

29.02.2024

Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the fourth payment request submitted by Croatia on 21 December 2023, transmitted to the Economic and Financial Committee by the European Commission

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 21 December 2023, Croatia submitted a request for payment for the fourth instalment of the non-repayable 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 16 milestones and targets of the fourth instalment of the non-repayable support as set out in Section 2(1)(1.3) of the Council Implementing Decision of 8 December 2023 on the approval of the assessment of the recovery and resilience plan for Croatia¹.

For one target (#276) covering a large number of recipients, in addition to the summary documents and official listings provided by Croatia, Commission services have assessed a statistically significant sample of individual files. The sample size has been uniformly set at 60 which corresponds to a confidence level of 95% or above in all cases.

In its payment request, Croatia has confirmed that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed. The Commission does not have evidence of the contrary. Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Croatia, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of 16 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, wage system in civil and public services, improving the judicial system through dedicated trainings, improving capacities in the public procurement sector, and adopting a new model of early childhood and care sector financing. The milestones and targets also confirm progress towards the completion of investment projects related to decarbonisation of the energy sector, construction of electronic communications infrastructure, introduction of a performance focused research and innovation funding scheme and providing equipment for medical services.

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 15834/23

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[non-repayable support]

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| Number: 39 | M #39 - Related Measure: HR-C[C12]-I[R1-I1]: Revitalising, building and digitising the energy system and supporting infrastructure to decarbonise the energy sector |
| Name of the Milestone: Construction permit granted for the upgrade of the high voltage network | |
| Qualitative Indicator: Construction permit granted by the Ministry of Physical Planning, Construction and State Assets | Time: Q2 2023 |
| Context: <p>Milestone #39 is part of the investment C1.2. R1-I1, whose objective 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.</p> <p>Milestone #39 requires granting of construction permit for the upgrade of the high voltage network (220/110 kV). The construction permits shall be granted in line with the requirements of the Article 6(3) of the Habitats Directive, while projects shall not have a significant effect on the integrity of the Natura 2 000 sites concerned.</p> <p>Milestone #39 is the first step of the implementation of the investment, and it will be followed by target #40, related to the upgrade of submarine cables connecting six islands to the mainland grid, 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.</p> | |
| Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled (Cover note);2. Copy of the construction permits and a link to the website where the construction permits can be accessed. The following construction permits and relevant documents were provided:<ul style="list-style-type: none">• For the power line Bilice – Trogir (section Bilice – Boraja):<ul style="list-style-type: none">- Construction permit by the Ministry of Construction and Physical Planning (Ref: Up/I-361-03/18-01/000047, 531-06-2-1-22-18-0011 of 28 December 2018);- Decision by the Ministry of Physical Planning, Construction and State Assets on the prolongation of the validity of the construction permit (Ref: UP/I-361-03/22-01/000045, 531-06-03-01-02/04-22-0003 of 16 March 2022);• For the power line Bilice – Trogir (section Boraja – Trogir):<ul style="list-style-type: none">- Construction permit by the Splitsko – Dalmatinska County (Ref: Up/I-361-03/18-01/000053, 2181/1-11-00-08/08-18-0006 of 29 October 2018); | |

- Decision on the prolongation of the validity of the construction permit by the Splitsko – Dalmatinska County (Ref: UP/I-361-03/22-01/000046, 2181/1-11-00-08/08-22-0003 of 16 March 2022);
 - For the switchyard Dubrovnik: Construction permit by the Ministry of Physical Planning, Construction and State Assets (Ref: UP/I-361-03/21-01/000210; 531-06-03-01-02/06-22-0024 of 9 November 2022);
 - For the electrical transformer station Konjsko: Construction permit by the Ministry of Physical Planning, Construction and State Assets (Ref: UP/I-361-03/23-01/000081, 531-06-3-1/1-23-0015 of 20 July 2023);
 - For the electrical transformer station Velebit: Construction permit by the Ministry of Physical Planning, Construction and State Assets (Ref: UP/I-361-03/23-01/000084, 531-06-3-1-2/1-23-0022 of 28 June 2023).
3. **Copy of the documents** submitted in accordance with the national legislation by the beneficiary to obtain a construction permit, demonstrating how the compliance with Habitats Directive and Natura 2000 requirements was fulfilled. The following documents were provided:
- For the power line Bilice – Trogir (section Bilice – Boraja):
 - Environmental Protection Study (Ref: 1003-15 of 15 June 2015);
 - Opinion by the Ministry of Economy and Sustainable Development (Ref: 351-03/23-01/2215, 517-05-1-2-23-2-2 of 6 December 2023);
 - Confirmation by the Ministry of Environment Protection and Energy o (Ref: 612-07/17-63/540, 517-07-2-1-1-17-2 of 31 October 2017);
 - Confirmation by the Ministry of Environment Protection and Energy (Ref: 351-03/17-04/1633, 517-06-2-1-2-17-2 of 27 October 2017);
 - Decision by Ministry of Environment Protection and Nature (Ref: UP/T 351-03/15-08/170, 517-06-2-1-2-15-10 of 1 October 2015);
 - For the power line Bilice – Trogir (section Boraja – Trogir):
 - Environmental Protection Study (Ref: 1045-15 from November 2015);
 - Opinion by the Ministry of Economy and Sustainable Development (Ref: 351-03/23-01/2215, 517-05-1-2-23-2-2 of 6 December 2023);
 - Confirmation by the Ministry of Environment Protection and Energy (Ref: 351-03/18-04/161, 517-06-2-1-2-18-4 of 14 March 2018);
 - Decision by the Ministry of Environment Protection and Nature (Ref: 351-03/16-04/200, 517-06-2-1-2-16-2 of 29 February 2016);
 - Opinion by the Ministry of Environment Protection and Nature (Ref: 612-07/16-63/62, 517-07-2-1-1-16-2 of 31 March 2016);
 - Decision by the Ministry of Environment Protection and Nature (Ref: 351-03/16-04/200, 517-06-2-1-2-16-4 of 5 May 2016);
 - For the switchyard Dubrovnik:
 - Opinion by the Ministry of Economy and Sustainable Development (Ref: 351-03/21-01/167, 517-03-1-2-21-2-2 of 8 February 2021);
 - For the electrical transformer station Konjsko:
 - Opinion by the Ministry of Economy and Sustainable Development (Ref: 351-03/21-01/698, 517-05-1-2-21-2-2 of 17 June 2021);
 - Environmental Protection Study (Ref: I-03-0798 from March 2021);
 - For the electrical transformer station Velebit:
 - Opinion by the Ministry of Economy and Sustainable Development (Ref: 351-03/21-01/623, 517-05-1-2-21-2-2 of 9 April 2021);

Analysis:

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

Construction permit granted, following screening and/or appropriate assessment pursuant to Article 6(3) of the Habitats Directive, performed against the site specific conservation objectives in accordance with the requirements of the Directive. Evidence shall be provided that the project does not have a significant effect on the integrity of the Natura 2 000 sites concerned.

The Croatian authorities have provided the following construction permits, which were necessary to complete the permitting phase for the upgrading of the high voltage network selected under the investment C1.2. R1-I1, and are a prerequisite for the start of the construction phase:

- For the power line Bilice – Trogir (section Bilice – Boraja):
 - The Construction permit of 28 December 2018 and the Decision by the Ministry of Physical Planning, Construction and State Assets on the prolongation for a period of 3 years which does not count for the duration of the necessary expropriation procedure of the validity of the construction permit of 16 March 2022;
- For the power line Bilice – Trogir (section Boraja – Trogir):
 - The Construction permit of 29 October 2018 and the Decision of 16 March 2022 on the prolongation of the validity of the construction permit that confirms that the original permit does not need to be extended, by the Administrative Department for Construction and Physical Planning of the Splitsko – Dalmatinska County, which has the equal legal value as the Construction permit granted by the Ministry of Physical Planning, Construction and State Assets, based on the Article 99 of the Croatian Construction Act (Ref: Official Gazette 153/2013, 20/2017, 39/2019 and 125/2019);
- The Construction permits by the Ministry of Physical Planning, Construction and State Assets for the switchyard Dubrovnik of 9 November 2022, for the electrical transformer station Konjsko of 20 July 2023 and for the electrical transformer station Velebit of 28 June 2023. All three construction permits are valid for 3 years, which does not count for the duration of the necessary expropriation procedure.

a) For the power line Bilice – Trogir (section Bilice – Boraja), the evidence, that the construction permit was granted by taking into account the Article 6(3) of the Habitats Directive and that the project does not have a significant effect on the integrity of the Natura 2 000 sites, is provided in the Environmental Protection Study of 15 June 2015 on pages 85 to 87 and page 91, and in the Construction permit of 28 December 2018, on page 4, as well as in the following documents by the competent Directorates within the Ministry of Economy and Sustainable Development and its predecessors:

- Opinion by the Ministry of Economy and Sustainable Development of 6 December 2023;
- Confirmations by the Ministry of Environment Protection and Energy of 31 October 2017 and of 27 October 2017;
- Decision by Ministry of Environment Protection and Nature of 1 October 2015.

b) For the project Bilice – Trogir, section Boraja – Trogir, the evidence, that the construction permit was granted by taking into account the Article 6(3) of the Habitats Directive and that the project does not have a significant effect on the integrity of the Natura 2 000 sites, is provided in the Environmental

Protection Study from November 2015 on pages 74 to 75 and on pages 76 to 82, and in the Construction permit by the Splitsko – Dalmatinska County of 29 October 2018 on page 3, as well as in the following documents by the competent Directorates within the Ministry of Economy and Sustainable Development and its predecessors:

- Opinion by the Ministry of Economy and Sustainable Development of 6 December 2023;
- Confirmation by the Ministry of Environment Protection and Energy of 14 March 2018;
- Decisions by the Ministry of Environment Protection and Nature of 29 February 2016 and of 5 May 2016;
- Opinion by the Ministry of Environment Protection and Nature of 31 March 2016.

c) For the project switchyard Dubrovnik, the evidence, that the construction permit was granted by taking into account the Article 6(3) of the Habitats Directive and that the project is not located within the Natura 2 000 sites, is provided in the Construction permit by the Ministry of Physical Planning, Construction and State Assets of 9 November 2022 on page 4, as well as in the Opinion by the Ministry of Economy and Sustainable Development of 8 February 2021.

d) For the project electrical transformer station Konjsko, the evidence, that the construction permit was granted by taking into account the Article 6(3) of the Habitats Directive and that the project is not located within the Natura 2 000 sites, is provided in the Environmental Protection Study from March 2021 on pages 9 to 10 and 14 to 17, in the Construction permit by the Ministry of Physical Planning, Construction and State Assets of 20 July 2023 on page 5, as well as in the Opinion by the Ministry of Economy and Sustainable Development of 17 June 2021.

e) For the project electrical transformer station Velebit, the evidence, that the construction permit was granted by taking into account the Article 6(3) of the Habitats Directive and that the project does not have a significant effect on the integrity of the Natura 2 000 sites, is provided in the Environmental Protection Study from March 2021 on pages 13 to 15 and 17 to 20, in the Construction permit by the Ministry of Physical Planning, Construction and State Assets of 28 June 2023 on page 7, as well as in the Opinion by the Ministry of Economy and Sustainable Development of 9 April 2021.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 163 | M#163 - Related Measure: HR-C[C22]-R[R1]: Improving recruitment in the civil service | |
| Name of the Milestone: Amended legislative framework for a centralised system of selection in the state administration, identifying the necessary qualifications of civil servants and establishing a modern recruitment system | | |
| Qualitative Indicator: Entry into force of an amended legislative framework for a centralised system for the selection of civil servants | | Time: Q2 2023 |
| Context: The measure aims at improving the recruitment system in civil service to ensure hiring of highly competent officials who shall contribute to improving the efficiency of the public administration and enable a refocusing of the public administration towards the needs of the citizens. The reform includes amendments to the legislative framework. | | |

Milestone #163 concerns the four main points covered by the amended Act on Civil servants. The first one is to redefine jobs in public administration and make them more attractive. Secondly, the milestone requires development of a single recruitment platform for the entire national administration. Furthermore, the recruitment process will be streamlined and focus more on skills and competences. The last point is to strengthen commitment to gender balance and ensure gender equity in recruitment, as well as promotion of women, including to the senior management positions.

Milestone #163 is the only milestone or target of this reform.

Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision, Croatia will develop information technology tools, methodologies and the necessary content for competence verification, and capacity building measures. This is a further step of this reform that is linked to the investment C2.2 R1-I1 – Centralised selection system.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

1. **Summary document** duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled (Cover note).
2. Act on Civil Servants - adopted by the Croatian Parliament on 15 December 2023, published on 22 December 2023 in the Official Gazette, No. 155/23 and entered into force on 1 January 2024, with delayed entry into force on 1 June 2024 for articles 60 and 61; on 1 July 2024 for articles 66-73; and 1 January 2026 for articles 62-65 in accordance with the provisions in Article 176.
3. Report on gender representation on the managerial posts from 31/10/2023 - a table demonstrating promotion of women to senior management positions.

Analysis:

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

The authorities provided the amended Act on Civil Servants (*hereafter referred to as “the Act”*), which was adopted by the Croatian Parliament on 15 December 2023, published in the Official Gazette on 22 December 2023 (No. 155/2023) and entered into force on 1 January 2024, with delayed entry into force on 1 June 2024 for articles 60 and 61; on 1 July 2024 for articles 66-73; and 1 January 2026 for articles 62-65 in accordance with the provisions in Article 176. The Act sets out the legal framework which enables vertical and horizontal mobility of civil servants.

The revised legislation shall include at least the following measures:

- **Defining job profiles specific to the national administration in order to attract the necessary competences and skills**

Article 41 (2)c of the Act provides the legal basis for the definition of job profiles as well as the competency model in state bodies as well as a mandate to the human resource units to build on the provisions of the Act when defining the required competences and profiles in detail.

Article 48(1) of the Act defines the model of competences and skills through indicating the competency model and its links to human resources management, including in terms of recruitment, promotion and

need for additional skill development. Paragraph 4 provides a detailed definition of competences while paragraphs 5 –7 define specific competences for different job profiles.

Articles 50 and 51 of the Act further define the specific job profiles for managerial positions which require specific competences and skills. The job profiles set out in Articles 50 and 51 are specific to the national administration and include profiles tailored in line with the setup of the Croatian national administration and organization.

As stipulated in Articles 48 and 49 of the Act, specific profiles for work in the civil service and a draft Rulebook on internal order, defining the job profiles, are prepared by human resources units in state bodies in close cooperation with line management in accordance with the competence framework for employees in the public service, which is the basis for managing human resources, especially when planning employment, assignment to the workplace, promotion and determining training needs of civil servants. The framework has been completed in February 2023, more details about competency framework are available at: <https://mpu.gov.hr/istaknute-teme/projekti/eu-projekti/razvoj-kompetencijskog-okvira-za-zaposlene-u-javnoj-upravi/22402>, notably Annex 3 of the Competency framework manual for the civil service - <https://mpu.gov.hr/UserDocImages//dokumenti/Projekti/EU%20projekti//Prirucnik.pdf>).

The amended Act establishes in the provisions of Articles 57 - 77 how the recruitment process is carried out. To attract the best candidates with the necessary competencies for a particular position, competence testing is carried out in the Centralised Employment System. Testing of the competencies that cannot be tested in the Centralised Employment System (such as presentation skills) shall be conducted along with an interview by a commission in the state bodies responsible for employment procedure.

All the above written indicates the significant modernisation of the jobs that the public administration offers as a result of the reform.

- Creating a single employment platform to centralize recruitment procedures within a single platform for all national administrations.

Chapter V of the Act defines the new recruitment procedure and sets legal framework for the implementation and functioning of the new Centralised employment system. The functionalities and the use of a single information system to centralise recruitment procedures within a central platform for civil service, as a new system of managing human resources in the civil service and public services, are stipulated in Chapter V of the Act, Articles 56 – 77. These functionalities include preparation of employment plans by the public bodies, submitting applications for internal and public vacancies, testing of the candidates, publishing the final decisions on the employment of candidates, and maintaining the database of candidates that participated in recruitment processes for public administration bodies, as defined in Article 58. The centralised employment system is available through the website of the state administration body responsible for civil service, including human resources management. Internal competitions, public calls for expressions of interest for work in the civil service and public competitions for admission to the civil service as well as decisions on admission to the civil service and decisions on the selection of candidates published in the Centralised Employment System are publicly available through the website. Vacancies in state bodies are filled through recruitment, promotion, transfer, or assignment of civil servants.

The State administration body in charge of civil service is responsible for personal data processing in the Centralised Employment System.

Recruitment is carried out in the Centralised Employment System, based on Article 57, through: a) internal competition, b) recruitment of candidates from the database of tested candidates interested in working in the civil service positions of a certain profile, and c) public competition.

Technical aspects of the recruitment procedures and details concerning the testing the competencies of the candidates in the Centralised Employment System shall be further defined in the Government Decree, according to Article 75 of the Act, within six months from the date of entry into force of the Act.

The single platform and centralised recruitment procedures thus contribute to substantial increase of the transparency of the employment in the public administration and facilitate the mobility of the officials already in the system.

Adjust the recruitment process for:

i) the transition from a knowledge-only system to a system based primarily on competences and appropriate skills;

Article 41(2) of the Act stipulates that the human resources units in the state administration bodies prepare a competence model and create job profiles in the state body.

The Act puts emphasis on testing key competencies in civil service employment and replaces the knowledge testing, as stipulated by Article 68. Knowledge acquired through formal education is proven in the employment process with appropriate evidence, as well as appropriate work experience for jobs that require it.

Article 48 (4-7) of the Act defines the competences as well as the three main groups thereof. These are general competences all civil servants need to have, special competences linked to the particular groups of job profiles, and managerial competences needed by all civil servants having a managerial function. The competency framework includes documents describing main job profiles, generic job descriptions as well as defined clusters of competences in the three main groups as defined in the Article 48 of the Act.

As stipulated in the Article 49 of the Act, the human resources units of state bodies draft Rulebook on internal order, in which they define job profiles needed in the specific body (see Annex 3 of the Competency framework manual for the civil service - <https://mpu.gov.hr/UserDocImages//dokumenti/Projekti/EU%20projekti//Prirucnik.pdf>) for based on the competency model.

ii) the assessment of competencies for the performance of civil servants;

Article 41 of the Act provides the basis for the preparation of a competencies model and job profiles for civil servants as well as planning of development of competencies and capacity building (educational activities) directly contributing to performance of civil servants and their assessment.

Article 48 (1) of the Act introduces the competencies model which is a key element for human resource management including for the needs of promotion and further education of employees.

Article 52 (5) of the Act stipulates that specific competencies can be defined as conditions for recruitment into civil service or promotion or move to a vacant job position.

Article 63 (3) of the Act includes provisions requiring the assessment of competencies for internal moves through a structured interview, ensuring assessment of competencies for the performance of civil servants is considered in terms of internal mobility.

Candidate assessment and testing in the recruitment process are conducted in accordance with Article 68 of the amended Civil Service Act. The procedure for tests assessment in the recruitment process will be part of the methodology for creating and evaluating questions for testing and interviews.

Article 80 of the Act stipulates the provisions for assessing the performance of civil servants and their competencies in the probation period, leading to decisions on whether the servant in question possesses adequate competencies to be permanently recruited.

Articles 92 – 98 of the Act include specific provisions for the assessment of the performance of civil servants, including the assessment of the competences of the servant to carry out tasks efficiently and effectively.

iii) distinguishing between recruitments at initial level, which should be based exclusively on competences, and recruitment of specialised profiles, which should combine competences with relevant work experience and lead to access to careers at a higher level;

Competence testing will be conducted at three (3) levels: basic, intermediate, and advanced, depending on the required level of competence for a particular position. Testing of trainees as candidates without work experience will not include special knowledge required for the job (such as knowledge of public procurement, law, etc.) but for competencies that can be verified. Articles 78 and 79 of the Act define the candidates without work experience. Detailed trainees' employment procedure, including testing 3 levels method of competence, shall be regulated with a Government Decree, according to Article 75 of the Act, within six months from the date of entry into force of the Act.

The recruitment process for specific job profiles in the civil service is prescribed by articles 64 and 65 of the Act. The database of candidates for jobs of a certain profile with appropriate competencies, according to Article 65 of the Act, shall be filled in accordance with the needs of state bodies. Data on candidates who passed the test and meet the formal requirements for a position of a certain profile are kept in the database of candidates for work in the civil service. Data will be valid for three years from the time of the testing.

The aforementioned provisions represent a paradigm shift of the type of competences required to work in the state administration which will result in the change of profiles of potential employees.

Strengthen commitment to gender balance and ensure gender equity in recruitment, as well as promotion of women to senior management positions.

The head of a state body and the managers, as described in Article 13 of the Act, are obliged to treat all civil servants fairly and equally, regardless of their race or ethnicity or skin colour, gender, language, religion, political or other belief, national or social origin, property status, union membership, education, social position, marital or family status, age, health condition, disability, genetic inheritance, gender identity, expression or sexual orientation.

According to the Article 13 of the Act, the head of the state body and the managers in the system of civil service are obliged to respect the dignity of the civil servant. Civil servants have equal opportunities for advancement and professional training, through organised training and other means.

Also, as stipulated by Article 41 paragraph 2e), human resources units prepare reports on the filling of positions based on gender representation and propose appropriate measures to ensure a balanced gender representation in the state body, especially in managerial positions.

Delayed entry into force of some provisions

The Act entered into force on 1 January 2024, with delayed entry into force on 1 June 2024 for articles 60 and 61 (on the establishment of a recruitment plan in the civil service); on 1 July 2024 for articles 66-73 (on the creation of a single employment platform to centralize recruitment procedures for all national administrations); and 1 January 2026 for articles 62-65 (on the transition from a knowledge-only system to a system based primarily on competences and appropriate skills), in accordance with the provisions in Article 176.

