and brought into operation to ensure the integration and digitalisation of ~~four~~ operating theatres at Firule and Križine, in addition to the installation of a robotic system at the Firule site.

Provided contracts define requirement for the supplier in line with the investment description, while takeover records confirm that the requirements defined in the contracts have been met by the supplier.

To be more specific, three contracts (Evidence No. 2 and especially contracts 459/2021, 344/2023, and 111/2023) as well as reciprocal takeover records (Evidence No. 3 and especially takeover records 1, 2 and 3) confirm that main project design, as well as the execution and supervision of the construction works were done in Križine. Takeover record (Evidence No. 3 and especially takeover record 2) confirms that 5 operating rooms and associated facilities have been set up in Križine.

Moreover, as demonstrated in takeover record no. 4 related to contract No. 495/2024 (Evidence No. 3) and in in the detailed list (Evidence No. 4), equipment was purchased to equip 9 operations rooms (units of equipment were purchased to equip 5 rooms in Križine and 4 in Firule) as part of their digitalisation and integration.

Takeover records (Evidence No. 3 and especially takeover records no. 5 and 5a related to contract no. 792) prove that the equipment for robotic assisted surgery system was purchased, installed and put into function at the Firule site.

The digital transition, integration and robot surgery shall change the treatment pathway by improving the quality of surgical treatment, improving patient safety, achieving greater transparency in treatment, better controlling costs and health outcomes, reinforcing and consolidating key health information infrastructure resources and modernising paperless healthcare services.

Provided technical specifications (Evidence No. 7, 8 and 12), emphasise the technical requirements, characteristics, and features of the equipment for the operating rooms Firule and Križine, as well as for the robotic surgery system (Evidence No. 9, 10 and 11). It is thus possible to assess that the highly advanced state-of-the-art innovative technology (Evidence No. 5, 10 and 11) leads to improvements in quality of operating procedures and surgical treatment, therefore improving patient safety.
As outlined (Evidence No. 7, 8 and 12), the medical devices installed in the operating rooms at Firule and Križine feature advanced functionalities that enable real-time data visualisation and documentation. By integrating these functionalities with a centralised server (also pictured in the cover note with an illustration of the new main server, Evidence No. 1), the hospital consolidated its infrastructure, resources, and data, thereby enhancing the transparency and clarity of treatment decision-making processes by allowing centralised storage and access to the data. This, in turn, leads

to improved health outcomes (notably functional and oncological outcomes with robotic surgery system – Evidence No. 10), as healthcare professionals have access to accurate, timely, and comprehensive data to inform their decisions. Ultimately, this streamlined infrastructure facilitates better-informed treatment choices, enhanced patient care, and more effective resource allocation.
Those features such as the telemedicine and the digital imaging (Evidence No. 7, 8 and 12) do lead to modernised and paperless healthcare services. These improvements are considered as key cost-saving measures and contribute to improved costs controlling.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Target: 350 Operating theatres Clinical Hospital Centre (KBC) Sestre milosrdnice equipped with robotic surgery

Related Measure: C51.R5-I4 Digitalisation and integration of operating rooms equipped with robotic surgery in Clinical Hospital Centre 'KBC Sestre Milosrdnice'

Quantitative Indicator: Number

Baseline: 0

Target: 4

Time: Q1 2024

1. Context:

The objective is to modernise hospital's operating theatres through digitalisation and the purchase of advanced equipment, including robot surgery. This aims to improve treatment planning, data storage, and sharing, enhance patient safety and transparency, achieve better cost control and health outcomes, strengthen healthcare infrastructure and introduce a paperless system and support the digital transition in healthcare.

Target #350 concerns equipping of at least four modern operating rooms with advanced robot technology featuring real-time access to patient data and imaging on the monitor during surgery, integration with other diagnostic and therapeutic devices in the same operating room and a unified operating room system for safer and more effective procedures.

Target #350 is the only target of this investment and has a final expected date for implementation on 31 March 2024.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document that justifies how the target (including all the constitutive elements) was satisfactorily fulfilled.
2	Package of contracts (Ugovor) and amendments concluded with suppliers	Contract no. N-105/2023 for procurement of Robotic system for spinal procedures with integrated navigation. Contract no. N-106/2023 for procurement of Robotic system for spinal procedures with integrated navigation.

		Contract no. N-429/2023 for procurement of equipment. Contract no. N-220/2023 for procurement of equipment.
3	Package of takeover records (Zapisnik o primopredaji) for the contracts signed	Signed takeover records/certificate of completion confirming that the contracted device is installed and in function.
4	Commercial invoices and evidence of payments	Documentation demonstrating the purchase of equipment, including invoices and payment confirmation.
5	Detailed list of new equipment and locations	Equipment Inventory and Installation Locations The following is a detailed list of new equipment installed or distributed at the Department of Neurosurgery, Vinogradska 29.
6	Brochure- Image Guided Therapy System Azurion 7 B20/15	Document pertains to the specifications of the Image Guided Therapy System, specifically the Azurion 7 B20/15 model.
7	Brochure - Image Guided Therapy System - 7 C20 with FlexArm	This document provides specifications for various models of the Image Guided Therapy System, including the Azurion 7 C20.
8	Grant agreement	Project Grant Agreement for digitalisation and robotic surgery integration at KBC Sestre milosrdnice (2021-2026), funded by the Recovery and Resilience Facility, under contract NPOO.C5.1.R5-I4.0L0001.

3. Analysis:

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

At least 4 newly equipped operating rooms with state-of-the-art robot technology.

As supported by the provided contracts (Evidence No. 2) and delivery records (Evidence No. 3), as well as indicated in the detailed list of equipment and locations (Evidence No. 5), state-of-the-art devices (Evidence No. 2, No. 6 and No. 7) were purchased, and installed into operation to ensure the integration and digitalisation of four operating rooms.

The provided contracts and technical specifications (Evidence No. 2) define requirements for the supplier in line with the investment description, while takeover records confirm that the requirements defined in the contracts have been met by the supplier.

Specifically, four contracts (Evidence No. 2) were signed to equip four rooms in two distinct departments: three rooms for the Department of Neurosurgery (rooms 01-03), and one room at the Department of Surgery (room 04) (Evidence No. 5).

- **The operating room 01** has been equipped with the lot comprising the robotic cranial procedure system with neuronavigation and planning station (Contract no. 106/2023, Group 2).