The delayed entry into force of the aforementioned articles constitutes a minimal temporal deviation from the requirement of the Council Implementing Decision, and the delay between the entry into force of this act and these provisions is considered both limited and proportional, notably because of its comprehensiveness and technical difficulty in implementation, requiring the development, hand in hand, of specific provisions related to the introduction of a recruitment plan, and setting up of the system for carrying out internal and public calls, leading to the establishment of a competence based pool of preselected candidates. Due to the novel nature of this approach the system has to be well devised, and a change management approach developed and introduced to raise awareness and inform employees and public of the novelties, which requires time and technical expertise. Moreover, due to the provisions clearly indicating dates of entry into force, the application of these provisions is certain, and their legal effect will take place. On this basis, it is considered that the constitutive elements of the milestone affected by provisions with delayed entering into forces are all satisfactorily fulfilled.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 166 | M#166 - Related Measure: HR-C[C22]-R[R2]: New wage and work models in civil and public service |
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| Name of the milestone: Entry into force of Acts on salaries in the state administration and public services and of regulations for mobility | |
| Qualitative indicator: Entry into force of the Acts on salaries in the state administration and public services and of the regulations for vertical and horizontal mobility of civil servants in public administration | Time: Q2 2023 |
| <p>Context:</p> <p>The objective of this reform is to introduce, based on an analysis of the situation and comparison of salaries in government administration and public service, a new payment system by adopting the amended legislation regulating the salaries of civil and public servants.</p> <p>Milestone #166 concerns the entry into force of a new Act on salaries in the state administration and public services as well as the amendment of legislation on vertical and horizontal mobility (Act on Civil Servants and bylaws), forming the legislative framework to support the reform.</p> <p>Milestone #166 is the only milestone of this reform.</p> | |
| <p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled (Cover note) 2. Act on Salaries in Civil and Public Service - adopted by the Croatian Parliament on 15 December 2023, published on 22 December 2023 in the Official Gazette (No. 155/23) and entered into force on 1 January 2024 in accordance with the provision in Article 54. 3. Act on Civil Servants - adopted by the Croatian Parliament on 15 December 2023, published on 22 December 2023 in the Official Gazette (No. 155/23) and entered into force on 1 January 2024 with delayed entry into force on 1 June 2024 for articles 60 and 61; on 1 July 2024 for articles 66-73; and 1 January 2026 for articles 62-65 in accordance with the provisions in Article 176. <p>The authorities also provided:</p> <ol style="list-style-type: none"> i. Croatia RAS (Reimbursable advisory services) on wages Interim report – report by the World bank providing analysis of the wages in public and civil services and recommendations on how to develop the wage system. | |
| <p>Analysis:</p> <p>The justification and substantiating evidence provided by the Croatian authorities covers all constitutive elements of the milestone.</p> <p>New legislation on salaries in the state administration and public services shall allow for a fair and transparent assessment of posts in accordance with established criteria.</p> | |

The Act on Salaries in Civil and Public Service (*hereinafter referred to as "Act on salaries"*) was adopted by the Croatian Parliament on 15 December 2023, published on 22 December 2023 in the Official Gazette (No. 155/23) and entered into force on 1 January 2024 in accordance with the provision in Article 54.

The Act on salaries allows for a fair and transparent assessment of posts by introducing the basis for the evaluation of posts and sets out the basis for the criteria to be used. It focuses on both state administration and public services. Concretely:

Article 1 of the Act on salaries defines the scope of the Act as establishing the remuneration system in the civil service and public services including the principles of the remuneration system, the evaluation of posts (determining post complexity and difficulty), the evaluation of the efficiency of the work of civil servants and employees, salaries and salary supplements, salary scales and grades, promotion on the basis of a performance assessment and the remuneration of civil servants and employees based on their performance, monitoring and improvement of the wage system in the civil service and public services, and monitoring the implementation of this Act.

Articles 2 and 3 of the Act on salaries define the target groups of civil servants in state administration and public services thus ensuring a targeted and unified approach to defining the wages for those groups of civil servants.

Articles 6 – 8 of the Act on salaries define the three main principles that ensure fairness and transparency of the evaluation of the posts and the entire salary system: a) right to equal pay for equal work (Article 6); b) salary transparency through publication on governmental website (Article 7) and c) non-discrimination on any basis (Article 8).

Article 9 of the Act on salaries establishes the standard criteria for evaluation and classification of posts, which are: a) competencies, b) complexity, c) responsibility and influence on decision making, d) cooperation and communication, e) management and f) special working conditions. Article 9 (3) stipulates that these criteria will be further elaborated under a bylaw, while Article 9 (4) further stipulates the requirement for consultations with the relevant unions on the bylaws.

Ensuring the harmonisation of salaries in the civil service and public services and setting of coefficients at occupational level in consultation with the social partners.

As indicated in the World Bank Interim Report 4 (*hereinafter referred to as "WB report"*), page 22-26, the previous wage system in civil and public services in Croatia comprised of 2,415 different job posts, each with possibly more than one wage level resulting from different combinations of job complexity coefficients and numerous supplements, often resulting in equal jobs having different complexity coefficients and thus varying level of remuneration. Overall, there were more than 4,500 different combinations of job posts and wage levels in the system. Moreover, there were over 500 additional vacant jobs that are currently not active in the system but could be legally activated at any time. This made the wage system too extensive, non-transparent and difficult to analyse. By harmonizing the posts across civil and public services, which now amount to 1,089, the new Act on salaries discontinues the possibility of assigning different salary coefficients to the same jobs, introducing an overall improved mechanism of control in the system of compensation of employees in the public sector.

Article 13(2) of the Act on salaries defines that the base wage shall be calculated based on coefficients, while Article 14 further defines these coefficients and their use.

Article 26 of the Act on salaries defines the new, unified pay scale applicable to both public service and civil service. Paragraph 1 of the article defines that the salaries are harmonised into 16 salary grades, and paragraphs 2 and 3 provide for the establishment through a Government Decree of coefficients at a range between 1.00 and 8.00 through the aforementioned 16 grades.

Article 27 (1) of the Act on salaries furthermore classifies the posts in the public service and civil services into pay grades based on the evaluation of posts by using standard criteria for posts evaluation and classification. Paragraphs 2 and 3 stipulate that the pay grades shall be set through a Government Decree and refer to the use of coefficients as defined in Article 14.

Article 14 (3-4) and (6) of the Act on salaries stipulate that the decrees mentioned in articles 26 (3) and 27(3) shall be consulted with social partners.

Article 31 of the Act on salaries provides for the establishment of a Council to monitor and improve the wage system in public and civil services (*hereinafter referred to as "Council"*). Paragraph (1) indicates that the Council issues opinions on the aforementioned decrees. Paragraph (3), point 13 indicates that the Council includes members of the trade union hubs.

The legislation shall establish a reward system based on work performance.

Through the Act on salaries, the legislation establishes a performance-based reward system by linking the results of the annual performance review of civil and public servants to incentives in the form of pay promotions and salary supplements, in particular:

- Article 10 establishes the obligation to conduct regular assessments of work performance of the civil servants and state employees. The work performance of the employees is assessed once a year taking into account the previous calendar year;
- Article 19 provides a salary supplement for work performance, which shall be paid to civil servants and public servants based on the result of the performance assessment. In accordance with paragraph (7), the amount of the salary supplement is determined according to the total number of points achieved based on work efficiency ratings;
- Article 28 paragraphs (1) and (2) of the Act on salaries provide for employees to acquire promotions in pay and a salary supplement which are contingent on the results of the assessment of their work performance, graded based on a scale of efficiency and performance ratings as elaborated in the Act.
- Article 30 (1) defines the provisions for receiving a performance bonus. Paragraph (2) stipulates that this bonus is directly linked to work performance and given to employees who achieve excellent results in a calendar year. Further paragraphs of the article define the ceilings of the bonus and include provisions ensuring transparency of the award.

The legislative framework for vertical and horizontal mobility shall be amended. This includes a career plan that includes possible access to middle and senior management posts and strengthening the link between career progression and performance assessment. Furthermore, as indicated in the measure description, regulations related to the evaluation and advancement of civil servants shall be

amended. The assessment of performance and effectiveness shall provide the basis for career progression and promotion.

The authorities provided the Act on Civil Servants, which was adopted by the Croatian Parliament on 15 December 2023, published in the Official Gazette on 22 December 2023 (No. 155/2023) and entered into force on 1 January 2024, with delayed entry into force on 1 June 2024 for articles 60 and 61; on 1 July 2024 for articles 66-73; and 1 January 2026 for articles 62 -65 in accordance with the provisions in Article 176. The Act on civil servants sets out the legal framework which enables vertical and horizontal mobility of civil servants.

Article 13 (3) of the Act on Civil Servants provides for upholding the principle of equal treatment and equal opportunities for advancement for all employees, including access to middle and senior management posts (vertical mobility) and professional training.

Article 41 (2) (a-d) of the Act on Civil Servants stipulates the roles of the human resource management units in the government entities. These include the management and development of human resources, development of the job profiles and competency model, assessing the needs for the training, and education of civil servants.

Article 48 (1) of the Act on Civil Servants defines the competencies framework which aids in guiding employees' careers as well as planning recruitment needs (internal and external). Paragraph 2 establishes that this plan includes a definition of general and specific competencies, including those for managerial positions thus ensuring planning for recruiting and promotion to middle and senior management posts. Paragraph 7 further requires that employees occupying managerial posts must possess managerial competencies.

Article 50(1) of the Act on Civil Servants stipulates that middle and senior management posts shall be filled through an internal call, while paragraph (3) stipulates that, in case the position could not be filled through the internal call, a public call shall be launched, thus allowing for vertical mobility throughout civil and public services.

Article 61 (1) of the Act on Civil Servants provides for the state bodies to prepare yearly recruitment plans, while paragraph (2) allows for modifications to the plan on an ad-hoc basis. This also allows for vertical mobility when posts become vacant.

Article 62 (1) of the Act on Civil Servants provides for the launching of internal calls based on the recruitment plans. Paragraph 2 ensures transparency and access to all employees by stipulating how the call shall be published. Paragraph 4 defines that existing employees are eligible for participating in calls, thus encouraging internal horizontal and vertical mobility. This article also directly links the competencies planning based on Article 48 with the recruitment plan based on Article 61, providing for a comprehensive career planning approach.

Articles 63, 64 and 65 of the Act on Civil Servants set out provisions on internal calls as indicated in article 62(1). The articles define the candidate's evaluation procedure and ensure the establishment of an internal recruitment pool.

The delayed entry into force of Articles 60 and 61 (on the introduction of a recruitment plan), articles 62 to 65 (on the introduction of a competence based system), and articles 66 to 73 (on the creation of a single employment platform to centralize recruitment for all national administrations) constitutes a minimal temporal deviation from the requirement of the Council Implementing Decision, and the delay between the entry into force of this act and these provisions is considered both limited and proportional, notably because of its comprehensiveness and technical difficulty in implementation, requiring the development, hand in hand, of specific provisions related to the introduction of a recruitment plan), and setting up of the system for carrying out internal and public calls, leading to the establishment of a competence based pool of preselected candidates . Due to the novel nature of this approach the system has to be well devised, and a change management approach developed and introduced to raise awareness and inform employees and public of the novelties, which requires time and technical expertise. Moreover, due to the provisions clearly indicating dates of entry into force the application of these provisions is certain and their legal effect will take place. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

Articles 84, 85 and 86 of the Act on Civil Servants stipulate the conditions for mobility in the interest of the service. These articles provide for employees' horizontal and vertical mobility to posts which are vital for carrying out the work of the government bodies.

Articles 88 – 91 of the Act on Civil Servants provide vertical mobility by defining modalities and possibilities for career advancement. Article 88 paragraphs (1) and (2) indicate that vertical mobility in terms of advancement can be regular or exceptional. Rules for regular advancement are stipulated in Article 89, and for exceptional advancement in article 90. Article 91 further defines the rules for advancement.

Article 89 of the Act on Civil Servants provides conditions for career progression linked to performance assessment by requiring that an employee must be graded "successful" or higher for the previous calendar year in their performance assessment, based on the scale defined in Article 19(7). Article 89 (b) stipulates that the vacancies to which a public or civil servant can move are prescribed through the rulebook on internal order.

Article 93 stipulates, as one of the main purposes of the performance assessment, the possibility to ensure career progression through promotion. Article 97(1) further stipulates that the performance assessment is considered when a decision on the career progression is taken.

Article 104 of the Act on Civil Servants stipulates that all employees are obliged to permanently improve their knowledge, skills, and abilities necessary to perform the duties of the workplace. The Civil servants must participate in organised training programs. Civil servants are invited to propose themes in the scope of the work. Civil servants can also plan to acquire appropriate competencies through the training programs in order to compete for internal advertisements including senior and middle management posts, thus facilitating career progression in line with the rulebook on internal order as defined in Article 89.

Article 105 of the Act on Civil Servants defines the training programs (career plans) for civil servants. Joint training programs are training programs intended for all civil servants, regardless of the state body in which they are employed. Special training programs are training programs intended exclusively for civil servants employed in the same state body. Training programs are organised by the National School for Public Administration. Details related to the structure and the conditions of the training

programmes will be defined more thoroughly in a Government Decree. Such programs also strengthen the link between career progression and performance assessment. Article 155 defines that this Decree shall be adopted within six months from the entry into force of the Act and thus provides certainty that legal provisions regulating the career plan will be elaborated and adopted.

The authorities adopted a single, new legislative act (Act on Civil Servants). The new Act on Civil Servants, consolidates many previous laws and bylaws, and introduces new provisions governing vertical and horizontal mobility in a single act, thus ensuring a higher level of transparency and achieving simplification.

The legislative framework shall set the preconditions for an efficient labour market in the public administration including (a) the creation of a transparent and uniform advertising system for all vacancies in the public administration (b) the possibility to apply for any available job anywhere in the public administration. Furthermore, in line with the description of the measure the reform aims to introduce a standardised, digitised and user-oriented human resource management system.

Article 56 of the Act on Civil Servants stipulates the different modalities of filling vacancies in the public administration, ranging from recruitment, promotion, transfer, or an assignment of a civil servant providing the preconditions for establishment of an efficient labour market in the public administration.

Article 57(2) of the Act on Civil Servants further stipulates that recruitment can be done through an internal competition, employment from a pool of preselected candidates or a public call.

Articles 64 and 65 of the Act on Civil Servants further strengthen the preconditions for an efficient labour market by providing for the establishment of a “conours” system of competitions. Article 65 (1) stipulates that, at least once per year, calls for expression of interest in specific profiles shall be launched. Paragraphs (5) and (6) of the same article define that successful candidates are included in a base of preselected candidates with a duration of three years. This enables the administration to have a ready-to-go pool of candidates for recruitment.

Article 58 (1) of the Act on Civil Servants defines the centralised recruitment system as an information system for human resource management in which recruitment is planned, applications for internal competition and public competition are submitted, and candidates are tested electronically, candidates are invited to an interview, the decision on the selection of candidates in the internal competition procedure and the decision on admission to the civil service is published. This information system also includes a database of tested candidates for work in the civil service in positions of a certain profile and a database of tested candidates in the process of internal competition and public competition and supports other tasks related to employment in the civil service. Article 58(2) stipulates that this system is publicly available on the website of the state body responsible for civil service.

Article 62 paragraphs (2) and (3) of the Act on Civil Servants ensure that, in addition to the publication in the centralized recruitment system, the internal call is published also on the internal websites of the state bodies, and that all employees are informed. Furthermore, paragraph (4) indicates that any candidate may apply if they meet the formal conditions.

Article 65 (2) of the Act on Civil Servants stipulates that call for expression of interest to be included in a database of preselected candidate shall be published in the centralised recruitment system. Article

66(2) stipulates that any public call shall be published in the centralised recruitment system as well as on the public website of the recruiting body.

Article 58 of the Act on Civil Servants stipulates that a transparent advertisement system for all vacancies in the public administration is achieved via Centralised Employment System which shall be available through the website of the state administration body responsible for civil service. Internal competitions and decisions on the selection of candidates shall be published in the Centralised Employment System.

As indicated in the measure description, the reform aims to introduce a financially sustainable wage system in state administration and public services.

Article 13 of the Act on Salaries includes provisions to ensure that the financing for the salaries is defined based on collective agreements or through a governmental decree. Paragraph 2 ensures the minimum salary base in the state budget to allow for the proper financing of the wages.

Article 30 (7) of the Act on Salaries further defines the provisions for ensuring financially sustainable funding of the performance awards, setting a limit for the maximum amount available for performance awards in terms of the total wage weight, thus ensuring that these awards do not cause a burden on the budget.

Article 48 (3) of the Act on Salaries stipulates that decisions and other acts regulating the use of own and assigned revenues for the payment of salaries and bonuses shall remain in force until adoption of new implementing regulations in accordance with the act governing the planning, preparation, adoption and execution of the state budget. Paragraph (4) further ensures financial sustainability by stipulating that the implementing regulation in paragraph (3) must receive approval from the Ministry of Finance prior to its adoption.

As indicated in the measure description, to address the new reality of working, a smart working model shall be introduced, providing the officials with the necessary tools and skills to perform their tasks remotely.

Article 23 (1 to 4) of the Act on Civil Servants introduces the smart working model by setting the possibilities for remote working, working from a different place and hybrid work models. Paragraph 7 indicates, as a precondition for this method of work, that adequate capacities of both organisational and technical nature are ensured in the state bodies. Officials are employees of state bodies and are the users and beneficiaries of these organisational and technical capacities, providing necessary tools and skills to ensure proper carrying out of such work. Paragraph 9 further provides the possibility for the Government to, in case of extreme conditions, dictate the use of working from a different place. Paragraph 10 indicates that the modalities for the smart working model shall be defined in a Governmental Decree. The Government Decree, on the possibility of working of civil servants from a different place, remote working or partial time working, was published on 23 November 2023 in the Official Gazette (No. 141/2023) and entered into force on 1 December 2023, as indicated in Article 27. Article 10 of the Government Decree stipulates that the state body is responsible for ensuring the necessary tools enabling remote work for public and civil servants to guarantee the data protection and the protection of information systems. This includes the IT and other equipment necessary for performing the tasks remotely. Article 17 of the Government Decree stipulates the training modalities which ensure that employees have the necessary skills to work in a smart working model.

As indicated in the measure description, the reform shall be based on an analysis of the situation and comparison of salaries in government administration and public service, a new payment system shall be created and a new legislation Act on civil service wages and a new Act on wages in public services shall be adopted.

The authorities provided the results of the analysis of the situation regarding the job posts and salaries in the civil service and public service report prepared by the World Bank. The WB report indicates, on pages 11-23, the methodology and tools used to analyse the current situation related to public and civil service wages in Croatia. This includes a comparison of salaries in the civil and public service. Chapter 2.3 (pages 24 to 32) provides the analysis of the situation based on the methodology describe in the prior parts. Chapter 3 (pages 33 to 57) builds on the analysis and provides the proposed grade and coefficient structure.

As elaborated in the cover note by the authorities, this report was the main tool which informed the policy makers when drafting the Act on salaries in civil and public service. Comparison of the Act on salaries and the report clearly indicates that the Act provisions are based on the recommendations of the report, including the introduction of 16 new salary grades and coefficients linked to them, thus introducing a new payment system through the newly adopted legislation.

Commission Preliminary Assessment: Satisfactorily fulfilled

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|---|---|----------------------|
| Number: 205 | M#205 - Related Measure: HR-C[C23]-I[R4-I2]: Construction of passive electronic communications infrastructure | |
| Name of the Milestone: Grant agreement signed for the construction of passive electronic communications infrastructure | | |
| Qualitative Indicator: Report from the Ministry of Sea, Transport, and Infrastructure (MSTI) | | Time: Q1 2023 |
| <p>Context: This investment aims to increase the availability of 5G networks in rural and sparsely populated areas in Croatia where there is no commercial interest for their construction. The investment is aimed at the construction of passive electronic communications infrastructure, such as stand-alone antenna poles.</p> <p>Milestone #205 requires the signature of the grant agreement for the construction of passive electronic communications infrastructure and the start of the project implementation.</p> <p>Milestone #205 is the first step of the implementation of the investment, and it will be followed by target #206 related to the coverage of at least 80% of the project area with 5G mobile signal. The investment has the final date for implementation in Q2 2026.</p> | | |
| <p>Evidence provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled (cover note) | | |

2. **Copy of the grant agreement** – Grant agreement for projects financed from the National Recovery and Resilience Plan 2021-2026 (NRRP), Construction of passive electronic communications infrastructure NPOO.C.2.3.R4-I2.01.0001 (*Ugovor o dodjeli bespovratnih sredstava za projekte financirane iz nacionalnog plana oporavka i otpornosti 2021. – 2026. (NPOO), Izgradnja pasivne elektroničke komunikacijske infrastrukture NPOO.C.2.3.R4-I2.01.0001*), 22 November 2023,
3. **Report from the Ministry of Sea, Transport and Infrastructure (MSTI)** on the start of the project implementation, No. 530-09-2-23-21, 29 November 2023.

The authorities also provided:

- i. Financing decision and notification of grant, No. 530-09-1-2-2-23-14, 31 October 2023,
- ii. Feasibility study with cost benefit analysis for development and implementation of passive electronic communication infrastructure, Faculty of Electrical Engineering and Computing, University of Zagreb / Ernst & Young (EY) and Odašiljači i veze (OIV) d.o.o., June 2023.

Analysis:

Signature of the Grant Agreement and start of project implementation for the construction of passive electronic communications infrastructure.

The authorities delivered a copy of the grant agreement signed on 22 November 2023 between the Ministry of Sea, Transport and Infrastructure (*hereinafter referred to as "MSTI"*), as the Competent body; the Central Finance and Contracting Agency, as the Implementing body; and Odašiljači i veze društvo s ograničenom odgovornošću, za prijenos i odašiljanje radijskih i televizijskih programa za račun drugih (*OIV digital signals and networks; hereinafter referred to as „OIV“*), as the Grant user.