- **The operating room 02** has been equipped with the lot comprising the Robotic arm for spinal surgery, and specifically the procurement of Cirq Robotic System with Brainlab Neuronavigation and the robotic arm for spinal surgery (Contract no. 106/2023, Group 3)

- **The operating room 03, also named as the hybrid room for endovascular neurosurgery, has been equipped with advanced robotic system:**
    - Robotic system for spinal procedures with integrated navigation, and specifically the procurement of Mazor™ Robotic Guidance System for spinal procedures with integrated navigation. (Contract no. 105/2023, Group 1);
    - The hybrid room for endovascular neurosurgery which is the Ceiling-mounted C-arm system with accompanying integrated equipment (Contract no. 429/2023).

- **The operating room 04, also named as the Hybrid room dealing with endovascular and transcranial procedures for the Surgery Clinic, has been equipped with advanced robotic system:**
    - The Philips Azurion 7 C20 Flex arm device and accompanying control equipment (Contract no. 220/2023).

The following functionalities shall be possible: obtaining all data about the patient in real time on the monitor's screen in the operating room itself during the operation and to have all patient imaging material available on the monitor's screen during the operation contributing to safer and more effective procedures.

As enumerated in the technical specification attached to the contracts (Evidence No. 2), as well as in the provided brochures for some of the devices (Evidence No. 6 and No. 7), the surgical devices are equipped with multiple monitors and stations that offer a range of image analysis modalities. These devices utilise cutting-edge technology that enhances surgical navigation by seamlessly integrating real-time data collected during the procedure. Furthermore, the system's visualisations are carefully optimised to display only the most clinically relevant data, minimising distractions and reducing the need for unnecessary screen interactions during the operation. This streamlined approach enables surgeons to focus on the procedure, rather than navigating complex data.

Furthermore, in line with the description of the measure, **digitalisation and integration of operating rooms shall change the planning, documentation, storage and sharing of data on patients and types and methods of operational treatment, [...] strengthen and consolidate essential health information infrastructure resources, introduce a paperless health services system and contribute to the digital transition.**

The hospital consolidated the integrated operating room system, thereby enhancing the transparency and clarity of treatment decision-making in therapy processes by allowing storage functionalities (Evidence No. 2, especially contracts 429/2023 and 220/2023), and access to the data (Evidence No. 2, No. 6 and No. 7)). Thus, new functionality of storage and management of health data allows all relevant health professionals equal access, as data is created in every step of therapy process. This, in turn, leads to improved health outcomes (notably cranial procedures, spinal procedures, vascular and endovascular procedures with robotic surgery system – Evidence No. 2 and No. 5), as healthcare professionals have access to more accurate, timely, and comprehensive data to inform their decisions along the whole therapy chain. Ultimately, this streamlined infrastructure facilitates better-informed planning and treatment choices, enhanced patient care, and more effective resource allocation.

The real-time data integration enables a single, intuitive view that consolidates complex anatomical information, empowering surgeons to confidently determine the most effective surgical approach and simplify their planning process. Implementing those digital tools contributes to the digital transition in general, and to a more paperless health service system.

Furthermore, in line with the description of the measure, **robot surgery shall improve the quality of surgical treatment, increase patient safety, achieve more transparency in treatment, better cost control and health outcomes.**

The acquired robotics system boasts cutting-edge technological features, including digital imaging (Evidence No. 2, No. 6, and No. 7), which significantly enhance the transparency, modernisation, and digitisation of healthcare services. These advancements enable better data management, ultimately leading to safer surgical procedures. For example, as mentioned in Evidence No. 5, Cranial Navigation's advanced visualisation and simulation tools help surgeons plan and execute safer craniotomies by providing real-time anatomical guidance and reducing the risk of complications. These improvements are considered as key cost-saving measures and contribute to improved costs controlling as they allow for new type of more effective and less expensive therapy and treatment that was not previously available.

Integration shall also allow the use of other diagnostic and therapeutic devices in the same operating theatre, which shall also be integrated into the integrated operating room system.

According to the technical specifications and brochures of the different devices, (Evidence No. 2, No. 6 and No. 7), the integrated operating room system is designed to be highly adaptable and flexible, allowing for the seamless integration of a wide range of devices and systems that may be used in the operating room. This flexibility enables the system to easily incorporate diagnostic devices, as well as imaging devices. Additionally, the system can integrate monitoring devices to provide continuous monitoring of the patient's condition.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 407 Hydrogen coordinating body

Related Measure: C7.1 R1-I2: [REPowerEU] - Establishment of a hydrogen-based economy (through the North Adriatic Hydrogen Valley)

Qualitative Indicator: Provision in a legal act indicating its entry into force

Time: Q1 2024

1. Context:

The objective of the investment is to increase the uptake of production of, and utilisation of renewable hydrogen, by co-financing of renewable hydrogen projects in the context of the North Adriatic Hydrogen Valley and by designating the Croatian Hydrocarbon Agency as the hydrogen coordinating body in Croatia. Hydrogen development plan and program analysing the most suitable uses of hydrogen in the decarbonisation of the Croatian economy shall be adopted by the Croatian Hydrocarbon Agency. The investment shall also contribute to supporting zero-emission transport by retrofitting of five diesel locomotives to hydrogen and construction of at least five hydrogen charging stations for buses, trains and/or maritime transport.

Milestone #407 requires the entry into force of a legal Act designating the Croatian Hydrocarbon Agency as the hydrogen coordinating body in Croatia.

Milestone #407 is the first step of the implementation of the investment. It will be followed by milestone #408, related to the Hydrogen development plan and program, target #409, related to co-financing of renewable hydrogen projects in the context of the North Adriatic Hydrogen Valley, target #410, related to retrofitting of five diesel locomotives to hydrogen, and target #411, related to building of at least five hydrogen charging stations. The investment has a final expected date for implementation on 31 August 2026.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	M407_Cover Note	Summary document duly justifying how the milestone was satisfactorily fulfilled, with appropriate links
2	OG_Amendments to the Renewable Sources and High-Efficiency Cogeneration Act / Copy of the Act on Amendments to the to the Renewable Sources and High-Efficiency Cogeneration Act, Official Gazette No. 83/2023 of 21 July 2023, entry into force on 29 July 2023, as stipulated in Article 9	Copy of the Act on Amendments to the to the Renewable Sources and High-Efficiency Cogeneration Act designating the Croatian Hydrocarbon Agency as the hydrogen coordinating body in Croatia

3. Analysis:

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

A legal act designating the Croatian Hydrocarbon Agency as the hydrogen coordinating body in Croatia shall enter into force.

The Croatian authorities provided a copy of the Act on Amendments to the Renewable Sources and High-Efficiency Cogeneration Act (Evidence No. 2), which in Article 4 designates the Croatian Hydrocarbon Agency as the hydrogen coordinating body in Croatia, with the entry into force on 29 July 2023, as stipulated in Article 9.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 412 Geothermal Potential Development Plan

Related Measure: C7.1 R1-I3: [REPowerEU] Strengthening the use of renewable energy sources in transport and heating

Qualitative Indicator: Adoption and publication of the Geothermal Potential Development Plan by the Ministry of Economy and Sustainable Development

Time: Q1 2024

1. Context:

The objective of the investment is to increase the uptake of geothermal energy by additional geothermal exploration and drilling for the purpose of future district heating, as well as the adoption of the Geothermal Potential Development Plan.

Milestone #412 requires that the Geothermal Potential Development Plan is adopted and published by the Ministry of Economy and Sustainable Development, which shall determine areas in Croatia where geothermal potential is planned to be explored, developed, and exploited.

Milestone #412 is the first step of the implementation of the investment. It will be followed by target #413, related to geothermal drilling works conducted. The investment has a final expected date for implementation on 31 August 2026.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	M412_Cover Note	Summary document duly justifying how the milestone was satisfactorily fulfilled, with appropriate links
2	Odluka o donošenju Plana razvoja Geotermalnog potencijala Rh do 2030 / Copy of the Decision of the Minister, reference: 310-01/21-03/67, 517-07-1-2-23-82 of 17 April 2023, entry into force on 17 April 2023, as stipulated in Article 5	Copy of the Decision of the Minister adopting the Geothermal Potential Development Plan confirming entry into force of the Plan on 17 April 2023
3	Plan razvoja geotermalnog potencijala Republike Hrvatske do 2030 / Copy of the adopted Geothermal Potential Development Plan	Copy of the adopted Geothermal Potential Development Plan as published on the website of the Ministry the Ministry of Economy (former Ministry of the Economy and Sustainable Development) on the following link: https://mingo.gov.hr/UserDocsImages/UPRAVA%20ZA%20ENERGETIKU/Plan%20razvoja%

		20geotermalnog%20potencijala%20Republike%20Hrvatske%20do%202030..pdf

3. Analysis:

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

The Geothermal Potential Development Plan shall be adopted and published.

The Croatian authorities provided a copy of the Decision of the Minister adopting the Geothermal Potential Development Plan (Evidence No. 2), which in Article 5 confirms the entry into force of the Geothermal Potential Development Plan (Evidence No. 3) on 17 April 2023. The adopted Geothermal Potential Development Plan was published on the website of the Ministry the Ministry of Economy (former Ministry of the Economy and Sustainable Development).

The Plan shall determine areas in the Republic of Croatia where geothermal potential is planned to be explored, developed, and exploited.

Chapters 1.2 and 1.3 on pages 7 to 13 of the Evidence No. 3 determine the areas in the Republic of Croatia where geothermal exploration, development and exploitation will be carried out. Furthermore, Chapter 3 on pages 21 to 30 and Chapter 4 on pages 30 to 37 cover methods of obtaining geothermal water for energy purposes, technique and technology use, potential development, and its utilisation by the end user.

More specifically, Chapter 1.1 on page 3, Figure 1, Chapter 1.2 on page 8, Figure 4, and Chapter 1.3. on pages 12-14, Figure 5 of the Evidence No. 3, consider the area of the Croatian part of the Pannonian basin, which includes the following counties: Karlovac County, City of Zagreb, Zagreb County, Međimurje County, Krapina-Zagorje County, Varaždin County, Koprivnica-Križevci County, Sisak-Moslavina County, Bjelovar-Bilogora County, Virovitica–Podravina County, Brod-Posavina County, Osijek-Baranja County, Požega-Slavonia County and Vukovar-Srijem County, as the most suitable for geothermal exploration, development and exploitation.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Loan support

Number and name of the Milestone: 382 Adoption of National Water Loss Reduction Action Plan

Related Measure: C1.3 R3 Further implementation of the water management programme

Qualitative Indicator: National Loss Reduction Action Plan adopted by Croatian Waters

Time: Q2 2024

1. Context:

This reform addresses the key challenges of high water losses in Croatia and is a scale-up of the initial reform C1.3 R1 Implementation of the water management programme. The reform includes the adoption of the national plan on reducing water losses, which will be followed by the adoption of water operators' plans on reducing water losses and training of water operators' staff. In addition, the reform also improves the capacity and transparency of the water regulator by entry into force of the Regulation on the Council for Water Services and the recruitment of at least seven full-time staff, while it also includes establishing a national body for monitoring water losses.

Milestone #382 requires the adoption of the National Loss Reduction Action Plan, to include planned activities to reduce the water losses and cover the period from 2024-2026 with a 2030 perspective.

Milestone #382 is the first milestone of this reform, and it is accompanied by milestone #385 (Entry into force of the Regulation on the Council for Water Services) in this payment request. It will be followed by milestone #383 (National Authority for Monitoring Water Losses Established), target #384 (Adoption of water loss reduction action plans of water operators) which aims to adopt at least 40 such plans, target #386 (Capacity building of the Council for Water Services) which aims to improve the capacities of the Council for Water Services by recruiting at least seven full-time staff, and target #387 (Training of water operator staff), which aims to provide at least 12 training sessions for water operators' staff across the country. The reform has a final expected date for implementation in December 2025.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	National Water Loss Reduction Action Plan	Link to publication on the Croatian Waters website: https://www.voda.hr/sites/default/files/2024-07/Nacionalni akcijski plan smanjenja gubitaka_%28NAPSG%29.pdf
2	Decision on the adoption of the National Water Loss Reduction Action Plan, CLASS: 325-13/22-01/0000082, UR NO: 374-1-9-24-5 of 28 June 2024, entered	Decision by the Croatian Waters on the adoption of the National Water Loss Reduction Action Plan. Link to publication on the Croatian Waters website: https://www.voda.hr/sites/default/files/2024-07/Odluka o donosenju Nacionalnog akcijskog

	into force on 28 June 2024, in line with Article 2.	plana smanjenja gubitaka u RH %28NAPSG%29_0.pdf
3	Cover note	Summary document that justifies how the milestone (including all the constitutive elements) was satisfactorily fulfilled.

3. Analysis:

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

Croatian Waters shall adopt the National Loss Reduction Action Plan and publish it on their webpage.

National Loss Reduction Action Plan (hereinafter referred to as: "NLRAP") has been adopted by the Croatian Waters on 28 June 2024 and entered into force on the day of adoption, in line with Article 2 of the Decision on the adoption of the National Water Loss Reduction Action Plan. NLRAP was published on the Croatian Waters webpage on 1 July 2024 (Evidence No. 1 and No. 2).