With respect to the requirement to start the project implementation specified in the description of the milestone, Article 2 of the grant agreement (page 2) states that the project's implementation period is from 12 December 2022 to 12 June 2026, and its Annex I (page 2) reiterates this date by stating that the start of project implementation was on 12 December 2022. The start of project implementation is further underpinned by the preparatory activities that preceded the official signature of the grant agreement, most notably, the mapping of the areas eligible for investment of public funds, the conducted public consultation, and the creation of the feasibility study which was provided to the Commission. These activities were additionally described in the report from the MSTI on the start of project implementation for the construction of passive electronic communications infrastructure. The report issued by MSTI on 29 November 2023 describes the goal of the investment, as outlined in the Council Implementing Decision, and the project, stating that 14 poles in 13 rural and sparsely populated areas are planned to be built to support the installation of the active 5G equipment (page 2). The report concludes by confirming that the project implementation is expected to be finalised in Q2 2026, which is in accordance with the deadline specified in the Council Implementing Decision.

Furthermore, in line with the description of the measure, the investment is meant to target rural areas located in counties with the lowest socio-economic indicators (low demographic, social and economic conditions compared to the national average).

The feasibility study enabling the start of the implementation of the project has been completed by the consortium composed of the Faculty of Electrical Engineering and Computing, University of Zagreb, Ernst & Young (EY), and OIV in June 2023. Most notably, the study describes the conditions applied in order to derive potentially acceptable project areas (page 2), including the population density, lack of 4G and 5G networks in the areas, and the respect of ecological and sustainability principles. Based on these conditions and the subsequent public consultation, a total number of 284 potentially acceptable areas were identified. Subsequent multicriteria analysis (page 127), financial analysis (page 135), and

economic analysis (page 156) were applied to define the final project scope, which constitutes 13 areas acceptable for the construction of the passive electronic communication infrastructure.

Socio-economic indicators used are described in detail in Annex I of the feasibility study (page 195) and they are divided into demographic, economic, and geographical indicators. These are elaborated in both the feasibility study and in the Annex I of the grant agreement (page 10). The socio-economic framework provides for the inclusion of areas that are part of the rural and sparsely populated areas with a population density of less than 20 inhabitants/km², or rather less than 12 inhabitants/km². The economic aspect includes an analysis of the employment of legal persons in the territory of the local administrative units whose areas were selected using the multicriteria analysis carried out for the 2017-2021 period, based on the data from the Croatian Bureau of Statistics. The demographic indicators used to define the investment area were population size and density, natural and spatial migration of population, and age and gender structure of the population.

Furthermore, in line with the description of the measure, the investment includes the construction of passive electronic communications infrastructure, such as the construction of stand-alone antenna poles, provision of fibre or microwave transmission capacity to connect mobile electronic communications network to base stations. It shall enable the development of 5G networks in the areas covered and be available for use by all on equal terms. The management of the infrastructure to be built through the investment shall be carried out exclusively on a not-for-profit basis.

The grant agreement was signed to implement the related RRP project in the period from 12 December 2022 to 12 June 2026, with the expense eligibility period lasting until 30 June 2026. The grant agreement is supplemented with Annex I – Project description and budget, which outlines the main information on OIV, the project, main activities, results, and budget; Annex II – General conditions applied to projects financed from the Recovery and Resilience Facility; Annex III – Rules on financial corrections; and Annex IV - Rules on the implementation of procurement procedures for non-obliged entities under the Public Procurement Act.

Annex I, on its page 9, provides a description of the project, stating that the development and implementation of active and passive electronic infrastructure is necessary to ensure the availability of high-capacity broadband networks in rural and sparsely populated areas. Infrastructure development shall include, as a minimum, the construction of stand-alone antenna poles, the provision of a low-voltage connection, and the provision of fibre or microwave transmission capacities for the purpose of connecting mobile electronic communications network base stations. On its page 18, Annex I stipulates that the infrastructure built under the project will be managed on a not-for-profit basis with the aim of revenues from the rental of the infrastructure covering all operating costs and maintenance of the infrastructure. The infrastructure, or more specifically, the locations for placing the antennas on the poles and cabinets for positioning of the active equipment, shall be offered to all market operators on equal and non-discriminatory terms, which enables the project’s objectives to be achieved.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 217 | T#217 - Related Measure: HR-C[C25]-R[R1]: Increasing the efficiency of the justice system to increase citizens’ trust | | |
| Name of the Target: New training programmes introduced in the framework of the judicial training programme | | | |
| Quantitative Indicator: Number | Baseline: 0 | Target: 6 | Time: Q1 2023 |

Context:

The objective of the reform is to reduce backlogs and shorten court proceedings, focusing on transparency and efficiency of the justice system.

Target #217 requires the completion of six new training programmes as part of the judicial training programme for judicial officials and officers of the judicial authorities in the Judicial Academy focusing on Developing different skills, promoting the rule of law and fundamental rights, and specialised training programmes for insolvency judges and family law judges.

Target #217 is the fourth milestone or target of the reform, and it will be followed by milestone #220 (New Framework Benchmarks for the work of judges adopted and an active judicial case management tool introduced), target #221 (Reduction of the duration of litigation and commercial cases), target #222 (Reduction of the total number of all pending cases) and target #223 (Decrease in the share of cases over 3 years old in total backlogs), related to the efficiency of the administration of the justice. The reform has a final expected date for implementation in June 2026.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

1. **Summary document** duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled (Cover note).

2. **(1) Training programme “Non-Legal Skills for Court Presidents”**
 - Manuals:
 - 1.1.1. Communication skills (Manual for Participants)
 - 1.1.2. Communication skills (Manual for Trainers)
 - 1.1.3. Management skills (Manual for Participants)
 - 1.1.4. Management skills (Manual for Trainers)
 - Workshop programmes
 - 1.2.1. Programme communication and management skills 06.12.-13.12.-17.01
 - 1.2.2. Programme communication and management skills 07.12.-14.12.-18.01
 - 1.2.3. Programme communication and management skills 08.12.-15.12.-19.01
 - Lists of workshop participants
 - 1.3. Lists of participants - court presidents
 - Certificates of attendance
 - 1.4. Certificates for court presidents

3. **(2) Training programme “Non-Legal Skills for Court Managers”**
 - Manuals
 - 2.1.1. Financial management and human resources management
 - 2.1.2. The role of the court manager and communication skills
 - Workshop programmes
 - 2.2.1. Programme - Communication skills
 - 2.2.2. Programme - Financial management
 - 2.2.3. Programme - The role of court manager

2.2.4. Programme -Human resource management

- Lists of workshop participants

2.3.1. Lists of participants -court managers

4. (3) Training programme “Non-Legal Skills for Clerks at Courts and in Prosecution Offices”

- Manuals:

3.1.1. Manual for Participants _IT skills

3.1.2. Manual for Trainers IT skills

3.1.3. Manual for Participants - Stress and communication skills

3.1.4. Manual for Trainers - Stress and communication skills

- Workshop programmes

3.2.1. Programme Stress management, Communication skills, IT skills 23.-25.01

3.2.2. Programme Stress management, Communication skills, IT skills 30.01.-01.02

3.2.3. Programme Stress management, Communication skills, IT skills 06.-08.02

3.2.4. Programme Stress management, Communication skills, IT skills 15.-17.02

3.2.5. Programme Stress management, Communication skills, IT skills 22.-24.02

3.2.6. Programme Stress management, Communication skills, IT skills 08.-10.03

- Lists of workshop participants

3.3.1. List of participants 23.-25.1.2023

3.3.2. List of participants 30.1.-1.2.2023

3.3.3. List of participants 6.-8.2.2023

3.3.4. List of participants 15.-17.2.2023

3.3.5 List of participants 22.-24.2.2023

3.3.6.1, 3.3.6.2 and 3.3.6.3 List of participants 8.-10.3.2023

- Certificates of attendance

3.4.1. Certificates group 1

3.4.2. Certificates group 2

3.4.3. Certificates group 3

3.4.4. Certificates group 4

3.4.5. Certificates group 5

3.4.6. Certificates group 6

5. (4) Training programme “Promotion of the Rule of Law and Fundamental Rights Through High-Quality Online Trainings in the Croatian Judiciary”

- Training materials and manuals for the following subject matters

4.1.1.1, 4.1.1.2, 4.1.1.3, 4.1.1.4. Training materials and manuals Article 8,10

4.1.2.1 to 4.1.2.10 Training materials and manuals Victim’s rights

4.1.3.1, 4.1.3.2, 4.1.3.3, 4.1.3.4. Training materials and manuals Ne bis in idem

4.1.4.1, 4.1.4.2, 4.1.4.3, 4.1.4.4. Training materials and manuals Independence of judges

4.1.5.1 to 4.1.5.10 Training materials and manuals Fair trial

4.1.6.1, 4.1.6.2, 4.1.6.3, 4.1.6.4. Training materials and manuals 6 Article 1. Protocol 1

- Workshop programmes

4.2.1. Programme workshop 1 _Art 8,10 ECHR

4.2.2. Programme workshop 2 _Victims’ rights

4.2.3 Programme workshop 3 _Ne bis in idem

- 4.2.4. Programme workshop 3.1. _Ne bis in idem
- 4.2.5. Programme workshop 4 Art. 6 ECHR
- 4.2.6. Programme workshop 5 _right to a fair trial
- 4.2.7. Programme workshop 6_principle of proportionality in Art 1 ECHR
 - Lists of workshop participants
- 4.3.1. list of participants workshop 1_day 1
- 4.3.2. list of participants workshop 1_day 2
- 4.3.3. list of participants workshop 2
- 4.3.4. list of participants workshop 3.1.
- 4.3.5. list of participants workshop 3
- 4.3.6. list of participants workshop 4
- 4.3.7. list of participants workshop 5_day 1
- 4.3.8. list of participants workshop 5_day 2
- 4.3.9. list of participants workshop 6_day 1
- 4.3.10. list of participants workshop 6_day 2
 - Certificates of attendance
- 4.4.1. Certificates workshop 1
- 4.4.2. Certificates workshop 2
- 4.4.3. Certificates workshop 3
- 4.4.4. Certificates workshop 3.1.
- 4.4.6. Certificates workshop 5

- 6. (5) Training programme “Non-Legal Skills for Family Law Judges”
 - Manuals:
 - 5.1.1. Communication skills-Manual for Participants
 - 5.1.2. Communication skills - Manual for Trainers
 - 5.1.3. Time and courtroom management - Manual for Participants
 - 5.1.4. Time and courtroom management - Manual for Trainers
 - Workshop programmes
 - 5.2.1. Programme workshop 1 Communication skills and time management
 - 5.2.2. Programme workshop 2 Communication skills and time management
 - 5.2.3. Programme workshop 3 Communication skills and time management
 - Lists of workshop participants
 - 5.3.1. List of participants group 1
 - 5.3.2 List of participants group 2
 - 5.3.3. List of participants group 3
 - Certificates of attendance
 - 5.4.1 Certificates group 1
 - 5.4.2. Certificates group 2
 - 5.4.3. Certificates group 3

- 7. (6) Training programme “Specialised Training Programme for Judges Adjudicating on Insolvency Cases”.
 - Training materials and manuals for the following subject matters:
 - 6.1.1.1 to 6.1.1.8 Training materials and manuals international insolvency proceedings
 - 6.1.2.1, 6.1.2.2, 6.1.2.3 Training materials and manuals Avoidance action
 - 6.1.3.1, 6.1.3.2, 6.1.3.3 Training materials and manuals Pre-bankruptcy proceeding

- Workshop programmes
- 6.2.1. Programme Avoidance action
- 6.2.2. Programme Pre-bankruptcy proceeding
- 6.2.3. Programme International insolvency
 - Lists of workshop participants
- 6.3.1. List of participants Avoidance action
- 6.3.2. List of participants Pre-bankruptcy proceeding
- 6.3.3. List of participants international insolvency
 - Certificates of attendance
- 6.4.1.1, 6.4.1.2, 6.4.1.3, 6.4.1.4 Certificates Avoidance action
- 6.4.2.1, 6.4.2.2, 6.4.2.3 Certificates Pre-bankruptcy proceeding

The authorities also provided:

- i. Judicial Training Programmes of the Judicial Academy 2023
 - 7.1. 2023 Continuous Judicial Training Programme of the Judicial Academy
 - 7.2. 2023 Judicial Training Programme of the Judicial Academy for Court Presidents and Chief Prosecutors
 - 7.3. 2023 Judicial Training Programme of the Judicial Academy for Newly Appointed Court Presidents and Chief Prosecutors
 - 7.4. 2023 Judicial Training Programme of the Judicial Academy for Court and Prosecution Office Managers
- ii. An additional package of total 171 individual attendance certificates proving that programmes have been completed. This specifically encompasses certificates for i) workshops on the role of court managers, human resource management, Financial management and communication skills within the Training programme “Non-Legal Skills for Court Managers”; ii) for workshops on Application of standards of independence and impartiality of courts and judges and Application of the principle of proportionality in Article 1, Protocol 1 cases within the Training programme "Promotion of the Rule of Law and Fundamental Rights Through High-Quality Online Trainings in the Croatian Judiciary"; iii) for workshops on International insolvency proceedings and partly on Avoidance action and Pre-bankruptcy proceedings within the Training programme “Specialised Training Programme for Judges Adjudicating on Insolvency Cases”.
- iii. Detailed overview table which points to concrete documentary evidence submitted by the authorities that proves compliance with the Council Implementing Decision requirements, and also provides further information on the focus areas of training programmes, number of workshops held, duration of trainings and number of participants.
 - 8. Table 1 - Evidence by programme

Analysis:

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

Six new training programmes shall be completed as part of the judicial training programme for judicial officials and officers of the judicial authorities in the Judicial Academy.

The evidence demonstrates the completion of six new training programmes as part of the judicial training programme for judicial officials and officers of the judicial authorities in the Judicial Academy covering the following areas:

Developing different skills (management and management skills for court presidents, court management for heads of court administration and communication skills for court staff – three programmes).

Promoting the rule of law and fundamental rights through high-quality education in the Croatian judiciary.

Specialised training programmes for insolvency judges and training courses for family law judges

Six new training programmes were developed, introduced and completed in the framework of the judicial training programme of the Judicial Academy (*hereinafter referred to as "JA"*) for judicial officials and officers of the judicial authorities, representing added value to the JA's programme offer. As further elaborated below, the newly introduced training programmes focus on:

Developing different skills - management and management skills for court presidents, court management for heads of court administration and communication skills for court staff – three new programmes:

Training programme "Non-Legal Skills for Court Presidents"

Training programme "Non-Legal Skills for Court Managers"

Training programme "Non-Legal Skills for Clerks at Courts and in Prosecution Offices"

Promoting the rule of law and fundamental rights through high-quality education in the Croatian judiciary – one new programme:

Training programme "Promotion of the Rule of Law and fundamental rights through high-quality online trainings in the Croatian judiciary"

Specialised training for insolvency judges and training courses for family law judges – two new programmes:

Training programme "Non-Legal Skills for Family Law Judges"

Training programme "Specialised Training Programme for Judges Adjudicating on Insolvency Cases".

Developing different skills (management and management skills for court presidents, court management for heads of court administration and communication skills for court staff – three programmes).

The "Non-Legal Skills for Court Presidents" training programme focused on communication and management skills for court presidents, as substantiated by education manuals for both trainers and participants (Evidence 1.1.1-1.1.4). Workshop programmes further indicate the content of the educations and also confirm that the training programs are in line with the target description. (Evidence 1.2.1, 1.2.2. and 1.2.3 are workshop programmes). Lists of participants (Evidence 1.3) and issued individual certificates (Evidence 1.4) both confirm that the training programmes have been implemented.

The "Non-Legal Skills for Court Managers" training programme focused on communication skills, financial management, the role of court managers and human resources management, as evidenced by education manuals for participants (Evidence 2.1.1 on financial management and human resources management and 2.1.2 on the role of the court manager and communication skills). Four specific workshop programmes further indicate the content of the trainings and also confirm that the training programs are in line with the target description. (Evidence 2.2.1 - 2.2.4 relate to workshop programmes

). Lists of participants (Evidence 2.3.1) and issued individual certificates (Evidence within the package of 171 individual certificates issued) both confirm that the training programmes have been implemented.

The "Non-Legal Skills for Clerks at Courts and in Prosecution Offices" training programme focused on stress management, communication skills and IT skills for the targeted staff, as evidenced by education manuals for participants and trainers (Evidence 3.1.1 - 3.1.4). Specific workshop programmes further indicate the content of the training and also confirm that the training programs are in line with the target description. (Evidence 3.2.1 - 3.2.6 relate to workshop programmes). Lists of participants (Evidence 3.3.1 - 3.3.6.3) and issued individual certificates (Evidence 3.4.1- 3.4.6) both confirm that the training programmes have been implemented.

Promoting the rule of law and fundamental rights through high-quality education in the Croatian judiciary

The "Promotion of the Rule of Law and Fundamental Rights Through High-Quality Online Trainings in the Croatian Judiciary" training programme focused on six topics related to the rule of law and fundamental rights: Resolving conflicts between the right to freedom of expression (Article 10 of the European Convention on Human Rights, hereinafter referred to as "ECHR") and the right to private life (Article 8 of the ECHR), Rights of victims and injured parties, Ne bis in idem, Application of standards of independence and impartiality of courts and judges (Article 6 of the ECHR – civil law aspect), Content of the right to a fair trial (Article 6 of the ECHR and Article 47 of Charter of Fundamental Rights of the European Union), Application of the principle of proportionality in Article 1, Protocol 1 cases, as substantiated by training materials and education manuals (Evidence 4.1.1.1 - 4.1.6.4). Specific workshop programmes further indicate the content of the trainings and also confirm that the training programs are in line with the target description. (Evidence 4.2.1 - 4.2.7 relate to programmes). Lists of participants (Evidence 4.3.1 - 4.3.10) and issued individual certificates (evidence 4.4.1, 4.4.2, 4.4.3, 4.4.4 and 4.4.6, with certificates for workshops on Application of standards of independence and impartiality of courts and judges and Application of the principle of proportionality in Article 1, Protocol 1 cases are within the package of 171 individually issued certificates) both confirm that the training programmes have been implemented.

Due to a high interest of the participants among prosecutors, the workshop on Ne bis in idem was organised for two groups of participants (January 2023 and February 2023).

Specialised training programmes for insolvency judges and training courses for family law judges.

Specialised training programme for family law judges "Non-Legal Skills for Family Law Judges" focused on communication skills and time management specifically developed for judges dealing with first and second instance family law cases, as evidenced by education manuals for both trainers and participants. Workshop programmes further indicate the content of the trainings and confirm that the training programs are in line with the target description. (Evidence 5.2.1, 5.2.3. and 5.2.3 are workshop programmes, while manuals are Evidence 5.1.1-5.1.4). Lists of participants (Evidence 5.3.1, 5.3.2 and 5.3.3) and issued individual certificates (Evidence 5.4.1, 5.4.2 and 5.4.3) both confirm that the training programmes have been implemented.

The "Specialised Training Programme for Judges Adjudicating on Insolvency Cases" training programme focused on international insolvency proceedings, Avoidance action and Pre-bankruptcy proceedings for

the targeted judges, as evidenced by education manuals for participants and trainers. Specific workshop programmes further indicate the content of the trainings and confirm that the training programs are in line with the target description. (Evidence 6.2.1, 6.2.2 and 6.2.3 are workshop programmes, while manuals and training materials are Evidence 6.1.1.1 - 6.1.3.3). Lists of participants (Evidence 6.3.1, 6.3.2 and 6.3.3) and issued individual certificates (Evidence 6.4.1.1- 6.4.2.3, with certificated for workshops on international insolvency proceedings and partly on Avoidance action and Pre-bankruptcy proceedings are within the package of 171 individual certificates issued) both confirm that the training programmes have been implemented.

The numbers of workshops, participants and duration of workshops for the six newly developed training programmes are shown in the detailed overview table (Evidence 8).

Furthermore, all six training programmes have been incorporated into the Judicial Training Programmes of the Judicial Academy (Evidence 7.1.-7.4).

Commission Preliminary Assessment: Satisfactorily fulfilled

| | | |
|--|---|--|
| Number: 218 | M#218 - Related Measure: HR-C[C25]-R[R1]: Increasing the efficiency of the justice system to increase citizens' trust | |
| Name of the Milestone: Adoption of amendments to the legislative framework in the area of justice with the new Non-contentious Procedure Act. | | |
| Qualitative indicator: Entry into force of amendments to the Code of Civil Procedure, the Administrative Disputes Act, the Land Register Act, the Courts Act, the Area and Seat of Courts Act, the Notarial Act and the new Non-contentious Procedure Act. | Time: Q2 2023 | |
| <p>Context: The objective of the reform is to reduce backlogs and shorten court proceedings, focusing on transparency and efficiency of the justice system.</p> <p>Milestone #218 requires amending the Code of Civil Procedure, the Administrative Disputes Act, the Non-contentious Procedure Act, the Law on Notaries, the Land Register Act, the Courts Act and the Law on the Areas and Seats of Courts.</p> <p>Milestone #218 is the fifth milestone or target of the reform, and it will be followed by milestone #220 (New Framework Benchmarks for the work of judges adopted and an active judicial case management tool introduced), target #221 (Reduction of the duration of litigation and commercial cases), target #222 (Reduction of the total number of all pending cases) and target #223 (Decrease in the share of cases over 3 years old in total backlogs), related to the efficiency of the administration of the justice. The reform has a final expected date for implementation in June 2026.</p> | | |
| <p>Evidence Provided: In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled (Cover note). | | |

2. Amendments to the Code of Civil Procedure

- Copy of the publication of Adopted amendments to the Civil Procedure Act (Official Gazette, No. 80/2022) (evidence 1.1.) The Act is available on the link of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2022_07_80_1170.html

3. Amendments to the Administrative Disputes Act

- Copy of the Act on Amendments to the Act on Administrative Disputes (Official Gazette, No. 110/21) (evidence 2.1.) This document is available on the website of Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2021_10_110_1929.html
- A copy of the Rulebook on Electronic Communication (Official Gazette, number 139/21) This document is available on the website of Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2021_12_139_2346.html (evidence 2.2.)
- Decision establishing that the conditions for electronic communication in all administrative courts and the High Administrative Court of the Republic of Croatia has been adopted (document CLASS: 011-02/21-01/581, UR NO: 514-04-02-02/01-22-04) on March 21, 2022. This document is available on the website of the Ministry of Justice and Public Administration: https://mpu.gov.hr/UserDocImages/dokumenti/Odluka%20o%20ispunjenju%20tehnickih%20uvjeta_21%2003%202022.pdf (evidence 2.3.)