The National Action plan shall include the list of planned activities to reduce the water losses, including investment estimates and sources of financing.

The NLRAP includes a range of activities and measures to reduce water losses, emphasizing the importance of long-term efforts in this regard. The following planned activities and measures to reduce the water losses: (i) System data improvement measures; (ii) Water supply system optimisation measures; (iii) Measures to divide the system into district metered areas; (iv) System pressure control and management measures; (v) Active leakage control measures; (vi) Measures to address apparent losses; (vii) Planning and mains replacement measures; (viii) Institutional strengthening measures; (ix) Analysis and reporting measures; (x) Technical assistance to public water service providers to implement the measures; and (xi) Establishment of a system of public water service providers benchmarking and performance indicators (Evidence No. 1, Chapter 3.2.1 of the NLRAP, pages 65-70 and Chapter 3.2.3. of the NLRAP, pages 81-89).

The proposed measures are expected to reduce the water losses, namely non-revenue water from the current 235 million m3/year to 113 million m3/year, representing a reduction of around 50% (Evidence No. 1, Chapter 3.3 of the NLRAP, pages 97-98).

The list of planned activities also includes investment estimates and sources of financing (Evidence No. 1, Table 3.3., pages 68 of the NLRAP and Table 3.5., pages 85-88 of the NLRAP). According to the analysis, the financial gap for the proposed measures and activities amounts to over EUR 1 billion or 60.41% of the total projected investment value of the measures. Due to high financial gap, NLRAP considers two financing models, either with substantial government support, or loan financing with increased water fees and tariffs (Evidence No. 1, Chapter 3.5 of the NLRAP, pages 109-117).

The plan shall cover the time period 2024-2026, with a 2030 perspective in line with the 2030 Multiannual Water and Urban Wastewater Treatment Construction Programme.

The NLRAP covers the time period 2024-2026, with a 2030 perspective in line with the 2030 Multiannual Water and Urban Wastewater Treatment Construction Programme (milestone #59).

Furthermore, the plan's time horizon extends to 2038, aiming to reflect the future Multiannual Financial Framework (Evidence No. 1, Chapter 3.3 of the NLRAP, pages 97-103, Chapter 3.5.2 of the NLRAP, pages 114-117).

The adoption of the NLRAP contributes to the national strategic planning and intensive investment planning in the construction of water and wastewater structures. This has improved the starting points and strategic planning in the provision of water services and reducing water losses.

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 385 Entry into force of the Regulation on the Council for Water Services

Related Measure: C1.3 R3 Further implementation of the water management programme

Qualitative Indicator: Provision in the Regulation on the Council for Water Services indicating its entry into force
Time: Q1 2024

1. Context:

This reform addresses the key challenges of the water sector in Croatia, focusing on reducing high water losses. As a scale-up of the initial reform C1.3 R1 Implementation of the water management programme, reform C1.3 R3 includes the adoption of a national plan and regional plans for reducing water losses. In addition, the reform also aims to improve the capacity and transparency of the water regulator by new legislative framework, namely by entry into force of the Regulation on the Council for Water Services, followed by the recruitment of at least seven full-time staff, while also includes establishing a national body for monitoring water losses.

Milestone #385 requires that the Regulation on the Council for Water Services enters into force, prescribing mandatory publication of the Council's decisions, interpretations of relevant legal acts and mandatory professional training of Council staff.

Milestone #385 is the second milestone of this reform, and it is accompanied by milestone #382 (Adoption of National Water Loss Reduction Action Plan) in this payment request. It will be followed by milestone #383 (National Authority for Monitoring Water Losses Established), target #384 (Adoption of water loss reduction action plans of water operators) which aims to adopt at least 40 such plans, target #386 (Capacity building of the Council for Water Services) which aims to improve the capacities of the Council for Water Services by recruiting at least seven full-time staff, and target #387 (Training of water operator staff), which aims to provide at least 12 training sessions for water operators' staff across the country. The reform has a final expected date for implementation in December 2025.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	Regulation on the Council for Water Services (Official Gazette, No. 110/24), adopted on 20 September	Link to the official website of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2024_09_110_1870.html

	2024, published in the Official Gazette on 23 September 2024, entered into force on 1 October 2024, in accordance with Article 18 of the Regulation.	

3. Analysis:

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

The Regulation on the Council for Water Services shall enter into force.

The Regulation on the Council for Water Services (Evidence No. 2, *hereinafter referred to as: "The Regulation")* has been adopted by the Government on 20 September 2024, published in the Official Gazette on 23 September 2024 (No. 110/24) and entered into force on 1 October 2024, in accordance with Article 18 of the Regulation (Evidence No. 2).

It shall stipulate the mandatory publication of the Council for Water Services' decisions, mandatory publication of competent interpretations of the Water Services Act, the Law on the Financing of Water Management and the by-laws of the regulator and shall also stipulate mandatory professional training of staff.

Article 10 of the Regulation (Evidence No. 2) stipulates mandatory publication on the website of the Council of Water Services' *(hereinafter referred to as: "the Council")* of: decisions of the Council according to Article 68(1) points 2-8 of the Water Services Act (Official Gazette, No. 66/19), mandatory publication of interpretations (expert opinions) of the Water Services Act, the act regulating water (meaning the Water Act), the act regulating the financing of water management (meaning the Water Management Financing Act), and related by-laws within the mandate of the Council, in accordance with Article 68(1) point 9 of the Water Services Act, and also stipulates the publication of interpretations (expert opinions) on implementing the Council's guidelines.

Article 11 of the Regulation (Evidence No. 2) stipulates mandatory professional training of staff. In particular, during the first two years of employment, the Council's staff are obliged to complete at least two relevant trainings (as per paragraph 2 of the Article), or at least one training per year.

Furthermore, this is also in line with the description of the reform, which states that **the reform also improves the [...] transparency of the water regulator by entry into force of the Regulation on the Council for Water Services.**

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 393 Entry into force of bylaws regulating the new wage models and centralised system of selection in civil and public services

Related Measure: C2.2.R5 New wage and work models in civil and public service – increase in the ambition of the reform by stipulating additional specific requirements on the content of bylaws

Qualitative Indicator: Entry into force of the Government regulations setting out the criteria for regulating new wage models in civil and public services

Time: Q2 2024

1. Context:

The objective of this reform is to reinforce the ambition of reform C2.2.R2 "New wage and work models in civil and public service", by adding specific requirements on the content of bylaws accompanying the Act on salaries in the civil and public services adopted under C2.2.R2.