4. Non-contentious Procedure Act

- Copy of publication of the Adopted Non-contentious Procedure Act (Official Gazette, No. 59/2023) (evidence 3.1.) The Act is available on the link of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2023_06_59_996.html

5. Amendments to the Public Notary Act

- Amendments to the Public Notary Act (Official Gazette, No. 57/2022) were adopted by the Croatian Parliament on 13th May 2022. The Act entered into force on 28th May 2022. (evidence 4.1.) The Act is available on the link of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2022_05_57_807.html

6. Amendments to the Land Register Act

- On 21st October 2022, the Croatian Parliament adopted the Amendments to the Land Register Act (Official Gazette, No. 128/2022) (evidence 5.1.) The Act is available on the following link of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2022_11_128_1938.html

7. Amendments to the Courts Act

- Amendments to the Courts Act (Official Gazette, No. 21/2022) were adopted by the Croatian Parliament on 11th February 2022 (evidence 6.1.) The Act is available on the link of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2022_02_21_222.html.

8. Amendments to the Areas and Seats of Courts

- Amendments to the Areas and Seats of Courts Act (Official Gazette, No. 21/2022) were adopted by the Croatian Parliament on 11th February 2022 (evidence 7.1.) The Act is available

on the link of the Official Gazette: https://narodne-novine.nn.hr/clanci/sluzbeni/2022_02_21_223.html

Analysis:

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

I. Amendments to the Code of Civil Procedure

Amendments to the Code of Civil Procedure shall help to shorten court proceedings, speed up the resolution of disputes, reduce the flow of cases and reduce costs:

The Amendments to the Code of Civil Procedure (Official Gazette, No. 80/2022) were adopted by the Croatian Parliament on 1 July, published on 11 July and entered into force on 19 July 2022, on the eight day after its publication in the Official Gazette, in accordance with Article 111 of the Amendments to the Civil Procedure Act. Two subsequent amendments to this Act (Official Gazette, No. 114/2022, entered into force on 1 January 2023 in line with its Article 17, available on: https://narodne-novine.nn.hr/clanci/sluzbeni/2022_10_114_1713.html, and No. 155/2023, which entered into force on 30 December 2023 in line with its Article 7, available on: https://narodne-novine.nn.hr/clanci/sluzbeni/2023_12_155_2366.html) have no impact on the fulfilment of the milestone and measure description beyond what has been provided in paragraphs below.

The Amendments to the Civil Procedure Act establish a normative, technological and organisational framework with the aim of shortening court proceedings, speeding up the resolution of disputes, reducing the number of pending cases and reducing costs. With the amendments, a new work methodology in the conduct of court proceedings is established, the procedural discipline of all participants is strengthened, and the work of judges is facilitated with significant savings on working material, as further detailed below with references to specific provisions.

i) Amendments to help shorten court proceedings

Newly enacted provisions help shorten the duration of court procedures, as elaborated below. By prescribing the deadlines in which the first instance and second-instance courts must complete the procedure, and the deadlines in which the Supreme Court of the Republic of Croatia must make a decision on the proposal for permission to revise and on the decision on revision, all judges have a legal basis to influence the other participants of the court proceedings with their timely decisions and actions procedure. By amending the Act, specific deadlines for the completion of procedure are now prescribed within the law. It is stipulated thus that the first instance procedure must be completed within three years (Article 28, amending Article 185), the appeal within one year (Article 51, amending Article 348), the decision on the proposal to allow the revision must be made within six months (Article 67 of the Act, introducing new articles 389.a to 389.e), and the decision on the revision within two years (Article 68, amending Article 390).

Deadlines for completing the procedure are now also prescribed for procedures in small value disputes. In this way, the parties are able to exercise their rights guaranteed by the Constitution and the law in a better and faster way, especially in less complex cases. Small value disputes in the stage of first-instance resolution can last no longer than one year (Article 80, amending Article 461), while the Appeals Court in small value disputes must decide within six months (Article 87, amending Article 467).

The predictability of the duration of the proceedings is reinforced by the provisions that the preliminary hearing must be held within three months at the latest from the receipt of the response to the lawsuit (Article 38, amending Article 284), such as the expiration of the deadline for the response to the lawsuit, and by stipulating that the courts must hold the main hearing within six months after the conclusion of the preliminary proceedings (Article 42, amending Article 293).

In proceedings in small value disputes, presentation of evidence is mostly carried out by inspection of documents, and only exceptionally by hearing parties or witnesses. Therefore, stipulating the holding of hearings in this type of procedure only in exceptional cases influences the faster resolution of cases, the reduction of procedural costs, and the overall more efficient work of the courts (Article 81, amending Article 461a).

ii) Amendments to speed up the resolution of disputes

Article 29 deletes Articles 186.f and 186.g of the Civil Procedure Code so that the attempt to try to resolve the dispute peacefully shall not slow down and delay the ongoing litigation. This directly affects the dynamics of settling the civil proceedings, by enabling faster settlement as well as enabling the court to resolve the proceedings within the deadlines prescribed by the law.

In order to encourage a more proactive approach of the court to the resolution of cases and to afford the parties a sense of certainty and predictability of the course and conclusion of the procedure, Article 41 prescribes new Articles 292.a and 292.b, which introduce a Procedure management plan, a new procedural institute, adopted at the first preliminary hearing. Article 4 of the Amendments to the Civil Procedure Act (Official Gazette, No. 155/23) adds paragraph 6 to Article 292.a, which provides for further efficiency and speeds up the civil procedure by regulating that the court will pay due attention to adopt the plans so that they resolve procedures urgently when dealing with cases on contracts on lifetime or life support or any other procedures as prescribed by this or any other act.

Since effective planning of the procedure is possible only if written statements are included in the procedure management plan and uninvited and unannounced submissions of the parties are eliminated, to speed up resolution of disputes, the provision of Article 299.a has been amended (Article 44) and Article 277, paragraph 4, has been deleted (Article 37). With the new legal setup resulting from these amendments, the court can invite the parties to express themselves within a deadline that cannot exceed 30 days (Article 229.a paragraph 2). Submissions must be submitted to the court and to the opposing party no later than eight days before the hearing where they are to be discussed (Article 229.a paragraph 3). All submissions received contrary to the above or contrary to the procedure management plan will not be taken into account as a rule, unless the court deems it expedient (Article 229.a paragraphs 4-5).

iii) Amendments to reduce the flow of cases

The amendments improve the trial procedure institute (or “model dispute”, which are procedures that solve situations where the decisions concerning a large number of similar cases depend on the same legal issue vital for ensuring uniform application of law) which reduces the flow of cases by expanding the circle of authorised proposers, in addition to the court, to include parties or interveners based on whose proposal a session of the court department is scheduled (Article 90, amending Article 502.k). Notice of the submission of a request for holding a department session is published on the e-bulletin of the courts with an invitation to the parties and interveners from proceedings in which the decision

depends on the resolution of the same legal issue to express their opinion in writing within 30 days on the need to initiate trial proceedings. The Supreme Court of the Republic of Croatia is also informed about this, which shall submit a statement on proceedings in which the decision depends on the resolution of the same legal issue. The session of the court department discusses the statements and other facts with the provision of an advisory opinion, and if it decides to submit a proposal to initiate trial proceedings, the court submits the proposal with the case file to the Supreme Court of the Republic of Croatia with publication on the e-bulletin of courts website.

Article 93 (amending Article 502.m) regulates that the Supreme Courts' decision in the trial procedure on a legal understanding of an issue important for the uniform application of law must include an explanation, and that the explanation must take into account the statements given by the parties and other circumstances important for its decision-making, which improves both legal security and contributes to reducing the flow of future similar cases.

More recent amendments to the Civil Procedure Act (Official Gazette No. 155/23) stipulate in Article 1 (amending Article 186.d) that the court may, considering all facts, instruct the parties to participate in a mediation meeting or conduct mediation within 15 days. This instruction is strengthened by paragraph 9 which regulates that the party who is instructed to initiate mediation and does not attend the first meeting for the purpose of attempting mediation, loses the right to seek compensation for further costs of the proceedings before the court of first instance if there is no justified reason for the absence.

iv) Amendments to reduce costs

The amendments to the Civil Procedure Act expand the possibility of conducting hearings remotely and regulate in detail and normatively improve the provisions related to remote hearings. Provisions on remote hearings directly contribute to reducing the procedure cost for the participants, specifically, all costs incurred by the parties and their lawyers and other participants to physically appear before the court and participate in the court hearing.

In this regard, Article 11 (amendment to Article 115, paragraph 3) regulates in more detail the technical prerequisites that must be met to hold remote hearings, and the prerequisites for the court to decide to hold a hearing remotely (new paragraphs 5 and 6).

Also, administrative cost reductions are achieved by broadening the scope of the parties who participate in the proceedings using the verified/official online court information system, e-Communications, by expanding Article 4 (amendment to Article 34b), Article 10 (amendment to Article 106.a, paragraph 5) and Article 20 (amendment to Article 133, paragraph 5): the circle of mandatory e-Communications participants is further expanded. Savings are achieved both on the side of the parties and on the side of the court, and those savings refer to material costs related to the preparation of physical documents for the court, submission of letters to the court and delivery of letters to the parties and other participants in the procedure.

II. Amendments to the Administrative Disputes Act

Amendments to the Administrative Disputes Act **shall help to shorten court proceedings, speed up the resolution of administrative disputes, reduce the flow of cases and reduce costs:**

The Amendments to the Administrative Disputes Act (Official Gazette, No. 110/21) were adopted by the Croatian Parliament on 6 October, published on 13 October and entered into force on 21 October 2021, on the eight day after its publication in the Official Gazette, in accordance with Article 10 of the Amendments to the Administrative Disputes Act.

The Amendments to the Administrative Disputes Act prescribe the possibility that hearings in administrative disputes, which were normally held in the court building, be held remotely, with the use of appropriate audiovisual devices, or that certain evidence be presented in this way (Article 3 of the Amendments).

Delivery in administrative disputes has been accelerated through the prescription of mandatory electronic communication (e-Communication) for certain participants in administrative disputes, shortening the duration of disputes and speeding up court proceedings. This applies from 21 March 2022 when the Minister of Justice and Public Administration determined that the conditions were met in all administrative courts of the Republic of Croatia (Zagreb, Osijek, Rijeka and Split) and the High Administrative Court of the Republic of Croatia (Evidence 2.3.).

In particular, Article 5 paragraph 1 of the Amendments determines the obligation to submit documents in written or electronic form. In paragraph 6, the persons who are obliged to deliver the submissions in electronic form via the information system and to whom the delivery is made in such a way (those obliged to use e-Communication) are exhaustively listed. If persons obliged to use e-Communication do not submit a submission in electronic form, the court will order them to do so within 8 days. If they do not submit the submission in electronic form within a certain period, it will be considered that the submission has been withdrawn (Paragraph 7), which helps to reduce the case-flow if the obliged parties don't adhere to electronic communication. All these amendments help shorten the duration of disputes and hence speed up court proceedings.

Further provisions regulate the proceedings to maintain necessary safeguards for electronic communication entailed in judicial proceedings, including identification of parties (plaintiff and defendant) in Article 1, official electronic registration of a submission of the claim by the applicant to the court and recognition of the electronic signature (Article 2), delivery of case documentation by the court to different parties and modalities regarding confirmation of receipt and the assumption of receipt (Article 6, paragraphs 2, 4, 6 and 7), which also help shorten court proceedings.

Electronic delivery (e-Communication) of documents reduces costs for the parties in the proceedings of meeting the obligation of court submissions (Article 5 of the Amendments). Provisions on remote hearings (Article 3 of the Amendments) contribute to reducing the costs related to physical participation in a court hearing for the parties, their lawyers and other participants.

The four administrative courts and High Administrative Court of the Republic of Croatia entered the e-Communication system as a follow up to their entry into the eFile system (integrated court management system) in June 2021 (Amendments to the Ordinance on the work in the eFile system, Official Gazette, No. 70/21 https://narodne-novine.nn.hr/clanci/sluzbeni/2021_06_70_1347.html, entered into force on 28 June 2021). The introduction of e-Communication and e-File system in administrative courts improves the case-flow management of court cases, since the e-File system categorises the case by type and "weight" and then automatically and randomly allocates the case to a judge. Every action on the case by the judge's chamber, the registry or other administrative department of the court is registered in e-File in detail, which enables tracking of any case and case-related data in real time.

III. Non-contentious Procedure Act

The new Non-contentious Procedure Act was adopted, which facilitates citizens' access to courts, ensures quality and transparent redress and removes legal uncertainty:

The Croatian Parliament adopted the Non-contentious Procedure Act (Official Gazette, No. 59/2023) on 26 May 2023, and the Act was published on 2 June 2023. The Act entered into force on 10 June 2023, on the eighth day after its publication in the Official Gazette, whereas articles 52, 56(2), 110-116 entered into force on 1 September 2023, in accordance with Article 123 of the Non-contentious Procedure Act.

The new Act represents a general framework for non-contentious procedural law, which refers to legal proceedings of non-contentious nature.

i. Facilitating citizens' access to court

Article 1 prescribes that the Act regulates the rules based on which the court and public notary, when determined by this Act or another act containing provisions on non-contentious procedure, resolve non-contentious matters.

Article 10 stipulates that non-contentious proceedings are initiated by a party's proposal, and ex officio when it is prescribed by law. Allowing the parties to initiate proceedings facilitates citizens' access to court, with Article 5 also prescribing in detail the parties of non-contentious proceedings.

Article 9 stipulates that the court shall pay attention ex officio to any capacity deficiencies regarding the party and will resolve them taking special care that necessary measures do not cause damage to the party.

Article 15 prescribes the issue of instruction and assistance to an uneducated party, while Article 16 prescribes and ensures the implementation of the principle of hearing the parties.

Considering that within the framework of non-contentious proceedings it is necessary to ensure fast, high-quality, and efficient exercise of the rights of all citizens and to guarantee legal certainty, while at the same time relieving the courts, the Act entrusts the resolution of certain types of non-contentious proceedings to public notaries as court commissioners if the parties have submitted a proposal for a consensual arrangement of boundaries or a proposal for consensual separation of co-ownership (Article 52), or for the implementation of the procedure for declaring a missing person dead and proving death (Article 56, entrusting to a notary public whose seat is located in the area of the competent court).

Regulating the parties' right to present their case and assisting uneducated parties during the procedure, while also entrusting the public notaries for handling certain cases, facilitates the citizens in fulfilling their requests.

In relation to the digitisation of non-contentious proceedings and the use of electronic communication in non-contentious proceedings, Article 2 stipulates that the provisions of the law governing civil proceedings shall be applied in an appropriate manner to issues not regulated by the Act, unless the Act or another law containing provisions on non-contentious procedure does not stipulate otherwise. This provision, therefore, allows for electronic communication, which also facilitates citizens' access to court.

ii. Ensuring quality and transparent redress

Article 19 prescribes the holding of an oral hearing that is public, with certain exceptions. Article 23 lays down rules on evidence and Article 24 prescribes the application of the principle of free and conscious

assessment of evidence. Article 29 stipulates the possibility of determining temporary measures which contribute to quality redress.

The position of notaries public in non-contentious proceedings is regulated in Chapter III of the general provisions of the Act (Articles 49-53), which clarifies instances of original competence of notaries public when the procedure is initiated and carried out before a notary public or when the court competent to conduct first-instance non-contentious proceedings entrusts the notary public with the implementation of non-contentious proceedings, rules governing such procedures and lays down rules on appealing against public notaries' decisions, thus ensuring redress and also removing legal uncertainty.

Article 35 provides for the possibility of submitting a legal remedy against the decision of the first-instance court, while respecting the specificity of the purpose and goal of conducting non-contentious proceedings. The appeal procedure can even encompass an oral hearing (Article 41), and the provisions also allow for a revision of second instance decisions (Article 45).

iii. Removes legal uncertainty

Article 5 prescribes who the parties are in non-contentious proceedings. Article 6 prescribes the effects of the parties' actions in such a way as to ensure a more flexible and faster implementation of non-contentious proceedings, ensuring a high degree of legal certainty for the parties in the proceedings. The legal security of the parties is also ensured through Article 7, which concerns the issue of the procedural capacity of the parties and Article 9, which stipulates that the court shall pay attention *ex officio* to any capacity deficiencies regarding the party and will resolve them taking special care that necessary measures do not cause damage to the party.

Also, for the sake of legal certainty, further to the possibility of submitting an appeal as explained above (Article 35), Article 34 prescribes the temporary effects of the decision, so that the court can determine that the appeal does not delay the effect of the decision, including its enforceability, if it considers that this is necessary to prevent significant damage to one of the parties or the community.

Finally, special procedures are set out in five chapters within the second part of the Act: Chapter I Declaring a missing person dead and proving death, Chapter II Voluntary assessment and sale, Chapter III Court and notarial deposit, Chapter IV Judicial annulment (amortization) of documents and Chapter V Appointments, determination of terms and other actions. The regulation of these five types of special procedures within the Act further removes legal uncertainty as it makes their jurisdiction and procedure clear.

Taking into account all abovementioned provisions, the Non-contentious Procedure Act addresses the legal gaps and uncertainties stemming from the prior application of outdated or subsidiary provisions established within numerous special laws which has been the overriding practice thus far, resulting in legal uncertainty and lack of consistency in the application of the law. With the entering into force of this Act, provisions from acts stemming even from 1934 ceased to be in force (Article 122). By improving the general rules as well as providing a framework for special procedures, the Non-contentious Procedure Act therefore modernizes the non-contentious proceedings and organizes them in a way that provides citizens and business entities with quality and transparent legal protection.

IV. Amendments to the Public Notary Act

The Amendments to the Public Notary Act (Official Gazette, No. 57/22) were adopted by the Croatian Parliament on 13 May 2022, published on 20 May and entered into force on 28 May 2022, on the eight day after its publication in the Official Gazette, in accordance with Article 77 of the Amendments to the Public Notary Act.

The Public Notary Act was amended to modernise the business of notaries through ICT solutions:

The Public Notary Act regulates the organization, powers and manner of work of public notaries as a public service. The Amendments to the Public Notary Act (hereinafter referred to as "Amendments") were introduced primarily to modernize notaries' operations, in particular, the need to introduce notarial documents in electronic form, which was not available within the Public Notary Act before these Amendments (Official Gazette, No. 78/93, 29/94, 162/98, 16/07, 75/09, 120/16).

Articles 3 and 31 of Amendments (amending Article 3 and adding Article 52.a) refer to the introduction of the notarial documents in electronic form, compilation of notarial documents in electronic form is enabled for certain types of legal transactions or actions and includes the possibility of participation of parties through videoconference communication. Their provisions aim to balance the introduction of more efficient ways of working with the necessary safeguards to prevent misuse. Notaries are obliged to check the identity of the participants by using highly secure means of electronic identification and authentication, and may perform an additional identity check, as well as other necessary checks of the validity of the notary document. In case of doubt the notary public maintains the right to require physical presence of the participants when drawing up a notarial document (Article 52.a paragraph 3 and 4) and the rules on notarial documents in paper (physical) form are applied accordingly to the notarial document in electronic form (Article 52.a paragraph 5). The Amendments expressly prescribe that a notarial document drawn up in electronic form, signed with a qualified electronic signature of the participant and a notary public is equivalent in terms of its effects and legal force to a notarial document in paper (physical) form (Article 52.a paragraph 6).

The business of notaries is further modernised with the Amendments laying down that the Notary Chamber is obliged to maintain a unique electronic archive of all notarial documents in electronic form and the manner of access, management and use of the electronic archive of notarial documents in electronic form is determined by the Notary Chamber's special rules (Official Gazette, No. 87/2023, entered into force 5 August 2023, available on link https://narodne-novine.nn.hr/clanci/sluzbeni/2023_07_87_1367.html, (Article 30 of the Amendments to the Public Notary Act, adding -Article 50.a).

V. The Amendments to the Land Register Act

The Amendments to the Land Register Act (Official Gazette, No. 128/22) were adopted by the Croatian Parliament on 21 October 2022, published on 2 November and entered into force on 10 November 2022, on the eight day after its publication in the Official Gazette, except for its articles 10 and 11 which entered into force on 10 February 2023, in accordance with Article 38 of the Amendments to the Land Register Act.

The Act amending the Land Register Act for the electronic handling of cases and allowing for a more efficient redistribution of cases within the courts:

To ensure digitalisation of procedures and electronic case management and document collection in the land registers, Article 2 (amending Article 30, paragraph 1) stipulates the obligation to maintain the collection of deeds exclusively in electronic format. This expedites handling of land registry cases and allows parties to obtain electronic copies of the collection of deeds automatically, without the need for the involvement of the land registry staff.

Article 10 (amending Article 105) prescribes that the application for registration in the land registers must be submitted electronically through a notary or lawyer as mandatory users of electronic communication with the court via the Joint Information System of Land Registry and Cadastre (*hereinafter referred to as: "JIS"*). The corresponding State attorney's office is also an obligatory user of electronic communication with the court and independently submits the applications for registration electronically through the JIS. Additionally, after preparing a notarial deed, solemnization, or certification of signatures on a document, which serves as the basis for registration in the land registers, the notary is obliged to submit an application for registration in the land registers electronically. Furthermore, to ensure the conditions for the fully electronic handling of land registry cases, Article 10 stipulates that all submissions to the land registry court must be sent electronically via the JIS, and that any land registry submission not sent electronically via the JIS will be rejected.

The above amendments to the Land Register Act improve access to the courts, as the offices of notaries and lawyers are geographically distributed throughout the entire Republic of Croatia. Submitting proposals through notaries lowers court fees in comparison to direct submission to the court or by post, leading to a reduction in administrative burden.

Article 11 (amending Article 107) prescribes that regular land registry proceedings must be conducted in electronic format, and that the minister responsible for justice affairs shall decide that special land registry proceedings must also be conducted in electronic format, once the technical prerequisites are met and no later than one year from the date of entry into force of this Act, in accordance with Article 35, paragraph 3.

The amendments have introduced a new judicial function of the notary entitled "Public notary as court commissioner" (Article 20 amended Article 186) to regulate the procedure of assigning the tasks of land registry renewal or establishment to a public notary as a court commissioner. Cases are assigned to public notaries electronically (in line with Article 13, amending Article 137). If the task is assigned to a public notary, the procedures must be distributed evenly. Due to a higher workload of public notaries in certain court jurisdictions, the task can be assigned to a public notary from a different jurisdiction, subject to obtaining the opinion of the ministry responsible for judicial affairs.

Article 21 amends Articles 186, and 186a to 186i to help share the courts' workload with the notaries in selected tasks and lead to a more efficient redistribution of cases within courts, as further elaborated below. Furthermore, Article 25 (amending Article 199, paragraphs 4 to 7) enables the assignment of proceedings to a public notary related to the applications and objections, received within the correction period in the procedure of land registry establishment and renewal. In these proceedings, the public notary drafts decisions, and the final decision is made by the court.

Newly established electronic management of land registry cases enables easier redistribution of cases within courts with several land registry offices, but also between courts, which enables less burdened courts resolve the backlog of courts that at some point have an increased flow of files. Namely, as explained above, cases are no longer submitted in physical form to other land registry offices or courts for resolution, but all cases are in electronic form in the JIS, and are resolved within the system, regardless of which land registry office or court resolves them. These amendments directly enable speeding up of the procedure, faster and simpler redistribution and resolution of all cases, considering that all cases are conducted in electronic form, which was not the case until now (some of the cases were in physical and some in electronic form). In order to achieve completely digitised proceedings, Article 13 (amending Article 137, paragraph 8) stipulates that written communication from the court to

mandatory users of electronic communication with the courts, as specified in Article 105 of the Land Register Act, must be conducted electronically.

VI. The Amendments to the Courts Act and Law on the Areas and Seats of Courts

The Amendments to the Courts Act (Official Gazette, No. 21/2022) (*hereafter referred to as "Amendments"*) were adopted by the Croatian Parliament on 11 February 2022. The Act entered into force on 1 March 2022, except articles 5 and 24-32 which entered into force on 1 January 2023, in accordance with Article 38 of the of Amendments to the Courts Act. Two subsequent amendments to this Act (Official Gazette, No. 60/2022, entered into force on 27 March 2022, available on link https://narodne-novine.nn.hr/clanci/sluzbeni/2022_05_60_869.html, and No. 16/2023, entered into force on 13 February 2023, available on link https://narodne-novine.nn.hr/clanci/sluzbeni/2023_02_16_289.html) have no impact on the fulfilment of the milestone and measure description.

The Amendments to the Areas and Seats of Courts Act (Official Gazette, No. 21/2022) were adopted by the Croatian Parliament on 11 February 2022. The Act entered into force on 1 March 2022, in accordance with Article 6 of the Amendments to the Areas and Seats of Courts Act.

- i. **Amendments shall allow for the specialization of judges and the establishment of specialised family units in municipal courts, with a view to ensuring a more effective level of judicial protection for the most vulnerable social groups, children:**

With the aim of ensuring a more efficient and better provision of legal protection in family law cases the Courts Act prescribes the establishment of specialised judicial departments (units) in municipal courts determined by the law (meaning the Areas and Seats of Courts Act), in which only judges who meet special conditions, particularly relating to professional training can be assigned. The Amendments further stipulate that only judges that have strong inclination towards the upbringing, needs and well-being of children, possess fundamental knowledge in the field of social pedagogy, youth psychology and social work for youth and continuously conduct relevant specialised trainings can be assigned to work on family law related cases, meaning in specialised family departments. These judges are appointed by the president of the Supreme Court of the Republic of Croatia for a period of five years, and after the expiration of this time they can be reappointed (Article 7 of the Amendments, amending Article 37, paragraphs 8, 9 and 10). Additionally, state officials will be assigned to work on family law related cases, which further ensures a more effective level of judicial protection for the most vulnerable social groups and children.

Amendments to the Areas and Seats of Courts Act were made primarily to ensure more effective family law protection, especially child protection, and to change the jurisdiction of county courts to decide on appeals against decisions of all municipal courts in civil cases.

In line with amended provisions of the Courts Act explained above, Article 1 of the Amendments to the Areas and Seats of Courts Act (amending Article 2) refers to the establishment of the specialised judicial departments for dealing with cases according to the law governing family relations in municipal courts in the seats of county courts and the Municipal Court in Novi Zagreb by granting them exclusive jurisdiction for those cases.

The municipal courts in the seats of county courts and the Municipal Court in Novi Zagreb are prescribed as competent to decide cases in accordance with the law governing family relations. In total, there are 16 courts competent to decide cases in accordance with the law governing family relations.

The establishment of specialised court departments in certain municipal courts is found as the most balanced solution between the request to ensure the availability of courts and the request to ensure better quality and more effective legal protection in the field of civil litigation in family cases.

- ii. **Amendments shall revise the conditions for providing expertise and interpretation, of which the system of compulsory professional training will be an important feature. Competence to decide status issues shall be transferred from the courts to the Ministry of Justice and Public Administration and the system of oversight and accountability strengthened:**

The conditions for appointment and performing duties of court interpreters and experts were revised, while the obligation of professional training for court experts and interpreters is entrusted to their professional associations. Articles 26 and 27 of the Amendments to the Courts Act for court interpreters, and Articles 29 to 31 for court experts, refer to conditions for appointment and providing expertise and interpretation, requiring that both categories must complete specialised trainings in respective professional associations before being appointed (articles 26 and 29 respectively).

Deciding on status issues of permanent court experts, assessors and interpreters is entrusted to the Minister responsible for judiciary affairs (Article 27, adding Article 124.c) for court interpreters and Article 31 (adding Article 127) for court experts. Therefore, instead of county and commercial courts dealing with status issues, which generated uneven practices and caused burden, with the amendments the Minister responsible for judiciary affairs has the competence to decide on status issues. Additionally, both articles stipulate that the Ministry establishes and publishes unique registers of appointed court experts and interpreters, which facilitate its supervisory powers. The said amendments also strengthen accountability and oversight with amended provisions on conditions for appointment, temporary suspension and dismissal of court interpreters (articles 26 and 27) and court experts (articles 29, 30 and 31).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 219 | T#219 - Related Measure: HR-C[C25]-[R1]: Increasing the efficiency of the justice system to increase citizens' trust | | |
| Name of the Target: Set up four mediation centres at commercial courts in Zagreb, Split, Osijek and Rijeka and adopted amendments to the Mediation Act | | | |
| Quantitative Indicator: Number | Baseline: 0 | Target: 4 | Time: Q2 2023 |
| Context: The objective of the reform is to reduce backlogs and shorten court proceedings, focusing on transparency and efficiency of the justice system. Target #219 requires amending the Mediation Act to further promote voluntary mediation in litigious cases and administrative disputes, reducing case length and costs, and to set up and enter in operation four mediation centres in Zagreb, Split, Osijek and Rijeka. | | | |

Target #219 is the sixth milestone or target of the reform, and it will be followed by milestone #220 (New Framework Benchmarks for the work of judges adopted and an active judicial case management tool introduced), target #221 (Reduction of the duration of litigation and commercial cases), target #222 (Reduction of the total number of all pending cases) and target #223 (Decrease in the share of cases over 3 years old in total backlogs), related to the efficiency of the administration of the justice. The reform has a final expected date for implementation in June 2026.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

1. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled (Cover note).
2. **Act on Peaceful Resolution of Disputes**
 - 1.1. Copy of the publication of the adopted Act on Peaceful Resolution of Disputes. The Act is available on the link of the Official Gazette (No. 67/2023): https://narodne-novine.nn.hr/clanci/sluzbeni/2023_06_67_1099.html
 - 1.2. Copy of the publication of Adopted Ordinance on Mediation Institutions. The Ordinance is available on the link of the Official Gazette (No. 100/2023): https://narodne-novine.nn.hr/clanci/sluzbeni/2023_08_100_1463.html
 - 1.3. Copy of the publication of Adopted Ordinance on the Register of Mediators. The Ordinance is available on the link of the Official Gazette (No. 100/2023): https://narodne-novine.nn.hr/clanci/sluzbeni/2023_08_100_1462.html
3. **Centre for Peaceful Resolution of Disputes and its four branches in Split, Rijeka and Osijek fully operational**
 - 2.1. Decision on the establishment of the Centre and its four branches in Split, Rijeka and Osijek
 - 2.2. Decision on registration of the Centre in the Court Register
 - 2.3. Announcement on Assignment of an identification number by the Central Bureau of Statistics
 - 2.4. Approval of the Ministry of Justice and Public Administration for making a seal
 - 2.5. Decision of the Government on the appointment of members of the Centre's Management Council
 - 2.6. Rules of Procedure of the Management Council
 - 2.7. Statute of the Centre for Peaceful Resolution of Disputes
 - 2.8. Rulebook on Internal Organization of the Centre
 - 2.9. Rulebook on the Centre's Implementation of Simple Procurement Procedures
 - 2.10. Amendments to the Regulation on job titles and job coefficients in public services
 - 2.11. Call for Expressions of Interest for employment by (internal) transfers to the Centre (Secretariat and Accounting department – 5 positions)
 - 2.12. Agreements on permanent and temporary transfers of civil servants to the Centre – 2 positions

- 2.13. Public tenders for recruitment of heads of regional branches and head of accounting department – 4 positions
- 2.14. Employment contracts for heads of regional branches in Split, Rijeka and Osijek
- 2.15. Service contracts – 4 executors (financial and administrative services)
- 2.16. Agreement on the provision of IT equipment between the Ministry of Justice and Public Administration and the Centre
- 2.17. Assignment of IT equipment to the Centre – Certificate of completion by contractor
- 2.18. Decisions on registration of mediators and other acts according to Article 6 of the Act
 - 2.18.1. Issued by the Centre in Zagreb
 - 2.18.2. Issued by the regional branch in Split
 - 2.18.3. Issued by the regional branch in Rijeka
 - 2.18.4. Issued by the regional branch in Osijek
- 2.19. Meeting on peaceful resolution of disputes organized for all mediation institutions by the Centre
- 2.20. Round table on mediation
- 2.21. Ministry of Justice and Public Administration Report justifying how the four mediation centres have been set up and are fully functional
- 2.22. Annual training plans for 2024
- 2.23. Certificate by the Mediation Centre Head

Analysis:

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

Amendments to the Mediation Act that shall further promote voluntary mediation in litigious cases and administrative disputes, reducing case length and costs:

On 7 June 2023, the Croatian Parliament adopted the Act on Peaceful Resolution of Disputes (*hereinafter referred to as "Mediation Act"*), which was published in the Official Gazette (No. 67/2023) on 21 June 2023. The Mediation Act entered into force on 29 June 2023, on the eighth day after its publication in the Official Gazette, in accordance with Article 33, except for Articles 7 and 8, Article 9 (3, 4), Article 10(3), and Article 19(2), which entered into force upon the beginning of the work of the Centre for Peaceful Resolution of Disputes, established on 24 July 2023.

The Council Implementing Decision required the existing Mediation Act to be amended. Instead of amending the existing Mediation Act, the authorities opted to repeal the Mediation Act (Official Gazette, No. 18/2011, available on link https://narodne-novine.nn.hr/clanci/sluzbeni/2011_02_18_310.html) and adopt a new legislative act that replaces it (Article 32). Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, it does not change the nature of the measure and does not affect the progress towards achieving the reform that the milestone represents, considering the scope and content of the interventions envisaged in the legal framework with the aim of achieving the best solutions to strengthen mediation in civil and administrative disputes, regulating new institutes and creating the framework for establishing the central mediation centre, the new Mediation Act. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled. The new Mediation Act prescribes the scope of application of the Act in Article 1 to peaceful resolution of disputes in civil, commercial, labour, family, administrative and other disputes regarding rights that the parties can

dispose of freely. In this way, in addition to the explicit introduction of voluntary mediation in administrative disputes, which was not the case in the general provisions of the previous Mediation Act, the area of peaceful dispute resolution is further broadly defined by the Mediation Act in the sense that it includes mediation, legally regulated negotiations and other alternative dispute resolutions, which further promotes mediation in both litigious cases and administrative disputes.

Article 3 prescribes that the purpose of the Act is to create conditions for the amicable resolution of disputes, to avoid unnecessary initiation of court proceedings, and to ensure a balanced relationship between the peaceful resolution of disputes and court proceedings. The same article stipulates that, to achieve this aim, the use of procedures for the peaceful resolution of disputes and training of mediators shall be encouraged, and information about these procedures, including information about institutions and mediators, shall be published through the means of public communication, electronic and other media.

To further promote voluntary mediation, Article 9 extends the duty to attempt a peaceful settlement of the dispute before filing a lawsuit in civil proceedings for compensation of damages, except for proceedings for compensation of damages from the employment relationship and further reasonable exceptions regulated in paragraphs 5 and 6. Since in civil proceedings, most court settlements are concluded in proceedings for compensation of damages, the Act directs parties to attempt to conclude a settlement before filing a lawsuit, thus preventing the occurrence of litigation costs and reducing the case length.

Article 10(1) stipulates that, if the parties do not try to resolve mentioned civil disputes amicably, the court shall refer the parties to an informative meeting on mediation within 15 days. Article 10(5) allows courts dealing with any type of case (including administrative disputes) to instruct parties to conduct an informative meeting on mediation, initiate mediation or any other action to settle the dispute peacefully. The purpose of the informative meeting is to, in the presence of a mediator, familiarise parties with all advantages of mediation, to encourage parties to communicate on dispute and facts, to encourage them to peacefully resolve the dispute and participate in the mediation, and to narrow down the disputed issues to those that should be decided in civil proceedings, if the attempt to resolve the dispute peacefully is unsuccessful. If the parties voluntarily decide on mediation after the informative meeting, it must be completed within 60 days, thus reducing costs and case length.

In the Croatian legal system, mandatory mediation is prescribed in certain cases (such as the Labour Act), but the Mediation Act is not extending mandatory mediation to other procedures, rather it directs parties to voluntarily initiate mediation and other forms of peaceful dispute resolution. The duty to try to settle disputes peacefully before starting civil litigation for compensation of damages does not prevent parties from exercising their right to access the court. The court will not dismiss the claim if the parties did not try to settle the dispute peacefully before starting litigation. The regulation of such an attempt to resolve disputes peacefully is aimed at achieving a legitimate general goal, namely faster and cheaper resolution of disputes and relief of the courts.

Therefore, the relief of the courts is achieved by reducing the number of cases in such a way that the parties will resolve their disputes without initiating court proceedings or, during the court proceedings, by ending the proceedings more quickly, which also affects the amount of the cost of the proceedings in such a way that the costs decrease or do not even occur.

To support voluntary mediation, the Mediation Act clearly defines the rules of mediation. Concretely, Article 14 regulates the appointment of a mediator, Article 15 the obligations of a mediator, Article 16 the method of conducting mediation, Article 17 the meetings between the mediator and the parties, Article 18 the mediator's right to propose a settlement, Article 20 the effects of the settlement, Article

21 confidentiality, Article 22 the admissibility of evidence, Article 23 the incompatibility of the mediator's function, and Article 24 the effect on statute of limitations and deadlines for filing a lawsuit. These provisions regulate issues that are important to strengthen the voluntary mediation and encourage the parties to choose mediation to resolve their dispute peacefully, timely and cost effectively.

In line with abovementioned provisions, the Act further promotes voluntary mediation, which results in having a positive effect on reducing the duration and costs of the procedure.

Four mediation centres shall be set up and enter in operation in Zagreb, Split, Osijek and Rijeka, where mediators shall be trained and mediation procedures conducted. The central centre in Zagreb and the regional centres in Split, Osijek and Rijeka shall be located in the same place as the commercial courts, the High Commercial Court of the Republic of Croatia, and it shall be possible to provide the necessary professional support to the parties.

Pursuant to Article 6(6) of the Mediation Act, the Centre for Peaceful Resolution of Disputes in Zagreb (*hereinafter referred to as "the Centre"*) and three regional branches in Rijeka, Osijek and Split (*hereinafter referred to as "regional centres"*) were established by a decision of the Ministry of Justice and Public Administration adopted on 24 July 2023 (*hereinafter referred to as "Decision", evidence 2.1. Decision on the establishment of the Centre*). By this Decision, an Acting director of the Centre has been appointed on 24 July 2023. Pursuant to Article 17 of the Decision, the Acting director is responsible for performing preparatory actions for the beginning of the work of the Centre, as well as for applying for the Centre's registration in the Court Register.

The Acting director of the Centre carried out the first necessary actions for the start of the Centre's business, namely:

- Registration of the Centre in the Court Register as a legal entity (*evidence 2.2. Decision on the registration of the Centre in the Court Register*)
- Classification of a business entity and issuing of a personal identification number to the Centre (*evidence 2.3. Announcement on Assignment of an identification number by the Central Bureau of Statistics*)
- Making of a seal (*evidence 2.4. Approval of the Ministry of Justice and Public Administration for making a seal*)

Pursuant to Article 7 of the Decision, the Centre is managed by the Management Council, which has five members appointed by the Government of the Republic of Croatia on 23 September 2023, (*evidence 2.5. Decision of the Government on the appointment of members of the Administrative Council*). The first session of the Management Council was held on 2 October 2023, and adopted:

- Rules of Procedure of the Management Council (*evidence 2.6.*)
- Statute of the Centre for Peaceful Resolution of Disputes (*evidence 2.7.*)
- Rulebook on Internal Organization of the Centre for Peaceful Resolution of Disputes (*evidence 2.8.*)
- Rulebook on the Implementation of Simple Procurement Procedures (*evidence 2.9*)

At the session held on 7 September 2023, the Government of the Republic of Croatia adopted the Amendments to the Regulation on Job Titles and Job Coefficients in Public Services, which provides for the positions of the Centre's director and the Centre's secretary as special positions in the Centre for Peaceful Resolution of Disputes (*evidence 2.10. Amendments to the Regulation on job titles and job coefficients in public services*).

To perform financial and accounting tasks for the Centre, a Service contract was concluded on 12 September 2023 with 4 executors, temporarily until such time that the employment tenders are concluded, and the Centre is fully staffed (*evidence 2.15. Service contract*).

The Centre completed public tenders for three heads of regional centres in Osijek, Rijeka and Split in the Official Gazette in November 2023 (*evidence 2.13. Public tender - Heads of regional centres and accounting department*) and the heads of regional centres have been employed (*evidence 2.14. Employment contracts for heads of regional branches in Split, Rijeka and Osijek*). On 11 October 2023, the Ministry of Justice and Administration published a Call for Expressions of Interest for permanent and/or temporary transfer of civil servants to the Centre for Peaceful Resolution of Disputes to fill five working positions (*evidence 2.11. Call for Expressions of Interest*). Following the Call, the Centre has arranged for transfers of two civil servants which are employed in Centre since November 2023 (*evidence 2.12. Agreements on Transfer of Civil Servants*).

Pursuant to Article 6(7) of the Mediation act and Article 12 of the Decision, funds for the establishment and operation of the Centre are provided in the State budget of the Republic of Croatia. Premises, equipment, and funds for the start of the Centre's work are provided by the founder, the Ministry of Justice and Public Administration (*evidence 2.16. Agreement on the provision of IT equipment between the Ministry of Justice and Public Administration and the Centre and 2.17. Assignment of IT equipment to the Centre – provided as certificate of completion*).

The Center's website (www.cmrs.hr) is active where all relevant information is published, most importantly the Registry of Mediators and the Registry of Mediation Institutions, which are regularly updated by the Centre, as well as the list of other institutions that conduct mediation.

According to the Statute of the Centre adopted in October 2023 (*evidence 2.7. Statute of the Centre for Peaceful Resolution of Disputes*) four mediation centres have been set up in Zagreb, Split, Osijek and Rijeka, where mediators are trained, and mediation procedures conducted, providing the necessary professional support to the parties. The Centre's central branch is located in Zagreb at the High Commercial Court of the Republic of Croatia. The three regional centres in Split, Osijek and Rijeka are located in the same place as the commercial courts in those cities (Article 11 of the Statute of the Centre for Peaceful Resolution of Disputes), while Article 9 of the Rulebook of the Centre regulates the jurisdiction of the three regional centres (*evidence 2.8 Rulebook on Internal Organisation of the Centre*).

As regards the operations of the Centre and its three branches, they maintain and regularly update the Registry of Mediators and the Registry of Mediation Institutions. Since it entered into operation, the Centre has issued a number of decisions on the registration of mediators in the Register of Mediators and two consents to institutions for the peaceful resolution of disputes (*evidence 2.18. Decisions on registration of mediators and other acts according to Article 6 of the Act*).

To provide necessary professional support to the parties, the Centre was given access to statistical reports from eSpis (integrated court management system in courts) for monitoring the records of peaceful dispute resolution procedures conducted before the courts. The Centre has also been given access to the records of the Ministry of the Interior, given that the parties, in accordance with the Mediation Act (Article 9(3-4)), can contact the Centre to obtain the address of the opposing party to deliver notices and proposals (*evidence 2.21. Ministry of Justice and Public Administration Report, page 3*). Furthermore, the Mediation Act regulates that the Centre (and regional centres) can conduct informative meetings on mediation and mediation, if the parties cannot agree on the number or person

or persons of the mediator, appoint a mediator, the mediation institution or a third party (Article 6 of the Mediation Act). The Mediation Act also regulates that the Centre can conduct specialised trainings for mediators, either independently or jointly with mediation institutions (Article 6). In line with this, all mediation institutions were invited and attended a training at the Centre (*evidence 2.19. Meeting on peaceful resolution of disputes organized for all mediation institutions*). Furthermore, members of the Centre also participated in a roundtable discussion on alternative dispute resolution organized by the Croatian Chamber of Crafts (*evidence 2.20. Round table on mediation*), which also served as a training for interested stakeholders. Annual training plans and a certificate by the Centre Head further confirm that all four centres provide the possibility and are ready to conduct trainings for mediators and mediation procedures, as well as demonstrating that the centres offer such trainings in 2024 (*evidence 2.22. Annual training plans for 2024 and 2.23. Certificate by the Mediation Centre Head*).