Milestone #393 requires the adoption of six bylaws which set out the full legal framework for the remuneration system in civil and public services by defining, following the established criteria, job posts pay grades and coefficients corresponding each of them, as well as criteria and methods for assessing the performance of public administration employees.

Milestone #393 is the only milestone of this reform. The reform has a final expected date for implementation in June 2024.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	Regulation on the method of application of standard criteria in the process of evaluation and classification of jobs in the civil service and public services (Official Gazette, No. 22/24) adopted by the Government on 22 February 2024, published in the Official Gazette on 26 February 2024, entered	Link to the official website of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2024_02_22_351.html

	into force on 1 March 2024, in accordance with Article 7 of the Regulation.	
3	Regulation on job titles, conditions for employment and coefficients for salary calculation in the civil service (Official Gazette, No. 22/24) adopted by the Government on 22 February 2024, published in the Official Gazette on 26 February 2024, entered into force on 1 March 2024, in accordance with Article 23 of the Regulation.	Link to the official website of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2024_02_22_353.html
4	Regulation on job titles, conditions for employment and coefficients for salary calculation in public services (Official Gazette, No. 22/24) adopted by the Government on 22 February 2024, published in the Official Gazette on 26 February 2024, entered into force on 1 March 2024, in accordance with Article 27 of the Regulation.	Link to the official website of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2024_02_22_354.html
5	Regulation on the ranges of coefficients in salary classes in the unified salary scale in the civil service and public services (Official Gazette, No. 22/24) adopted by the Government on 22 February 2024, published in the Official Gazette on 26 February 2024, entered into force on 1 March 2024, in accordance with Article 5 of the Regulation.	Link to the official website of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2024_02_22_352.html

6	Regulation on the evaluation of the work efficiency of civil servants (Official Gazette, No. 127/24) adopted by the Government on 31 November 2024, published in the Official Gazette on 5 November 2024, entered into force on 1 January 2025, in accordance with Article 26 of the Regulation.	Link to the official website of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2024_11_127_2098.html
7	Regulation on the procedure, criteria and method of assessing work efficiency of public service employees (Official Gazette, No. 127/24) adopted by the Government on 31 November 2024, published in the Official Gazette on 5 November 2024, entered into force on 1 January 2025, in accordance with Article 24 of the Regulation.	Link to the official website of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2024_11_127_2099.html
8	Diagnostic Report on the Legal and Institutional Framework of the Public Sector Wage-Setting Mechanism in Croatia, September 2022 by the World Bank - RAS	Analysis performed by the World bank under investment C2.2.R2-I1
9	Act on Salaries in civil and public services (Official Gazette, No. 155/23) adopted by the Croatian Parliament on 15 December 2023, published in the Official Gazette on 22 December 2023 and entered into force on 1	Uploaded to FENIX in the frame of milestone 166 under the 4th payment request https://narodne-novine.nn.hr/clanci/sluzbeni/2023_12_155_2359.html

	January 2024, in accordance with Article 54)	

3. Analysis:

Entry into force of six by-laws detailing the remuneration system of pay grades and coefficients for employees in the civil and public services as well as the procedure, criteria and method for assessing the performance of civil servants and employees in State bodies and public services.

Based on the Act on Salaries in civil and public services (hereinafter referred to as: Act on Salaries; Evidence No. 9) which was assessed under the 4th payment request submitted by Croatia, the Government of Croatia adopted six bylaws, as presented in Evidence No. 2-7 listed above. These bylaws enable the full enforcement of the Act on salaries by defining in detail the remuneration system in public and civil services as well as the procedure, criteria, and method for assessing the performance of staff in state bodies and public services. Specific elements defined in this requirement are elaborated in detail in following sections below.

The bylaws shall, where relevant, take into account the analysis carried out by the World bank under investment C2.2.R2-I1.

The World Bank produced a detailed report (Evidence No. 8) which was used as a basis for drafting the legislative package. The below table shows concrete elements of legislation that build on the report.

Diagnostic Report on the Legal and Institutional Framework of the Public Sector Wage-Setting Mechanism in Croatia – findings and guidance - Chapter 6. – page 74-78	Reference to the Croatian legal framework for guidance implementation
"The conception of a legal framework that would be clear and transparent, with key pillars defined in **one** or two pieces of primary legislation"	- **Act on Salaries in the Civil Service and Public Services** (Evidence No. 9) and three main principles that ensures fairness and transparency of the salary system: • right to **equal pay** (Article 6 of the Act on salaries) • salary **transparency** (Article 7 of the Act on salaries) • **non-discrimination** (Article 8 of the Act on salaries)
"The transposition in legislation of the principles and rules for ranking and classifying jobs, considering the advantages of institutionalizing the job evaluation method"	- Regulation on the **method of application of standard criteria (Evidence No. 2)** in the process of evaluation and classification of jobs in the civil service and public services

	- Regulation on the **ranges of coefficients in salary classes in the unified salary scale (Evidence No. 5)** in the civil service and public services
"The formulation of proper rules for reflecting seniority and possibly performance in the future framework"	- Art.41 of Act on Salaries (The right of existing civil servants and state employees to an **allowance for length of service achieved in state bodies**) (Evidence No. 9) And from 1/1/2025: - Regulation on the **evaluation of the work efficiency of civil servants** (Evidence No. 6) - Regulation on the procedure, criteria and method of **assessing work efficiency of public service employees** (Evidence No. 7)
"The current tradition of collective bargaining should find its proper expression in the future framework, striking the right balance between system stability (with key rules being adopted through primary legislation) and flexibility	- Art.13 of Act on Salaries (**Basis for salary calculation**) (Evidence No. 9) - Art.31 of Act on Salaries (**Council for monitoring and improving the salary system in the civil service and public services**) (Evidence No. 9)
"Expression of base wages, as currently the use of pay coefficients is not a weakness as such, but it is problematic as it is not rooted in a clear framework for classifying, ranking, and grading jobs"	- Regulation on **job titles, conditions for employment and coefficients** for salary calculation in the civil service (Evidence No. 4) - Regulation on **job titles, conditions for employment and coefficients** for salary calculation in public services (Evidence No. 5)
"The use of coefficients could be maintained in the future legal framework if they become an expression of job ranking and classification derived from the job evaluation exercise"	- Regulation on the method of application of standard criteria in the **process of evaluation and classification of jobs** in the civil service and public services (Evidence No. 2)
"While the future framework will need to ensure a solid and consistent application of the pay rules in the public sector, the legal provisions should allow some flexibility in specific areas"	- Art. 22 of the Act on Salaries) Allowance for work in **extraordinary working circumstances**) (Evidence No. 9) - Art. 23. of the Act on Salaries (Supplements for **different forms of work organisation**) (Evidence No. 9)
"To support the future monitoring process of the implementation of new pay legislation, specific adjustments will also need to be made to the	- Art.35 para.6 of the Act on Salaries (**Translation of jobs** in the civil service) (Evidence No. 9)