Thus, the Centre and its branches are fully functional and stand ready to provide the necessary professional support to the parties interested in any aspect of the peaceful resolution of disputes which are in the competence of the Centre as prescribed by Act. Additionally, a Report by the Ministry of Justice and Public Administration was provided to further justify how the four mediation centres have been set up and explain their complete functionality (*evidence 2.21. Ministry of Justice and Public Administration Report*).

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 257 | M#257 - Related Measure: HR-C[C29]-R[R1]: Continuous provision of public procurement training | |
| Name of the Milestone: Amendment to the Rules on training in public procurement | | |
| Qualitative Indicator: Entry into force of the amendments to the Rules on training in public procurement | | Time: Q1 2023 |
| <p>Context:</p> <p>The measure aims to improve the public procurement training system by developing new tools to acquire theoretical and practical knowledge, professional skills and competences for professional, cost-effective, efficient and effective implementation of public procurement procedures at all levels.</p> <p>Milestone #257 concerns the entry into force of the amendments to the Rules on training in public procurement by Q1 2023. It aims to build on a comprehensive approach to strengthening the competitiveness of stakeholders in the public procurement system.</p> <p>Milestone #257 is the second milestone of the reform, and it follows the completion of milestone #256, related to the development and publication of guidelines on the Public Procurement Portal to further encourage the involvement of SMEs in public procurement procedures. This milestone will be followed by milestones #258 concerning the integration of a tailored framework for continuous training of procurement officers under ProcurCompEU into the mandatory training and certification scheme for public procurement. The reform has a final expected date for implementation by 31 December 2023.</p> | | |
| <p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> | | |

1. **Summary document** duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled (Cover note).
2. **Copy of the Ordinance on training in public procurement (Pravilnik o izobrazbi u području javne nabave)** Published on 21 December 2023 in Official Gazette, No. 154/2023, and entered into force on 1 January 2024, as indicated in article 47) https://narodne-novine.nn.hr/clanci/sluzbeni/2023_12_154_2317.html.

The authorities also provided

- i. Copy of the Zakon o javnoj nabavi (Published on 21 December 2016 in the Official Gazette, No. 120/16 and entered into force on 1 January 2017 as indicated in Article 452).
- ii. Copy of the Zakon o izmjenama i dopunama zakona o javnoj nabavi (Published on 3 October 2022 in the Official Gazette, No. 114/22 and entered into force on the eighth day following its publication in Narodne Novine as indicate in article 26).
- iii. 2023-06-26 Clarification received by email – Ares(2024)949951 – elaborating on the rationale to adopt a new Rulebook instead of amending the existing rules

Analysis:

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

The legislative framework on trainings in public procurement shall be amended.

Croatia adopted a fully new legislative framework. During the exchange held with the Croatian authorities (email of 26 June), the authorities explained to the Commission that, due to the large number of changes to the provisions of the Rules on training in public procurement in force (Official Gazette, No. 65/17), Croatia has decided to adopt a new Ordinance. Therefore, the Croatian authorities, provided a copy of the new Ordinance on training in public procurement (Pravilnik o izobrazbi u području javne nabave, Official Gazette, No. 154/2023, hereinafter referred to as “Ordinance”), which includes provisions related to the requirements of the Council Implementing Decision and the date of entry into force.

In addition, the Croatian authorities also provided a copy of the Law on Public procurement (Official Gazette, No. 120/16), including its recent amendments (Official Gazette No. 114/22), as legal bases for certain parts of the Ordinance. This Law includes provisions for the mandatory training and certification of members of the public procurement procedure selection boards, thus relating to the milestone requirement of mandatory trainings as elaborated in the analysis section below.

According to Article 1 of the Ordinance, the new rules “...lay down the training programme, the planning, the manner the training is to be conducted, how to issue and renew certificates and other relevant issues relating to public procurement training.” effectively providing the new legal basis for carrying out trainings in public procurement.

The Ordinance is divided into 9 parts and contains 47 articles and four annexes. Specifically, section three (Specialist training programme in the field of public procurement) and section four (Professional training) include dedicated provisions on the approach to strengthen competences in the field of public procurement.

i.) establishing a curriculum for Upskilling Programmes, defining the competences, and learning objectives:

Pursuant to Article 2, point 3 of the Ordinance, training is the acquisition of knowledge, skills and competences in the field of public procurement, for the purpose of effective implementation of public procurement procedures at all levels and consists of a specialist training program and a professional training program.

Annex 2 of the Ordinance establishes the curriculum for upskilling programmes, with a detailed list of subjects and learning objectives (such as public procurement principles, preventing corruption and ethics, market research and sustainable public procurement), to support individuals and organisations in identifying relevant training programme for upskilling and developing their competences further or developing new competencies. Annex 2 of the Ordinance sets out the goals of the curriculum through identifying the competences to be achieved through the specific training programme. These include, but are not limited to, understanding of conditions and reasons to be met to be able to award a decision, knowledge of the system of redress, techniques and instruments for electronic and aggregated public procurement, analysis and evaluation skills.

The documentation provided by the Croatian authorities, notably the Ordinance demonstrates that the rules introduced include the establishing of a curriculum for Upskilling Programmes (Annex 2 of the Ordinance). In this regard, Article 13, (1)(2) prescribes that the specialist training programme must be conducted according to the curriculum indicated in Annex 2 for a duration of 50 teaching hours.

Article 27(1) stipulates that, through professional training program, existing and new knowledge needed in the field of public procurement is improved and the skills that public procurement experts should have, are strengthened. Paragraph 2 of the same article states that the levels of the professional development programme are: basic, intermediate, advanced and qualified.

ii) integrate ProcurCompEU, into the mandatory training and certification scheme for public procurement.

Article 197 (4) of the Law on Public Procurement , provides that at least one member of the Public Procurement Expert Group, appointed by the contracting authority before the launch of a procurement procedure, must be in possession of a valid certificate in the field of public procurement. This requirement makes the training and certification scheme mandatory for all public procurement procedures. According to Articles 2, 4 and 5 of the new Ordinance on training in public procurement, this certificate can be obtained upon completion and passing of the examination of the mandatory training curriculum. The completion of training is also a mandatory condition in case of renewal of a certificate.

The integration of ProcurCompEU into the mandatory training has been realised by introducing dedicated articles and provisions concerning the most important elements of the ProcurCompEU package, which support the development of the certification scheme, to ensure the comprehensiveness of the curriculum and to target the right proficiency levels for different competencies.

In particular, the new Ordinance enables integrating the ProcurCompEU tool into Croatian training in public procurement by providing levels of expertise and expanding the list of possible education topics (articles 27, 30, 41), as well as allowing for a better harmonisation of the provisions with the e-Education application, used for the aforementioned certification.

Specifically:

- Article 41 contains provisions on the role of ProcurCompEU within the overall training programme, setting out the rules to be respected by training providers. In particular, in accordance with Article 41(5), training providers shall include, to the fullest extent possible, ProcurCompEU adapted to the Croatian public procurement training system, in order to professionalise public procurement experts and implement training programmes for a given skill level.
- Article 27(2) introduced four proficiency levels for professional training programs: basic, intermediate, advanced, and expert:
- Article 28 contains provisions laying down the rules for identifying and demonstrating professional training.
- Article 30, paragraph 3, stipulates that the content of the professional training program refers to various aspects in the field of public procurement, with a mandatory link to one of the topics from the ProcurCompEU competence framework listed in Annex 3 of the Ordinance.
- Article 42 contains provisions related to qualitative assessment of training.

According to Article 4 (1)(2), the certificate shall be issued to trainees on the basis of a written examination of the Specialist Training Programme in Public Procurement and it shall be issued for a period of three years.

Pursuant to Article 5 (2) the certificate shall be renewed for those certificate holders who have completed 32 hours of professional development during the period of validity of the certificate.

iii) The amendment to legislative framework shall also provide a requirement to conduct a qualitative assessment of the trainings.

The Ordinance contains provisions to conduct a qualitative assessment of the trainings.

According to Article 14 (7), trainees are required to fill in e-Training, the qualitative assessment form provided by the Training Scheme. Article 42 provides that following each training/training programme, students are obliged to fill in the questionnaire (set in Annex 4 of the Ordinance) anonymously in e-Education. The questionnaire for the qualitative assessment aims to obtain information on the quality of the organisation and content of the programme, as well as on the teachers themselves, with the aim of further professionalising public procurement experts.

Pursuant to Article 41 (6), the public procurement policy authority shall aggregate the results of the self-assessment and publicly present them at two-year intervals in order to provide a clear overview of the areas where further training programmes are needed in the system and to identify the real training needs of beneficiaries in the field of public procurement.

According to paragraph 2 of Article 42 *“On the basis of the analysis of the completed questionnaires and the results of the self-assessment referred to in Article 41(6) of these Rules, the authority responsible for public procurement policy shall publish the results of the analysis on the Public Procurement Portal in order to provide training holders with an overview of the topics listed in Annex 3, which need to be*

further strengthened with a view to strengthening the competence of stakeholders in the field of public procurement.

Based on the results of the organisational assessment and strategic priorities, priority shall be given to trainings that can provide the greatest impact in achieving objectives such as integrity and transparency issues, proper planning of procedures, fair and open technical specifications, clear selection and evaluation criteria for tenders, contract management and amendments.

In the frame of milestone #259, submitted and assessed as satisfactory fulfilled under the third payment request, a thorough workload assessment was carried out including an independent analysis and concrete recommendations to improve the burden management of all staff in the three key institutions by analysing historic trends in workload, developing training needs and providing an action plan to address these needs. The action plan identifies the organisational needs and strategic priorities for trainings for each of the key institutions involved in the management of public procurement in Croatia and is therefore considered as the basis for the organisational assessment and setting of strategic priorities and defining the most needed trainings.

Furthermore, building on the aforementioned assessment, point 7 of Annex 2 on the '*Procurement Training Programme*' curriculum includes a list of teaching topics, which are in line with the topics set out in the Council Implementing Decision as having the greatest impact. These include topics on "transparency issues, planning of procedures, selection and evaluation criteria for tenders, contract management and amendments".

The Ordinance provides that the public procurement policy authority shall aggregate the results of the self-assessment and publicly present them at two-year intervals. These shall provide a clear overview of the areas where further training programmes are needed in the system and of the real training needs of beneficiaries in the field of public procurement. Pursuant to Article 42, on the basis of the analysis of the completed questionnaires and the results of the self-assessment referred to aforementioned Article 41 (6), the authority responsible for public procurement policy shall publish the results of the analysis on the Public Procurement Portal in order to provide training holders with an overview of the topics listed in Annex 3, in order to strengthen the competence of stakeholders in the field of public procurement.

Furthermore, in line with the description of the measure, **as defined in the measure description, the tools introduced by the Ordinance (qualitative assessment, curriculum, list of thematic developments) will contribute to its improvement, in particular to the acquisition of theoretical and practical professional knowledge, skills and competences for professionals, while also developing comprehensive learning and training programmes.**

Specifically, the integration of ProcurCompEU under Article 41, and the use of the competence framework helps improve quality and administrative capacity and provides benefits for individuals and procurement stakeholders.

The result of the qualitative assessment analysis, which public procurement authorities shall publish on the Public Procurement Portal, enables training providers to further strengthen the skills of stakeholders in the field of public procurement.

The training programme curriculum set out in Annex 2 assists individuals and organisations to identify relevant trainings to further develop or improve their skills about specific themes and learning objectives.

Furthermore, the professionalisation of the procurement workforce through upskilling in a comprehensive approach including, inter alia, a continuous updating of the list of topics on the basis of the qualitative assessment of training referred to in Article 42 will contribute to increasing the overall efficiency of public spending.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 267 | M#267 - Related Measure: HR-C[C31]-R[R1]: Structural reform of the education system | |
| Name of the Milestone: Adoption of the Model for the Financing of Early Childhood Education and Care | | |
| Qualitative Indicator: Entry into force of the ECEC funding model | | Time: Q1 2023 |
| <p>Context: Milestone #267 is part of reform C3.1 R1, which aims to support access to education, as well as its quality, at all levels of education. The reform consists of four sub-sets of measures, relative to early childhood education and care (ECEC), primary schools, secondary schools, and adult education respectively, and is supported by three investments (C3.1 R1-I1, C3.1 R1-I2 and C3.1 R1-I3).</p> <p>Milestone #267 relates to the first sub-set of measures, which aims to improve access to ECEC for children from the age of three until starting primary education. It requires the Croatian Government to adopt a model for financing the operating costs of ECEC facilities for municipalities/local government units with less financial capacity, to ensure the sustainability of investment C3.1 R1-I1 after the renovation of existing ECEC facilities and the construction of new ones.</p> <p>Milestone #267 is the third milestone of the reform, and it follows the completion of milestone #265 and #266, related to the adoption of the revised adult learning legal framework and the comprehensive analysis of secondary education needs, respectively. It will be followed by milestone #268 and target #269, related to the adoption of the amendments for a full-day teaching model, and increased participation in ECEC. The reform has a final expected date for implementation by 31 December 2023.</p> | | |
| <p>Evidence provided: In line with the verification mechanism set out in the Operational Arrangements, Croatia provided the following evidence:</p> <ol style="list-style-type: none"> 1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled (Cover note); 2. Regulation on criteria and standards for determining the allocation for the fiscal sustainability of kindergartens – adopted by the Croatian Government on 21 September 2023, published on 22 September in the Official Gazette (No. 109/2023), and entered into force the day after publication, on 23 September 2023. | | |

The authorities also provided:

- i. **Act amending the Early Childhood Education and Care Act** – adopted by the Croatian Parliament on 13 May 2022, published on 20 May in the Official Gazette (No. 57/2022) and entered into force eight days after publication, on 28 May 2022;
- ii. **Decision on the allocation of funds for the fiscal sustainability of kindergarten for the pedagogical year 2023/2024** – adopted by the Croatian Government on 27 September 2023, published on 27 September in the Official Gazette (No. 111/2023), and entered into force the day after publication, on 28 September 2023.

Analysis:

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

In addition to the Regulation on criteria and standards for determining the allocation for the fiscal sustainability of kindergartens (*hereinafter referred to as "Regulation", evidence "2"*), the authorities also provided the Act amending the Early Childhood Education and Care Act (evidence "i"). The amendments to the Act prescribe, among other things, that the state budget shall provide funds for the fiscal sustainability of kindergartens (*hereinafter referred to as "ECEC facilities"*) founded by local and regional self-government units based on the standards and criteria prescribed by the Government of the Republic of Croatia by decree (Article 50.a). The amendment also requires that the decision on the allocation of funds for the fiscal sustainability of ECEC facilities shall be made for each year by the Government of the Republic of Croatia (Article 50.a(3)). The adopted Decision on the allocation of funds for the fiscal sustainability of ECEC facilities for the pedagogical year 2023/24 was also provided (evidence "ii").

The Croatian Government shall adopt a model for financing the operating costs of ECEC facilities for municipalities/local government units with less financial capacity, in order to ensure the sustainability of the investment after the renovation of existing or construction of new ECEC facilities.

The Regulation adopted in September 2023 ensures equal criteria for the co-financing of ECEC for every child in Croatia while at the same time enabling local and regional government units to increase the availability and improve the sustainability and affordability of ECEC facilities, as detailed below.

Article 3, paragraphs 1 and 2 of the Regulation states that units of local and regional self-government are entitled to funds from the state budget according to a pre-defined percentage of the average cost per child at the level of the Republic of Croatia, depending on the development group of the local and regional government unit in whose territory the ECEC facility is located. There are eight development groups in line with the Regulation on the Development Index (Official Gazette, No. 131/17) with corresponding shares of the support from the state budget that range from 50% for the least developed group to 6.25% for the most developed one.

Special attention is paid to ECEC facilities on islands and in mountain areas, which are considered government units with even less financial capacity. Article 3 (3) establishes that the pre-defined percentages defined in Article 3 (1) shall be increased by 15% for local self-government units situated in islands according to the List of Islands and Islets from the Islands Act (Official Gazette No. 116/18 and No. 70/21) and areas that have the status of a mountainous areas. As a result of the increase, shares applied to ECEC facilities on islands and in mountain areas range from 57.5% for the least developed group to 7.19% for the most developed.

The annual amount of funds for the fiscal sustainability of ECEC facilities is provided to local and regional government units for ECEC facilities of which they are the founders, as well as for private ECEC facilities in their area. The annual amount is determined by multiplying (Article 5 (3)):

- the number of children registered in the joint electronic register in the current pedagogical year for ECEC facilities located in each local and regional government unit
- the average price per child at the level of the Republic of Croatia, as indicated in Article 4 and
- the percentage defined by Article 3 in line with development groups from the Regulation on the Development Index of main and satellite (district) ECEC facilities.

Article 6(2) states that beneficiaries shall use the funds allocated to them for the fiscal sustainability of ECEC facilities as an additional source of funding for the accessibility, sustainability and affordability of early childhood education and care in addition to the existing level and sources of funding, in line with the commitments and priorities plan set out in their budgets. The Decision on the allocation of funds for the fiscal sustainability of ECEC facilities for the pedagogical year 2023/2024 also establishes that the Ministry of Science and Education controls the execution of the budget (Article III) and reserves the right to monitor expenditures and purposeful use of funds. Beneficiaries are obliged to return unspent funds, as well as funds that were non-purposefully spent, to the state budget by 31 October 2024 at the latest.

In line with the description of the measure, the reform shall also include a new financing model to ensure the long-term sustainability of ECEC funding, with an increased contribution of the State in the financing of ECEC, taking into account the financial capacities of local municipalities, which is expected to also have a positive impact on ECEC affordability.

As specified in Article 3, paragraphs 1 and 2 of the Regulation, the share of co-financing depends on the degree of development of self-government units in which ECEC facilities are located, with the least developed ECEC facilities receiving the maximum amount of 50% of the average expenditure per child incurred in the previous pedagogical year and the most developed ones being entitled to the minimum amount of 6.25%. As discussed above, for islands and mountain areas these percentages are increased by 15%.

Furthermore, in line with the description of the measure, one of its objectives is to ensure that all children, especially those from socio-economically disadvantaged groups, such as children living in Croatia's least developed regions, are able to attend early childhood education.

Besides the least developed regions being entitled to a higher share of co-financing, the use of the average cost per child at the national level to calculate the co-financing amount (Article 5 (3)) allows for an additional degree of equalisation between more and less developed regions. Because actual costs increase significantly with the degree of development of self-government units, the use of the national average leads to a higher real value of the support in least developed regions.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 276 | T#276 - Related Measure: HR-C[C32]-I[R1-I1]: Development of a system of programme agreements for funding universities and research institutes focused on innovation, research and development |
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| Name of the Target: Funding allocated to research projects based on internal calls by research organisations during the first two-year cycle of program agreements implementation | | | |
| Quantitative Indicator: Number | Baseline: 0 | Target: 17 619 079 | Time: Q1 2023 |
| <p>Context:</p> <p>The objective of this investment is to improve the funding system for the scientific work of public research institutes and universities by providing support to those which have signed programme agreements. The new system is based on an analysis of external experts.</p> <p>Target #276 concerns the allocation of funding to projects which support direct scientific and research activities (research projects) in line with tender specifications.</p> <p>Target #276 is the first target of the investment and is followed by targets #277, #278 and #279 providing for a defined share of the universities and research institutes that have signed the programme agreements, number of completed projects in the green field, and allocation of the total amount dedicated to this measure under the Council Implementing Decision, respectively.</p> <p>The investment shall be completed by 30 June 2025.</p> | | | |
| <p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled (Cover note), 2. Accompanying package of 132 official documents – including published call specifications confirming alignment with DNSH criteria, call documentation for the first cycle of programme agreements and signed programme agreements with 13 public research institutes and 1 university as annexes, 3. Tablica NPOO projekti – za EK - WITH ID - an excel spreadsheet containing a list of projects, unique ID for each, official reference of each award decision, name of the entity providing support, among awarded excluding VAT, and a brief description of each project. 4. Package of 208 documents for the selected sample – for the selected sample of 60 projects, a package of 208 documents was provided, including, for each of the projects: published tender specifications for internal calls, copies of the funding award notification, extract of the official application form proving alignment with the description of the target and investment in the CID annex (project description and dedicated DNSH forms), and summary of main aims and expected outputs. 178 documents were provided on 5 January 2024 and 30 on 25 January 2024. <p>The authorities also provided:</p> <ol style="list-style-type: none"> i. Draft call documentation – provided in the frame of consultation with the Commission on monitoring step #276.1 on 10.3.2022. ii. First Report on Targeted Advice to Support Implementation - a report from the World Bank (external experts) showing how the analytical and support work for the implementation of the funding programme was carried out. iii. Directive on Program Funding of Public Higher Education Institutions and Public Research Institutes in the Republic of Croatia (file name NN – 2023 – 78 – Uredba.pdf) – | | | |

adopted by the Croatian Government on 13 July 2023, published in the Official Gazette, number 78/2023 on 14.7.2023 and entered into force on 22 July 2023 in accordance with Article 20.

Analysis:

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

EUR 17 619 079 shall have been awarded to research projects carried out by universities and research institutes which have signed the programme agreements to, as required in the measure description, improve the system of public research funding, ensure a more efficient use of resources and an increased research performance. Additionally, as indicated in the measure description, two funding cycles of programme agreements shall be implemented, which shall be accompanied by a new monitoring system through an annual performance framework.

An analysis of the summary document and annexed overview table indicated that EUR 19 724 646.19 had been allocated to projects carried out by universities and public research institutes. The amounts indicated in the summary documents match the amounts in the primary evidence (award decisions) for the selected sample. While this is above the amount of EUR 17 619 079 as set in the Council Implementing Decision, target #276 represents the first out of two targets linked to the financing of such projects. The total amount allocated to this measure is to be allocated by Q2 2025 and thus the overachievement helps ensure the ambition of the authorities to ensure a swift absorption of the available funding.

Based on Article 8 of the Directive on Program Funding of Public Higher Education Institutions and Public Research Institutes in the Republic of Croatia (Official Gazette, No. 78/2023, *hereinafter referred to as "the Directive"*), the Ministry of Science and Higher Education sent, between 16 and 30 October 2023, calls to 25 public research institutes and 3 universities of applied sciences to enter into a programme agreement. The authorities provided (evidence 2) the call documentation for signing programme agreements (Poziv za sklapanje programskih ugovora), as well as copies of signed programme agreements with 13 public research institutes and one university.