COP" (Centralni obračun plaća - eng. Central Salary Calculation Information System, hereinafter referred to as: COP)".	
"Stakeholder engagement and change management will be critical to the successful design and implementation of the future pay system"	- Art.31 of the Act on Salaries (**Council for monitoring and improving the salary system in the civil service and public services**) (Evidence No. 9)

The by-laws shall define:

a) the method of applying the standard criteria, laid down by the Act on Salaries in the Civil and Public Services, in the procedure for the evaluation and classification of posts in state bodies and public services (expert teams of state administration and public services will evaluate posts and, in cooperation with the Ministry of Justice and Administration or the Ministry of Labour, Pension System, Family and Social Policy, carry out an analysis to be taken into account when determining the payroll coefficients).

The Regulation on the method of application of standard criteria in the process of evaluation and classification of jobs in the civil service and public services (Evidence No. 2) reiterates the standard criteria as set out in the Act on Salaries. Article 3 elaborates each of the standard criteria, while articles 4 and 5 elaborate the method for their application, including the range of values across the pay grade scale and provisions for carrying out the evaluation and classification of posts.

Furthermore, the tables in the annex to the Regulation define in detail a 5-level pondering system as well as corresponding number of points to be assigned based on each specific criterion.

Article 5(1) and (2) set out the responsibilities for carrying out the analysis and evaluation of posts and indicate that for civil service this will be carried out by the state administration body responsible for official relations in cooperation with all state bodies, and the evaluation of positions in public services is carried out by the state administration body responsible for work in cooperation with the state administration body in whose administrative area the affairs of a particular public service belong. The Act on Salaries itself sets defines the state body whose task is to monitor, adjust and continuously improve the salary system in place, as laid down in Article 31 of the Act on Salaries, which includes the analytical work necessary to adjust the coefficients. This body encompasses the expert teams from state bodies, i.e. ministries, in charge of public administration, judiciary, labour, social system, education, finances, health, construction and state assets.

b) the titles of the posts, the conditions for selection to the posts, the classification of posts and the salary grades concerned, as well as the salary coefficients in civil service (following the consolidation or reduction in the number of posts).

The Regulation on job titles, conditions for employment and coefficients for salary calculation in the civil service (Evidence No. 3) sets out the titles and categories of posts in Article 4, conditions for selection to posts in Article 5 and classification of posts including the salary grades and coefficients in Articles 6 and 7. Accompanying tables (see pages 5 – 55) further define in detail the conditions and coefficients for each of the posts. This system is a result of the consolidation of posts done under reform C2.2.R2 and following the Act on Salaries (Articles 13(2), 26 and 27; Evidence No. 9). The provisions in the accompanying tables furthermore ensure that grades and posts are classified same

or close in terms of job complexity, responsibilities, autonomy of work, required professional experience and other standard criteria and ensure equal pay for equal work.

c) the titles of the posts, the conditions for selection to the posts, the classification of posts and the salary grades concerned, as well as the salary coefficients in public service (following the consolidation or reduction in the number of posts).

The Regulation on job titles, conditions for employment and coefficients for salary calculation in public services (Evidence No. 4) sets out, in Articles 7 -24 the titles, coefficients and salary grades for all posts in the public service, split into 7 sub-categories (general posts, education sector, higher education, culture, social welfare, healthcare, and other public services and agencies. The Conditions for selection to various posts are specifically elaborated in articles 11, 12(8), 13(9), 14(6), 16(20), 17(2), 18(2), 19(2), 20(2), 21(4), 22(2), and 24(9). Additionally, the annex table to the Regulation sets out further details on the individual job posts and the requirements for each of them in a tabular form (see Table 1 in Evidence No. 4, pages 14-75). These provisions furthermore ensure that grades and posts are classified same or close in terms of job complexity, responsibilities, autonomy of work and other standard criteria and ensure equal pay for equal work.This system is a result of the consolidation of posts done under reform C2.2.R2 and following the Act on Salaries (Articles 13(2), 26 and 27; Evidence No. 9).

d) the ranges of coefficients within salary grades of the uniform pay scale for civil and public services.

The Regulation on the ranges of coefficients in salary classes in the unified salary scale in the civil service and public services (Evidence No. 5) sets out, in Article 2 (2) that the coefficients for salary grades range from 1.00 to 8.00. Article 3 further defines the ranges for each step of the uniform pay scale, dividing the coefficients among the 16 grades within the pay scale.

e) the procedure, criteria and method of evaluating the performance of officials (including those on managerial positions) and employees in the civil service;

The Regulation on the evaluation of the work efficiency of civil servants (Evidence No. 6) sets out the procedure, criteria, and method of evaluating performance of staff in the civil service. The procedure and method are defined in Article 5 which determines the three phases of evaluation, including planning, control of efficiency and evaluation of efficiency. Article 6 sets out the mandatory checklists and forms to be used during the evaluation, while the checklists are annexed to the Regulation. These include a self-evaluation form for the employee. Article 7 stipulates provisions for regular monitoring of work by the superior throughout the year while Article 9 stipulates provisions for the yearly evaluation.
The criteria for evaluating performance, as elaborated in Article 12, are divided into general criteria, special criteria, and specific criteria for managerial positions. Articles 14 and 15 provide the dedicated methodology for each of the sets of criteria, including ponder values (coefficients assigned to each group of criteria) and formulas for final calculation. Articles 17-21 stipulate provisions for the final evaluation, including provisions on resolution of potential disputes.

f) the procedure, criteria and method of evaluating the performance of officials (including those on managerial positions) and employees in the public service;

The Regulation on the procedure, criteria and method of assessing work efficiency of public service employees (Evidence No. 7) sets out the procedure, criteria and method of evaluating the performance in public service. The procedure and method are set out through Article 4 which

elaborates the roles and responsibilities for the evaluation. Additionally, Article 5 introduces the requirement to provide a self-assessment. Article 8 further provides for the monitoring of the work of the employee throughout the year and submission of the proposed evaluation of the superior. Articles 10-12 provide provisions in case of change of work post, institution or superior.
Section 3 of the Regulation sets out the criteria of evaluating the performance of officials and employees in the public service. Article 19 defines the general criteria (efficiency in performing tasks, reliability in performing tasks and timeliness of work execution). Article 20 stipulates provisions for defining the special criteria. Article 21 stipulates the criteria for evaluating attitudes towards work (attitude towards work obligations, attitude towards users or recipients of services, attitude towards superiors, attitude towards subordinates, attitude towards other employees). Ultimately, Articles 22-23 provide specific criteria for managerial positions (organisation and management of affairs, ability to make decisions, ability to motivate employees, ability to establish work procedures and supervise execution).

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 425 Tender for procurement of pipes for the expansion of Bosiljevo - Sisak – Kozarac gas pipeline

Related Measure: C7.1 I3: [REPowerEU] - Increasing the capacity of the LNG terminal on the island of Krk and strengthening the gas infrastructure

Qualitative Indicator: Tender for procurement of pipes launched

Time: Q1 2024

1. Context:

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

Milestone #425 requires the tender for procurement of pipes for the expansion of the Bosiljevo - Sisak – Kozarac gas pipeline to be launched.

Milestone #425 is the fifth step of the implementation of the investment, and it is accompanied by milestone #427, related to the expansion of the section Lučko – Zabok of the Croatia – Slovenia interconnector. It follows milestone #421 and target #422, related to the expansion of the Krk LNG terminal, and milestone #423 and target #424, related to the expansion of the Zlobin – Bosiljevo gas pipeline. It will be followed by target #426, related to the expansion of the pipeline Bosiljevo - Sisak – Kozarac, and target #428, related to the expansion of the section Lučko – Zabok of the Croatia – Slovenia interconnector. The investment has a final expected date for implementation on 31 August 2026.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	M425_Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	TED tender notice: M425_TED_2024-OJS064-00190247-hr-ts / Copy of the publication of the tender for procurement of pipes in the Tenders Electronic Daily of the European Union, showing that the competition is open to applications; reference	

	190247-2024 – Competition, OJ S 64/2024 of 29 March 2024	
3	EOJN tender notice: M425_Tender notice - contracting authority_en 206-24-MHŠ / Copy of the publication of the tender for procurement of pipes in the Electronic Public Procurement Bulletin of the Republic of Croatia, showing that the competition is open to applications; reference PN-I-206/24-MHŠ, 2024/S F05-0000696, of 29 March 2024	
4	M425_Bosiljevo- Sisak-Kozarac pipe specification EN DN 800 r6F-1 / Specification for the procured steel pipes; reference 101/19-SI, from January 2024	
5	2.3 Desetogodisnji plan razvoja PTS 2023-2032, dodatak 3 / Croatian Gas Transmission System Operator (Plinacro) 10 year strategy 2023-2032; from December 2021	

3. Analysis:

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

Tender for procurement of pipes shall be launched for the expansion of the Bosiljevo - Sisak – Kozarac gas pipeline.

The Croatian authorities have provided a copy of the publication of the tender for procurement of pipes, for the Bosiljevo - Sisak - Kozarac gas pipeline, published on 29 March 2024 in the Electronic Public Procurement Bulletin of the Republic of Croatia (Evidence No. 3) and in the Tenders Electronic Daily of the European Union (Evidence No. 2).

In line with the Section 4.1 of the Evidence No. 2 and Bill of Quantities on page 28, 29 and 30 of the Evidence No. 4, the subject matter of the procurement are the steel pipes for the Bosiljevo - Sisak - Kozarac gas pipeline DN800/100 bar (813 mm diameter of the pipes with maximum pressure of 100 bar). This will expand the existing gas transport capacity between Bosiljevo and Kozarac from the LNG terminal on the island of Krk, currently depending on the Bosiljevo-Karlovac gas pipeline DN500/75 bar (508 mm diameter of the pipes with maximum pressure of 75 bar), the Karlovac-Lučko gas pipeline DN700/75 bar (711 mm diameter of the pipes with maximum pressure of 75 bar), the Lučko-Ivanja Reka gas pipeline DN700/75 bar, and the Ivanja Reka (Zagreb East)-Kutina gas pipeline DN600/75 (610 mm diameter of the pipes with maximum pressure of 75 bar) (pages 25, 26 and 27 in the Evidence No. 5).

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Milestone: 427 Tender for procurement of pipes for the expansion of section Lučko – Zabok of the Croatia – Slovenia interconnector

Related Measure: C7.1 I3: [REPowerEU] - Increasing the capacity of the LNG terminal on the island of Krk and strengthening the gas infrastructure

Qualitative Indicator: Tender for procurement of pipes launched

Time: Q1 2024

1. Context:

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

Milestone #427 requires the tender for procurement of pipes for the expansion of the section Lučko – Zabok of the Croatia – Slovenia interconnector to be launched.

Milestone #427 is the seventh step of the implementation of the investment, and it is accompanied by milestone #425, related to the expansion of Bosiljevo - Sisak – Kozarac gas pipeline. It follows milestone #421 and target #422, related to the expansion of the Krk LNG terminal, milestone #423 and target #424, related to the expansion of the Zlobin – Bosiljevo gas pipeline, and target #426, related to the expansion of Bosiljevo - Sisak – Kozarac gas pipeline. It will be followed by target #428, related to the expansion of the section Lučko – Zabok of the Croatia – Slovenia interconnector. The investment has a final expected date for implementation on 31 August 2026.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	M427_Cover note	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	TED tender notice: M427_TED_2024-OJS063-00187994-hr-ts / Copy of the publication of the tender for procurement of pipes in the Tenders Electronic Daily of the	

	European Union, showing that the competition is open to applications; reference 187994-2024 – Competition, OJ S 63/2024 of 28 March 2024	
3	EOJN tender notice: M427_Tender notice - Contracting Entity_en 158-24-DT / Copy of the publication of the tender for procurement of pipes in the Electronic Public Procurement Bulletin of the Republic of Croatia, showing that the competition is open to applications, reference PN-I-158/24-DT, 2024/S F05-0000679, of 28 March 2024	
4	M427_Zabok - Lučko Pipe specification EN DN 700 P13F / Specification for the procured steel pipes; reference 101/19-SI from January 2024	
5	20_01_2021_Brief Activity report NRA Dec2019 projCroatiaSloveniaAustria PCI6.26.1 PCI list-HERA / Croatian gas Transmission System Operator Plinacro (gas TSO) activity report related to the project Croatia – Slovenia – Austria gas corridor cluster, reference 20 January 2021, PL-16/2870, R/IP-21-55	

3. Analysis:

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

Tender for procurement of pipes shall be launched for the expansion of the section Lučko – Zabok of the Croatia – Slovenia interconnector.