Furthermore, the authorities provided call documentation for *internal* calls carried out, by all 13 public research institutes and one university, on the basis of the signed programme agreements (evidence 4). The call documentation includes Guidelines for applicants, an Application form, a Work plan, a Financial plan, and a Compliance form of the project proposal with the principle of "do no significant harm" (DNSH). It also indicates that the internal research projects must contribute to strategic, or specific objectives prescribed by the Directive (as indicated above).

The authorities provided a spreadsheet (evidence 3) clearly showing when and where the call documentation for each institute was published, with appropriate links and email correspondence evidence where relevant.

The summary excel table (Tablica NPOO projekti – za EK - WITH ID) provides a unique identifier both in terms of a sequential number of the project as well as the unique name of the project (columns A and C). Column B provides the name of the public research institute or university carrying out the internal call as well as the project. Columns E, F and G provide the project description, main objectives and expected outcomes, respectively. Column H presents the total amount awarded to the project.

Following the selection of a random sample of 60 projects, Croatia submitted the relevant documentation for all projects in the sample, including the application form of the project, decision on grant award, and DNSH form. The analysis of the documentation shows that evidence presented corresponded to the sample of installed 60 projects selected by the Commission. Specifically:

- Each provided project application form contains a description of the project which is aligned with the milestone and measure description as indicated in the Council Implementing Decision and confirms that the projects support direct scientific and research activities. The nature of projects differs substantially, covering areas from archaeological research to physics, artificial intelligence, economy, and environment. The information in the project application forms matches the information provided in columns A, B, C, E, F and G of the summary table.
- Each provided decision on grant award indicates the name of the project, its title, main expected aims of the project, name of entity and amount awarded. While the grant award decisions were provided for all projects in the sample on 5 January 2024, the authorities provided additional award decisions for four projects on 25 January 2024. For two of these projects the decisions were amended to correct a typing error in the amount, and for the other two the decisions were signed on 22 January 2024 and therefore provided only at that stage. Nevertheless, the information in the decisions was checked against the data in the summary table and found to match that in columns A, B, C, E, F and H.
- The dates on the award decisions are after the signature of the programme agreement for that entity, thus ensuring that the funds have been awarded to entities which have signed the programme agreements and have thus been allocated in the frame of the first cycle of programme agreements. The programme agreements ensure a more efficient use of resources and an increased research performance by providing funding to those research institutes and universities which dedicate through the agreements to achieving strategic objectives and outcomes as indicated in Annex 1 of each of the programme agreements provided by the authorities.
- Each provided DNSH form further confirms that the project is aligned with the DNSH principle, including the use of a dedicated exclusion list and questionnaire, in line with the target and investment description requirements.

The evidence for the sample of 60 projects confirmed that the funds had been awarded to projects supporting direct research and scientific activities within the first cycle of programme agreements. A comparison of data in the summary table and the provided documentation on specific projects confirmed the value of each project as well as the total amount allocated. Additionally, a comparison of the data on the main objectives, outcomes and description of the projects confirmed that the projects contribute to direct research and scientific activities. Additionally, the strategic goals outlined in each application form match those indicated in the signed programme agreements for each entity, thus ensuring that the project directly supports the implementation of the respective programme agreement.

The goal of the investment is to improve the funding system for the scientific work of universities and public research institutes with the aim of achieving greater quality and greater focus of research results on the development of the economy and society and is implemented according to the Directive. The Directive was assessed by the Commission under milestone #275 (3rd payment request) and was found to adequately improve the system of funding for the scientific work of universities and public research institutes by ensuring a higher quality of public research and their results by setting conditions through

which funding would be awarded to entities signing programme agreements through strategic goals and objectives. Article 9(1) of the Directive indicates that the programme agreements are signed for a period of four years, while article 16(1) stipulates that there shall be a mid-term review of the implementation after two years with a possibility of ending the agreement if the objectives are not met, effectively splitting them into two funding cycles.

As elaborated by the authorities, the monitoring and evaluation system is being developed through the project “E-Universities” and is based on the recommendations in the Report. The monitoring and evaluation system shall be assessed in the frame of target #279. Data for the monitoring and evaluation system is, however, already being collected since the signature of programme agreements. A compulsory part of each agreement is the Proposal for the Development and Performance Budget Component which consists of the designation of the strategic goal, specific goal, the indication and description of the planned developmental or performance activities, as well as measurable output indicators for achieving each goal.

The projects shall support direct scientific and research activities (research projects) and be based on published tender specifications, with terms of reference including eligibility criteria that ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation. Furthermore, in line with the description of the measure, in order to ensure that the measure complies with the ‘Do no significant harm’ Technical Guidance (2021/C58/01), the eligibility criteria contained in terms of reference for upcoming calls for projects shall exclude the following list of activities: (i) activities related to fossil fuels, including downstream use; (ii) activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities where the long-term disposal of waste may cause harm to the environment. The terms of reference shall additionally require that only activities that comply with relevant EU and national environmental legislation may be selected.

As the first step for ensuring proper application of compliance with DNSH principles, prior to the submission of the payment request and in the frame of regular monitoring of the implementation of the Recovery and Resilience Plan through monitoring indicators, Croatia submitted to the Commission, on 1 October 2022, the draft call documentation prepared by the Ministry of Science and Higher Education for the internal calls.

The call documentation used by the public research institutes and universities for the internal calls, identical to the draft initially provided to the Commission, and its tender specifications contain the selection criteria which ensure compliance with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) as well as with the CID target and investment description. The DNSH requirements are elaborated in chapters 4 and 8 of the call documentation which exclude the activities: (i) activities related to fossil fuels, including downstream use; (ii) activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities where the long-term disposal of waste may cause harm to the environment. The terms of reference additionally require that only activities that comply with relevant EU and national environmental legislation may be selected.

Furthermore, during the check of the sample of 60 projects, the application forms for each project were checked and each project is accompanied by a dedicated DNSH form, duly filled out and ensuring alignment with DNSH requirements. These forms contain all required elements as indicated in the paragraph above.

Additionally, as indicated in the description of the measure, the investment shall include procuring advisory assistance from external experts for the preparation of a proposal for a new framework of programme agreements, set up between the Ministry of Science and Education and the universities and research institutes, enabling a transition to result-focused financing system of the universities and the research institutes, and for the negotiation process with stakeholders. This shall include analyses of the current framework, review of arrangements in other countries, proposals for drawing up the programme agreements and communicating their use, as well as preparation of the legal amendments and technical project documentation.

The Authorities have provided the First Report on Targeted Advice to Support Implementation (Report) prepared by the external experts (World Bank) which contains a review of international practices and recommendations for operationalising the framework set out in the new Act on Higher Education and Scientific Activity (Official Gazette, No. 119/22). The operationalisation mainly refers to developing a proposal for the definition of a framework consisted of pre-defined objectives and indicators to be selected and elaborated by the institutes, in the context of introducing performance-based funding. The support also entails advisory related to developing programme agreements and will help in conducting monitoring and evaluation during the agreements' implementation.

Specifically, the report provides:

- 1) Analyses of the current framework, on page 81 (4.1. Croatian context), which proves that Croatia's research system is characterised by high fragmentation and Croatia has attempted to move toward performance-based funding in the past, with limited success.
- 2) Review of arrangements in other countries, on page 78 (5.1. International experience), which elaborates some countries' cases and the composition of the formulas used in determining performance-based funding component.
- 3) Proposals for drawing up the programme agreements and communicating their use, on page 83 (5.3 Performance-based funding model proposal for public research institutes) which is the report of the proposed performance-based funding model that has been developed based on the new legal framework, considering international practices, as well as the Croatian context.
- 4) Preparation of the legal amendments and technical project documentation, on page 87 (5.4 Implementation considerations) which is a short report on advisory to the Ministry of Science and Higher Education on preparation of implementation documents set out in the Invitation.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 297 | M#297 - Related Measure: HR-C[C42]-R[R1]: Increasing pension adequacy through continued pension reform |
| Name of the Milestone: Adoption of amendments to the Pension Insurance Act | |

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| Qualitative Indicator: Entry into force of the Act on Amendments to the Pension Insurance Act | Time: Q1 2023 |
| <p>Context:</p> <p>The objective of this reform is i) to improve pension adequacy, particularly for beneficiaries with the lowest income, ii) to improve sustainability of the pension system through strengthening the second pension pillar and, iii) to reinvigorate reform efforts in the longer term in a socially inclusive way.</p> <p>Milestone #297 concerns improvements of pension adequacy. It requires the entry into force of the Act on Amendments to the Pension Insurance Act, which increases the minimum pension and the pension factor used to calculate the amount of the survivor’s pension, while introducing the possibility to use a part of the survivor’s pension in addition to a personal pension (old/invalidity) under conditions related to age and income, for lower income pensioners.</p> <p>Milestone #297 is the first step of the implementation of the reform, and it will be followed by targets #299 and #301, related to, respectively, increasing the survivor’s pension by between 10% and 15% overall in relation to 2014 levels, following a redefinition of the survivor’s pension model, and to increasing the minimum pension by at least 3% overall in real terms (i.e. in excess of the regular indexation) compared to 2020. Furthermore, milestone #297 will be followed by milestones #298 and #300, related to, respectively, strengthening the second pension pillar, and reinvigorating reform efforts in future in a socially inclusive way. The expected implementation deadline for this reform is 31 March 2026.</p> | |
| <p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled (Cover note); 2. Copy of the Act on Amendments to the Pension Insurance Act - adopted by the Croatian Parliament on 7 October 2022, published on 14 October in the Official Gazette, No. 119/2022 and entered into force on 1 January 2023 in accordance with the provision in Article 23. | |
| <p>Analysis:</p> <p>The justification and substantiating evidence provided by the Croatian authorities covers all constitutive elements of the milestone.</p> <p>The Council Implementing Decision requires the adoption of amendments to the Pension Insurance Act, covering all the elements of the milestone description. The authorities have provided the Act on Amendments to the Pension Insurance Act (hereinafter referred to as “the Act”) which was adopted by the Croatian Parliament on 7 October 2022, published on 14 October in the Official Gazette, No. 119/2022 and entered into force on 1 January 2023, in accordance with the provision in Article 23, amending the Pension Insurance Act (Official Gazette, No. 157/13, 151/14, 33/15, 93/15, 120/16, 18/18 - Decision of the Constitutional Court of the Republic of Croatia, 62/18, 115/18, 102/19 and 84/21).</p> <p>The amendments to the Pension Insurance Act shall increase the minimum pension by a minimum of 3% in real terms (i.e. in excess of the regular indexation), in line with the description of the measure:</p> | |

Article 10 of the Act introduces changes to Article 90 of the Pension Insurance Act by setting the amount of minimum pension at 103% of the actual pension value instead of the previous 100%. Thus, this provision increases the amount of minimum pensions by 3% (in addition to regular indexation).

The amendments to the Pension Insurance Act shall increase the pension factor used to calculate the amount of the survivor’s pension, resulting in an increase of the total pension income of at least 10% for the beneficiaries of a survivor’s pension:

Article 8 (amending Article 87, paragraph 1, point 13) increases the pension factors for calculating the amount of the survivor’s pension in cases where the pension belongs only to the widow or the widower and the children of the insured person, or only to the parents, or to siblings and other orphan children taken on maintenance. Article 8 also increases the pension factors for cases where family members, beyond the immediate family (widow and children), such as parents or other members, also use the right to survivor’s pension. All the aforementioned increases of pension factors, and consequently of pension amounts, are equal or higher than 10%. In addition, Article 8 regulates the same increase in pension factors for spouses/common-law partners and children of deceased Croatian veterans, i.e. Croatian disabled veterans from the Homeland War.

The amendments to the Pension Insurance Act shall make it possible to use part of the survivor’s pension in addition to a personal pension (old/invalidity) under conditions related to age and income, for lower income pensioners:

Article 3 added new Articles 74a and 74b to the Pension Insurance Act. Article 74a introduces a new survivor’s pension model enabling the beneficiaries of the lower pension (of both old age and invalidity pensions) under conditions related to age and income, to use a part of the survivor's pension in addition to their personal pension. The article stipulates the criteria for acquiring the right to survivor’s pension, which are defined, inter alia, in terms of beneficiary’s minimum age and maximum total amount of pension from compulsory pension insurance in the Republic of Croatia. Article 74b defines the date on which the right to a part of the survivor’s pension can be acquired after the submission of the application.

Articles 4 and 5 of the Act extend the scope of the use of part of the survivor’s pension to a non-married partner, a divorced spouse who has exercised the right to support and to life partner.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 316 | M#316 – Related Measure: HR-C[C43]-I[R3-I3]: Improving the digitalisation of social welfare system and implementing system on methodology to calculate the prices of social services | |
| Name of the Milestone: IT system calculation of prices for social services and service providers in the network | | |
| Qualitative Indicator: Developed and functional IT system for calculation of prices for all social services and all service providers in the network | | Time: Q2 2023 |

Context:

Investment C4.3 R3-I3 is contributing to the reform effort in developing community-based services to prevent institutionalisation by improving the digitalisation of the social welfare system. It provides a data management IT system for calculating the prices of social services financed by the state budget.

Milestone #316 is the only milestone in measure C4.3 R3-I3 delivering software, hardware and educational requirements enabling full functionality of the data management IT system.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

1. **Summary document** duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled (Cover note),
2. **Certificate of works completion** signed by the contractor and the competent authority (Minutes of the Delivery of the IT System).

The authorities also provided:

- i. Public procurement contract with annexes (JN-M-2022-26, 18 April 2023),
- ii. Payment approval notebooks,
- iii. Payment approval monitors,
- iv. List of social service providers in the network,
- v. Plan of educations,
- vi. Signature list of completed educations; and
- vii. A link to the Rules on the methodology on the calculation of social services prices (*Pravilnik o metodologiji za utvrđivanje cijena socijalnih usluga*) - (Official Gazette No. 120/2023) https://narodne-novine.nn.hr/clanci/sluzbeni/2023_10_120_1669.html.
- viii. Live session for Commission services: Organised live presentation of the IT system calculation of prices for social services and service providers in the network where Croatian authorities presented all functionalities required by the CID and proved functionality of the IT system (Ares(2023)8353387)

Analysis:

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

Data management IT system developed to automatically collect and analyse data and calculate prices for all types of provided social services and all social service providers in the network.

The investment shall finance software, hardware and educational requirements for enabling full functionality of the solution.

The Certificate of works completion (evidence 2) attest that functional IT system (software) has been delivered on 30 June 2023, in line with the requirements listed within the Article 1, paragraph 1.3 of the public procurement contract (evidence “i”). The listed requirements refer to software development, data management IT system and educational services required for IT system utilisation. Furthermore, the functionality of the IT system has been demonstrated in the live session organised for Commission services (evidence “viii”). During the live demonstration, the Croatian authorities presented a functional data management IT system with features to **automatically collect, analyse, and calculate prices for various social services for all 476 social service providers in the network** (the evidence provided contains the List of social service providers in the network). The Croatian authorities also provided the Commission services with an access account to test the functionality of the IT data

management system (access details listed in the summary document). It could hence be verified that the IT System facilitates structured data entry for providers, incorporating defined data types, automated sums, and data validation. It includes drop-down menus for enhanced user experience. Providers can upload evidence/explanations and must clarify discrepancies in cost categories according to Ministry-defined limits. Upon form submission, data is automatically saved in the IT System's database, streamlining the data collection process compared to the manual practice of collecting Excel files.

In line with the CID requirement, the list of social services is predefined in the IT system and include all social services defined in the Rules on the methodology on the calculation of social services prices (evidence "vii") and can be viewed and exported by the user.

The implementation of the **educational activities** has further been confirmed by a submitted plan of educational activities and a signature list of completed education (evidence "iv", "v" and "vi").

In line with the Certificate of Works' completion as well as the public procurement contract.

The requirement for **financing hardware** has been fulfilled through by the purchase of IT equipment such as computers and laptops necessary for utilisation of the IT system, as confirmed by the payment approvals (evidence "ii" and "iii").

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 325 | T#325 - Related Measure: HR-C[C51]-I[R1-I6]: Digital image diagnostics Clinical Hospital 'KB Dubrava' | | |
| Name of the Target: Diagnostic medical devices in Clinical Hospital (KB) Dubrava | | | |
| Quantitative Indicator: Number | Baseline: 0 | Target: 8 | Time: Q2 2023 |
| Context: | | | |
| Target #325 is part of the investment C5.1 R1-I6 whose objective is to purchase digital radiological equipment for the KB Dubrava Clinical Institute for Diagnostic and Intervention Radiology that provides service to more than 350 000 patients, resulting in improving quality and accessibility of healthcare for all categories of patients. To this end, this investment improved diagnosis, treatment and post-treatment monitoring, thus leading to better clinical outcomes. | | | |
| Target #325 requires the purchase and installation of eight diagnostic medical devices and Digital radiological equipment for the Clinical Institute for Diagnostic and Intervention Radiology. | | | |
| Target #325 is the only target of this investment. | | | |
| Evidence Provided: | | | |
| In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided: | | | |
| <ol style="list-style-type: none"> 1. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled (Cover note). 2. Package of contracts (Ugovor) and amendments concluded with suppliers (all of which were first signed on 23 December 2022) <ul style="list-style-type: none"> • Group 1 – MSCT device (one contract and three amendments) • Group 2 – MSCT 128-layer device (one contract and one amendments) • Group 3 – Digital fluoroscopy device (one contract and two amendments) | | | |

- Group 4 – Angiographic digital subtraction biplane device for radiological interventions (one contract and three amendments)
- Group 5 – Angiographic digital device for hybrid surgical room (one contract and two amendments)
- Group 6 – MR 3T device (one contract and two amendments)
- Group 7 – Mammography device with digital tomosynthesis and contrast imaging (one contract and two amendments)
- Group 8 – Radiographic digital device with ceiling mount (one contract and three amendments)

3. Takeover records (Zapisnik o primopredaji)

- Group 1 – MSCT device, dated 10 August 2023
- Group 2 – MSCT 128-layer device, dated 2 June 2023
- Group 3 – Digital fluoroscopy device, dated 2 June 2023
- Group 4 – Angiographic digital subtraction biplane device for radiological interventions, dated 29 August 2023
- Group 5 – Angiographic digital device for hybrid surgical room, dated 29 June 2023
- Group 6 – MR 3T device, dated 29 August 2023
- Group 7 – Mammography device with digital tomosynthesis and contrast imaging, dated 25 May 2023
- Group 8 – Radiographic digital device with ceiling mount, dated 29 June 2023

4. Evidence of payment

- Group 1 – MSCT device, reference 00-165-23477-0
- Group 2 – MSCT 128-layer device, reference 00-849-23-477
- Group 3 – Digital fluoroscopy device, reference 00-848-23-477
- Group 4 – Angiographic digital subtraction biplane device for radiological interventions, reference 00-166-23477-0
- Group 5 – Angiographic digital device for hybrid surgical room, reference 00-282-645-10
- Group 6 – MR 3T device, reference 00-168-23477-0
- Group 7 – Mammography device with digital tomosynthesis and contrast imaging, reference 00-33900002400
- Group 8 – Radiographic digital device with ceiling mount, reference 00-894-23-477

Analysis:

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

Purchase and installation of eight diagnostic medical devices and Digital radiological equipment for the Clinical Institute for Diagnostic and Intervention Radiology. All devices are planned to be gradually installed while all shall be operational at the latest by 30 June 2023. Furthermore, in line with the description of the measure, the investment shall include the purchase and installation of a state-of-the-art equipment.

As supported by the provided contracts, delivery records and evidence of payment, eight state-of-the-art equipment devices were purchased and installed for the Clinical Institute for Diagnostic and Intervention Radiology in Clinical Hospital (KB) Dubrava. Provided contracts define requirement on – state-of-the-art device, , 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. Furthermore, takeover records confirm that the contracted educational services have also been provided to the staff in order to ensure appropriate operation and functionality of the purchased devices.

The authorities have provided the procurement contracts and the takeover records confirming the equipment was purchased, installed and operational, as follows:

The **MSCT device** has been purchased, delivered, installed and put into operation at the Clinical Institute for Diagnostic and Intervention Radiology. The procurement contract N-440/2022 was first signed on 23 December 2022, as well as the takeover record signed 10 August 2023, confirm the purchase, delivery, installation and of the starting up of device of the highest grade.

The **MSCT 128-layer device** has been purchased, delivered, installed and put into operation at the Clinical Institute for Diagnostic and Intervention Radiology. The procurement contract N-441/2022 was signed on 23 December 2022, as well as the takeover record signed 02 June 2023, confirm the purchase, delivery, installation and entering into operation of the device.

The **digital fluoroscopy device** has been purchased, delivered, installed and put into operation at the Clinical Institute for Diagnostic and Intervention Radiology. The procurement contract N-442/2022 was signed on 23 December 2022, as well as the takeover record signed 02 June 2023, confirm the purchase, delivery, installation and entering into operation of the device.

The **angiographic digital subtraction biplane device** for radiological interventions device has been purchased, delivered, installed and put into operation at the Clinical Institute for Diagnostic and Intervention Radiology. The procurement contract N-443/2022 was signed on 23 December 2022, as well as the takeover record signed 29 August 2023, confirm the purchase, delivery, installation and entering into operation of the device.

The **angiographic digital device for hybrid surgical room device** has been purchased, delivered, installed and put into operation at the Clinical Institute for Diagnostic and Intervention Radiology. The procurement contract N-444/2022 was signed on 23 December 2022, as well as the takeover signed 29 June 2023, confirm the purchase, delivery, installation and entering into operation of the device.

The **MR 3T device** has been purchased, delivered, installed and put into operation at the Clinical Institute for Diagnostic and Intervention Radiology. The procurement contract N-445/2022 was signed on 23 December 2022, as well as the takeover record signed 29 August 2023, confirm the purchase, delivery, installation and of the starting up of device of the highest grade.