The Croatian authorities have provided a copy of the publication of the tender for procurement of pipes, for the section Lučko – Zabok of the Croatia – Slovenia interconnector, published on 28 March 2024 in the Electronic Public Procurement Bulletin of the Republic of Croatia (Evidence No. 3) and in the Tenders Electronic Daily of the European Union (Evidence No. 2).

In line with the Section 4.1 of the Evidence No. 2 and Bill of Quantities on page 28 and 29 of the Evidence No. 4, the subject matter of the procurement are the steel pipes for the section Lučko – Zabok of the Croatia – Slovenia gas interconnector DN700/75 bar (711 mm diameter of the pipes with maximum pressure of 75 bar). This will expand the existing gas transport capacity between Croatia (Lučko) and Slovenia (Rogatec) from the LNG terminal on the island of Krk, currently depending on the existing Lučko - Zabok gas pipeline (page 3 in the Evidence No. 5).

4. Commission Preliminary Assessment: Satisfactorily fulfilled

Number and name of the Target: 438 Contracts signed for the energy renovation of multi-dwelling buildings damaged by the earthquakes

Related Measure: C7.2 I2 Renovation of buildings damaged in earthquakes with energy renovation

Quantitative Indicator: EUR

Baseline: 0

Target: 13000000

Time: Q2 2024

1. Context:

The objective of the investment is to repair the damages caused by the 2020 earthquakes to multi-apartment and public buildings, to increase the seismic resilience of buildings and to increase their energy efficiency.
Target #438 refers to the contracts signed providing EUR 13 million for energy renovation of multi-dwelling buildings damaged by the earthquakes.
Target #438 is the first step in the implementation of the investment. It will be followed by target #356 related to renovation of 78 350 m2 of multi-dwelling buildings damaged by the earthquakes, target #357 related to renovation of 596 495 m2 of public buildings damaged by the earthquakes, and target #439 related to installation of at least 50 renewable energy systems in public buildings renovated under this investment. The investment has a final expected date for implementation on 30 June 2026.

2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	T438_Cover note	Summary document that justifies how the target (including all the constitutive elements) was satisfactorily fulfilled.
2	Contract register T438	
3	Call documents: *-Guidelines for applicants 2 corrigendum,* *-Summary of the call 2 corrigendum,* *-2 call extract primary energy,* *-3 prilog 1 ugovor,*	Call for proposals package https://fondovieu.gov.hr/pozivi/79

	-4 obrazac 8 dnsh izjava glavnog projektanta, *-5 obrazac 9 dnsh izjava izvodaca,* *-6 obrazac 10 dnsh izjava nadzornog-inzenjera,* *-7 obrazac 2 tehnicki obrazac 1 corrigendum,* *-Form no 7 compliance of the project proposal with the dnsh.*	
4	Ugovor	66 signed contracts
5	Obrazac-7-obrazac-uskladenosti-projektnog-prijedloga-dnsh	Form 7 for each project, justifying compliance of the proposal with the DNSH principle
6	Obrazac-8-izjava-glavnog-projektanta-dnsh	Main designers' declaration on compliance with the DNSH principles for each project (form 8)
7	7-obrazac-2-tehnicki-obrazac-1-corrigendum	Form 2 (technical form) for each project, validated by the main designer/authorised engineer, specifying efficiency measures, energy savings and other relevant data on the project proposal

3. Analysis:

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

Contracts signed awarding at least EUR 13 million for the energy renovation of multi-dwelling buildings damaged by the earthquakes:

The target was achieved by signing 66 contracts following the open Call for proposals for energy renovation of multi-dwelling buildings damaged by the earthquakes (out of which 23 for cultural-historical units), code NPOO C6.1.R1-I2.01, providing EUR 34 918 825.37 in grants, as confirmed by the contract register (Evidence No. 2) and the signed contracts (Evidence No. 4) provided by the authorities.

All contracts shall require a minimum reduction of energy consumption for heating by at least 50% compared to the annual energy consumption for heating prior to the renovation for each building (except for the buildings with a status of a cultural good), which shall contribute to delivering an increase of at least 30% in primary energy savings compared to pre renovation state:

All contracts (Evidence No. 4) state the requirement for a minimum reduction of energy consumption for heating by at least 50% compared to the annual energy consumption for heating prior to the renovation for each building (except for the buildings with a status of a cultural good) which shall

contribute to delivering an increase of at least 30% in primary energy savings compared to pre-renovation state in the following parts:

Appendix I.I, *Project description and budget*, part I. *Project goals and compliance with the DNSH principle* and general *Project data* part in the contract.

Contribution of each project to the indicator 'Reduction of annual primary energy (Eprim)' is determined in each contract in Appendix I.I *Project description and budget*, under *Indicators and Results*.

All contracts shall require compliance with the 'do no significant harm' principle as set out in Article 17 of the Regulation (EU) 2020/852 on establishing a framework to facilitate sustainable investment:

Compliance with the do no significant harm principle as set out in Article 17 of the Regulation (EU) 2020/852 has been ensured at several levels:

- As evidenced by the provisions of the published Calls for proposals (Evidence No. 3, Guidelines for applicants, paragraph 1.2), compliance with the DNSH principles was set as the project eligibility criteria.
- As indicated in paragraph 1.1.10.1 of the Guidelines for applicants, DNSH compliance has been ensured by requiring commitments at: i) the project proposal submission level by justifying the compliance of the proposal with the DNSH principle (Evidence No. 5 delivered for each contract); ii) at the main design level, demonstrated by the main designer declaration on the compliance with the DNSH principle (Evidence No. 6 delivered for each contract); iii) the construction level, demonstrated by the contractor's declaration that the works are done in compliance with the DNSH principle (form 9 in the Call package, Evidence No. 3); iv) the supervision level demonstrated by the final report and supervising engineers' declaration on the compliance of the project with the DNSH principle (form 10 in the Call package, Evidence No. 3).

Furthermore, all contracts indicate the requirement for the beneficiary to ensure the implementation in line with the DNSH principle in the following parts: Article 4, paragraph 4.3 and Appendix I.I Project description and budget, part I. project goals and compliance with the DNSH principle (Evidence No. 4).

In line with the measure description, **the cost of installing gas-condensing boilers shall represent at most 20% of the overall renovation programme cost and gas-condensing boilers shall be installed in order to replace existing inefficient gas, coal and oil-based boilers**:

As evidenced by the provisions of the Call for proposals, paragraph 1.1.10.1 and 1.2 of the Guidelines for applicants (Evidence No. 3), the cost of installing gas-condensing boilers to replace existing inefficient gas, coal, and oil boilers, can represent at most 20% of the works costs.

4. Commission Preliminary Assessment: Satisfactorily fulfilled