The **mammography device** with digital tomosynthesis and contract imaging has been purchased, delivered, installed and put into operation at the Clinical Institute for Diagnostic and Intervention Radiology. The procurement contract N-446/2022 was signed on 23 December 2022, as well as the takeover record signed 25 May 2023, confirm the purchase, delivery, installation and entering into operation of the device.

The **radiographic digital device** with ceiling mount has been purchased, delivered, installed and put into operation at the Clinical Institute for Diagnostic and Intervention Radiology. The procurement contract N-447/2022 was signed on 23 December 2022, as well as the takeover record signed 28 June 2023, confirm the purchase, delivery, installation and entering into operation of the device.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 327 | T#327 - Related measure: HR-C[C51]-I[R1-I8]: Pre-operational treatment and treatment of patients with pharmacoresistant epilepsy in General Hospital 'KB Dubrava' | | |
| Name of the Target: Medical devices for Operational treatment and treatment of patients with pharmaco-resistant epilepsy in Clinical Hospital (KB) Dubrava | | | |
| Quantitative Indicator: number | Baseline: 0 | Target: 10 | Time: Q2 2023 |

Context:

Target #327 is a part of the investment C5.1 R1-I8 whose objective is to further develop the Institute of Neurology KB Dubrava as well as the pre-operational methods and treatments of epilepsy in pharmacoresistant patients by acquiring state-of-the-art equipment and adapting the spatial capacity for some of the purchased devices.

Target #327 requires the purchase, instalment, and the operationalisation of ten medical equipment devices. It requires acquiring equipment such as SEEG 256 canal recording devices, digital EMNG and EP 12 channel imaging device, radio frequency (RF) thermocoagulation device and adaptation of adequate spatial capacity.

Target #327 is the only target of this investment.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

1. **Summary document** duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled (Cover note).
2. **Package of contracts and amendments concluded with suppliers**
 - Digital device for SEEG 256 channel recording with video, infrared (IC) camera and cortical stimulator (3 pieces) (one contract - first signed on 17 February 2023 - and one amendment)
 - Digital device for SEEG 256 channel recording with video and IC camera (3 pieces) (one contract - first signed on 17 February 2023 - and one amendment)
 - Digital device for EMNG and EP 12 channel recording (1 piece) (one contract signed 9 February 2023)
 - Radiofrequency (RF) thermocoagulation device (1 piece) (one contract signed 9 February 2023)
 - Package – Deep intracerebral electrodes with guide rail and bolt: 5 contacts deep intracerebral electrodes (20 pieces), 8 contacts deep intracerebral electrodes (20 pieces), 10 contacts deep intracerebral electrodes (22 pieces), 12 contacts deep intracerebral electrodes (20 pieces), 15 contacts deep intracerebral electrodes (20 pieces), 18 contacts deep intracerebral electrodes (15 pieces) (one contract signed 9 February 2023).
 - Construction works for the adaptation and adjustment of space (one contract signed 01 June 2023) (financed with the State Budget funds)
3. **Takeover records**
 - Digital device for SEEG 256 channel recording with video, infrared (IC) camera and cortical stimulator (3 pieces), dated 21 July 2023
 - Digital device for SEEG 256 channel recording with video and IC camera (3 pieces), dated 21 July 2023
 - Digital device for EMNG and EP 12 channel recording (1 piece), dated 09 March 2023.
 - Radiofrequency (RF) thermocoagulation device (1 piece), dated 21 March 2023
 - Works on adaptation and adjustment of space, dated 09 June 2023.
4. **Delivery record**

- Package – Deep intracerebral electrodes with guide rail and bolt: 5 contacts (20 pieces), 8 contacts (20 pieces), 10 contacts (22 pieces), 12 contacts (20 pieces), 15 contacts (20 pieces), 18 contacts (15 pieces), dated 20 March 2023.

Analysis:

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

For the purpose of further development of the Institute of Neurology at Clinical Hospital (KB) Dubrava ten medical equipment (devices) shall be installed and made operational by 30 June 2023 at the latest. The investment shall include the acquisition of equipment such as SEEG 256 canal recording devices, digital EMNG and EP 12 channel imaging device, radio Frequency (RF) thermocoagulation device and adaptation of adequate spatial capacity.

Furthermore, in line with the description of the measure, the investment shall include the acquisition, installation and operationalisation of ten state-of-the-art medical equipment (devices) and the adaptation of spatial capacity at the Institute of Neurology at Clinical Hospital (KB) Dubrava.

As supported by the provided contracts, delivery records and evidence of payment, 125 state-of-the-art equipment devices were delivered, that is to say 1) **three** digital devices for SEEG 256 channel recording with video, infrared (IC) camera and cortical stimulator, 2) **three** digital devices for SEEG 256 channel recording video and IC camera, 3) **one** digital device for EMNG and EP 12 channel recording, 4) **one** radiography (RF) thermocoagulation device, 5) one package of **77** pieces of deep intracerebral electrodes with guide and screw, as well as 6) one package of **40** pieces of deep intracerebral electrodes with screw and screw, were purchased and installed and put into operationalisation at the Institute of Neurology at Clinical Hospital (KB) Dubrava. Provided contracts define requirements on state-of-the-art device, 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 and confirm that the purchased devices have been put into operationalisation.

The authorities have provided the procurement contracts confirming that the required equipment devices under this target were purchased delivered and installed. These are the following:

The **digital device for SEEG 256 canal** recording with video, infrared (IC) camera and cortical stimulator (3 pieces) has been purchased, delivered and put into operation at the Clinical Hospital (KB) Dubrava. The procurement contract N-3/2023 was signed on 17 February 2023, as well as the takeover record signed 21 July 2023, confirm the purchase, delivery, installation and of the starting up of devices.

The **digital device for SEEG 256 canal** recording video and IC camera (3 pieces) has been purchased, delivered and put into operation at the Clinical Hospital (KB) Dubrava. The procurement contract N-4/2023 was signed on 17 February 2023, as well as the takeover record signed 21 July 2023, confirm the purchase, delivery, installation and of the starting up of devices.

The **digital device for EMNG and EP 12 channel recording** (1 piece) has been purchased, delivered and put into operation at the Clinical Hospital (KB) Dubrava. The procurement contract N-5/2023 was signed on 09 February 2023, as well as the takeover record signed 09 March 2023, confirm the purchase, delivery, installation and of the starting up of devices.

The **radiography (RF) thermocoagulation device** (1 piece) has been purchased, delivered and put into operation at the Clinical Hospital (KB) Dubrava. The procurement contract N-6/2023 was signed on 09 February 2023, as well as the takeover record signed 21 March 2023, confirm the purchase, delivery, installation and of the starting up of devices.

A package of deep intracerebral electrodes composed of deep intracerebral electrodes with guide and screw-composed of 5 contacts deep intracerebral electrodes (20 pieces), 10 contacts deep intracerebral electrodes (22 pieces), 15 contacts deep intracerebral electrodes (20 pieces) and 18 contacts deep

intracerebral electrodes (15 pieces), as well as deep intracerebral electrodes with screw and screw, composed of 8 contacts deep intracerebral electrodes (20 pieces) as well as 12 contacts deep intracerebral electrodes (20 pieces), defined as consumables, has been purchased and installed, both under the procurement contract N-7/2023 that was signed on 09 February 2023, as well as the takeover record signed 20 March 2023, confirm the purchase, delivery, installation and of the starting up of those devices at the Clinical Hospital (KB) Dubrava.

The adaptation of the spatial capacity at the Institute of Neurology at Clinical Hospital (KB) Dubrava was fulfilled as indicated in the contract signed 01 June 2023 as well as in the takeover record dated 09 June 2023.

Commission Preliminary Assessment: Satisfactorily fulfilled

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| Number: 343 | T#343 - Related Measure: HR-C[C51]-I[R5-I5]: Digitalisation and equipping of Clinical Hospital 'KB Merkur' diagnostic units | | |
| Name of the target: Diagnostic units Clinical Hospital Centre (KBC) Merkur | | | |
| Quantitative Indicator: Number | Baseline: 0 | Target: 4 | Time: Q1 2023 |
| Context: | | | |
| <p>Target #343 is part of the investment C.5.1 R5-I5, whose objective is to purchase state-of-the-art devices to digitise and equip at least four (4) diagnostics units of Clinical Hospital 'KB Merkur', thus resulting in increasing the number of patient treatments, speeding and increasing the availability, facilitating the monitoring of diagnostic development procedures and improving the quality services to patients.</p> <p>Target #343 requires the purchase of apparatus for transthoracic and transesogastric echocardiography, three monitors for coronary unit purposes, system for telemetry of patients in the open ward, stronger power ultrasound, lower power ultrasound, magnetic resonance MR 3T, mammography scanner, multi-slice computer tomography (MSCT), ultrasound, ultrasound with 3D/4D convex, 3D/4D vaginal, 2D vaginal and 2D convex probe and printer and ultrasound High Class Colour Doppler.</p> <p>Target #343 is the only target of this investment.</p> | | | |
| Evidence provided: | | | |
| <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled (Cover note). 2. Package of contracts and amendments concluded with suppliers (12 documents) <ul style="list-style-type: none"> • Device for transthoracic and transoesophageal echocardiography, signed 11 November 2022 • Three monitors for the need of the coronary care unit, signed 21 October 2022 • Patient telemetry system in the open ward, signed 26 October 2022 • Stronger power ultrasound, signed 11 January 2023 • Lower power ultrasound, signed 15 December 2022 | | | |

- Magnetic resonance MR 3T, signed 10 January 2023 with Annex 1 signed 4 April 2023 (2 documents)
- Mammography scanner, signed 20 February 2023
- Multi-slice computer tomography (MSCT), signed 7 March 2023
- Ultrasound for the Emergency Internal Medicine, signed 25 October 2022
- Ultrasound 3D/4D device for use in obstetrics and gynaecology with 4 probes, signed 4 November 2022
- Ultrasound 3D/4D device for use in obstetrics and gynaecology (ultrasound high class colour doppler) with 2 probes and printer signed 11 November 2022

3. Takeover records (11 documents)

- Device for transthoracic and transoesophageal echocardiography, dated 30 November 2022
- Three monitors for the need of the coronary care unit, dated 11 November 2022
- Patient telemetry system in the open ward, dated 22 December 2022
- Stronger power ultrasound, dated 28 February 2023
- Lower power ultrasound, dated 31 January 2023
- Magnetic resonance MR 3T, dated 11 May 2023
- Mammography scanner, dated 31 March 2023
- Multi-slice computer tomography (MSCT), dated 31 March 2023
- Ultrasound for the Emergency Internal Medicine, dated 13 December 2022
- Ultrasound 3D/4D device for use in obstetrics and gynaecology with 4 probes, dated 24 January 2023
- Ultrasound 3D/4D device for use in obstetrics and gynaecology (ultrasound high class colour doppler) with 2 probes and printer, dated 3 January 2023

4. Detailed list of the new equipment and locations (1 document)

The authorities also provided:

5. Package of additional evidence (7 tables)

- Table 1: Comparison of the number of waiting days for the first appointment between 28.11.2022 and 28.11.2023 for magnetic resonance diagnostics.
- Table 2: comparison of the number of diagnostic-therapeutic procedures, number of patients and number of admissions between 11.05 – 11.09 2022 and 11.05 – 11.09 2023 for magnetic resonance diagnostics.
- Table 3: comparison of the number of diagnostic-therapeutic procedures, number of patients and number of admissions between 11.05 – 28.11 2022 and 11.05 – 28.11 2023 for magnetic resonance diagnostics.
- Table 4: comparison of the number of diagnostic-therapeutic procedure procedures, number of patients and number of admissions between 01.01 – 28.11 2022 and 01.01 – 28.11 2023 for magnetic resonance diagnostics.
- Table 5: comparison of the number of patients between 01.11.2021 – 31.10.2022 and 01.11.2022-31.10.2023 at the Department of arrhythmia, acute coronary syndrome and Acute interstitial nephritis.
- Table 6: comparison of the number of procedures between 01.01-30.09.2023 and 01.10-30.11.2023 at the Clinical Cardiology Unit.

- Table 7: comparison of the number of diagnostic-therapeutic procedures, number of patients and number of admissions between 01.01.2022 – 28.11.2022 and 01.01.2023 – 28.11.2023 for transtoral stress echocardiography diagnostics.

6. **Package of statistics of the IT system of CH Merkur** (6 Excel sheets)

- Excel sheet Data_RTG_UZV: comparison of the number of diagnostic-therapeutic procedures, number of patients and number of admissions between 01.02-26.06.2022 –and 01.02 – 26.06.2023 on use of lower power ultrasound and stronger power ultrasound diagnostics.
- Excel sheet Data_MR_comparison_2022-2023 of diagnostic-therapeutic procedures diagnostics
- Excel sheet Data_Waiting_list: comparison between 2022 and 2023 on the waiting time
- Excel sheet Data_UZV_gynecology: comparison between 2022 and 2023 on the number of examinations and waiting days
- Excel sheet Data_Gynecology: comparison between 2022 and 2023 on different indicators
- Excel sheet Data_MSCT: comparison between 2022 and 2023 on the number of examinations

Analysis

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

To improve the quality of the service, increase the number of patient treatments, speed up and increase the availability and quality of healthcare for all categories of patients the equipment shall be installed for at least 4 diagnostic units at Clinical Hospital Centre (KBC) Merkur.

As supported by evidence provided by the Croatian authorities, and in particular the package of additional evidence and the package of statistics of the IT system of CH Merkur where numerous comparative data on the use of old and new devices can be found, especially related to magnetic resonance diagnostics, the number of diagnostic procedures carried out, the number of patients and the number of admissions is increasing. This trend is generally observed in the provided data, which allows for improved quality of service and healthcare as increased number of patients are treated on improved diagnostic devices in decreased time period.

As supported by the provided contracts, delivery records and list of equipment and locations, the different devices have been installed in four diagnostic units of the Merkur Clinical Hospital. Those units are the Clinic for Internal Diseases, the Clinic for Gynaecology and Obstetrics, the Clinical Institute for Diagnostic and Interventional Radiology as well as the Emergency Internal Service. All four premises are located at the address Zajceva 19, in Zagreb.

The device for transthoracic and transoesophageal echocardiography was installed in the Clinic for Gynaecology and Obstetrics, temporary located in the Sisters of Charity Hospital.

The three monitors for the need of the coronary care unit were installed in the Clinic for Internal Diseases.

The patient telemetry system in the open ward was installed in the Clinic for Internal Diseases.

The stronger power ultrasound device was installed in the Clinical Institute for Diagnostic and Interventional Radiology.

The lower power ultrasound device was installed in the Clinical Institute for Diagnostic and Interventional Radiology.

The magnetic resonance MR 3T was installed in the Clinical Institute for Diagnostic and Interventional Radiology.

The mammography scanner device was installed in the Clinical Institute for Diagnostic and Interventional Radiology.

The multi-slice computer tomography (MSCT) device was installed in the Clinical Institute for Diagnostic and Interventional Radiology.

The ultrasound for the emergency internal medicine device was installed at the Diagnostic unit emergency internal service.

The Ultrasound 3D/4D device for use in obstetrics and gynaecology with 4 probes was installed at the Clinic for Gynaecology and obstetrics.

The Ultrasound 3D/4D device for use in obstetrics and gynaecology with 2D convex probes (-high class colour doppler) and printer was installed at the Clinic for Gynaecology and obstetrics.

The installed equipment shall consist of: apparatus for transthoracic and transesogastric echocardiography, three monitors for coronary unit purposes, system for telemetry of patients in the open ward, stronger power ultrasound, lower power ultrasound, magnetic resonance MR 3T, mammography scanner, multi-slice computer tomography (MSCT), ultrasound, ultrasound with 3D/4D convex, 3D/4D vaginal, 2 D vaginal and 2D convex probe and printer, and ultrasound High Class Color Doppler.

Furthermore, in line with the description of the measure, the investment shall include the purchase of the state-of-the-art devices.

As supported by the provided contracts, delivery records and list of equipment and locations, the requested devices were purchased. As supported by the delivery records, the purchased equipment was installed in four diagnostics units of Clinical Hospital 'KB Merkur'.

Provided contracts define requirements on state-of-the-art device, 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.

Commission Preliminary Assessment: Satisfactorily fulfilled

| | | | |
|--|---|-------------------|----------------------|
| Number: 348 | T#348 - Related Measure: HR-C[C51]-I[R5-I2]: Telecardis | | |
| Name of the Target: Telecardiological services | | | |
| Quantitative Indicator: Number | Baseline: 0 | Target: 40 | Time: Q1 2023 |
| Context: | | | |
| Target #348 is part of the investment C5.1 R5-I2 whose objective is to digitalise cardiology services with the instalment of medical and computer equipment necessary for the performance of monitoring and diagnostics services for cardiac health problems for patients in remote and rural areas which are insufficiently covered by those services, thus enabling rapid and accessible cardiology diagnostic services at the primary care level. | | | |
| Target #348 requires installing the medical and computer equipment necessary for the performance of electrocardiogram (ECG) holter, pressure holter and 12 channel electrocardiogram (ECG) services in | | | |

remote and rural areas which are insufficiently covered by those services, such as not having a cardiology specialist at their disposal. The equipment shall be purchased (package per centre) and placed in at least 40 telemedical access centres. The programme shall connect with telemedical specialist centres and provides a telecardiology service.

Target #348 is the only target of this investment.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

1. **Summary document** duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled (Cover note).
2. **Telemedical access centres: package composed of delivery records, inventory lists and photos of installed equipment in specific units (124 documents)**
 - Telecordis Notification on start of service provision dated 5 April 2023 (1 document)
 - Pictures (42)
 - Takeover records (40)
 - Inventory lists (40)
 - Notifications on start of service provision sent to access center (1 document)
3. **Telemedical specialist centers: package composed of delivery records, inventory lists and photos of installed equipment in specific units (14 documents)**
 - Telecordis Notification on start of service provision dated 5 April 2023 (1 document)
 - Pictures (4)
 - Takeover records (4)
 - Inventory lists (4)
 - Notifications on start of service provision sent to access centre (1 document)
4. **Package for IT and communication equipment**
 - **Dispatch note for IT and communication equipment** no. 80051764 dated 22 September 2022 confirming shipping (1 document)
 - **Takeover records** confirming delivery under point 1, 2, 3, and 4
5. **Package for medical equipment**
 - **Dispatch note for medical equipment and software** no. 001:570/22 dated 27 October 2022 confirming shipping (1 document)
 - **Takeover records** confirming delivery under point 5, 6, 7, 8, 9
6. **Connectivity list – TM specialist vs TM access centres** to prove that each telemedicine access centres is connected to one of the four telemedicine specialist centres **(1 document)**

The authorities also provided:

- i) **Screenshots related to the Telecordis service on the number of consultations done with the medical equipment installed as of December 7, 2023**, Telecordis services statistics (2 documents)

Analysis:

The justification and substantiating evidence provided by the Croatia authorities covers all constitutive elements of the target.

The objective of the TeleCordis project is to install the medical and computer equipment necessary for the performance of electrocardiogram (ECG) holter, pressure holter and 12 channel electrocardiogram (ECG) services in remote and rural areas which are insufficiently covered by those services, such as not having a cardiology specialist at their disposal.

Furthermore, the ECG Holter telemedical service shall provide patients in remote and rural areas access to specialist care, thus significantly increasing the availability of specialist health services in local outpatient centres, improving the performance of specialists, improving patient outcomes, reducing waiting lists and the cost of providing healthcare service.

As supported by contracts and takeover records of the purchased and installed devices, patients in remote and rural areas – as defined by the Strategic Plan of the Common Agricultural Policy of the Republic of Croatia 2023-2027 approved by the European Commission on 28 October 2022 - do now have access to specialist care as the acquired and installed equipment on 40 telemedical access centres allow for general practitioners or medical technicians to examine the patients and digitally send results via the software - ensuring the connectivity- as provided in evidence 6 'connectivity list' - allowing a specialist in the designed telemedical specialist centres to ensure the second stage of the process, that is to say to read the results of the medical examination remotely.

Due to the digitalisation of this service, access to specialised doctors is improved and patients receive a diagnosis more quickly, allowing care and follow-up to be put in place much easily, also as reducing waiting days, also the investment reduces cost on the public health system as patients do not travel to the hospital specialised in treatment, thus do not claiming travel cost.

The equipment shall be purchased (package per centre) and placed in at least 40 telemedical access centres.

As supported by the delivery records, inventory lists, photos of installed equipment and dispatch notes, two types of equipment (a medical equipment as well as an IT and communication equipment) were purchased and delivered to 40 telemedical access centres as well as to four telemedical special centres. From takeover records, it can be affirmed that a medical equipment package, composed of 12 channel electrocardiogram (ECG), electrocardiogram holter (ECG), blood pressure holter, spirometer and a spiro sensor, was purchased and delivered to 40 telemedical access centres. The IT and communication package, composed of an IP telephone with power adapter, a multifunctional printer (printer and scanner), an all-in-one computer (mouse, keyboard, and USB HUB), as well as a network switch, was delivered to the 40 telemedical access centres, as well as to the four telemedical special centres which are KBC Split, KBC Rijeka, KBC Osijek and Poliklinika Srčana Zagreb.

Furthermore, in line with the description of the measure, the investment shall include the digitisation of diagnostic processes and shall enable sharing the data with dispersed specialist centres. Also, in line with the description of the measure, the programme shall connect with telemedical specialist centres and provides a telecardiology service.

The structure of the connection between the telemedical access centres and the telemedical specialist centres can be seen in evidence 6 'connectivity list'. As a result:

Telemedical specialist centre KBC Split is connected to access centres Vis, Supetar, Hvar, Šolta, Sinj, Trilj, Imotski, Makarska, Vrlika, Biograd na Moru, Benkovac, Obrovac, Dugi Otok and Starigrad Paklenica.

- Telemedical specialist centre KBC Rijeka is connected to Umag, Poreč, Buzet, Pazin, Delnice, Crikvenica, Krk and Rab.

- Telemedical specialist centre KBC Osijek is connected to Čazma, Garešnica, Daruvar, Grubišno Polje, Donji Andrijevići, Ilok, Županja, Čaglin and Pakrac.
- Finally, Telemedical specialist centre Poliklinika Srčana Zagreb is linked to Križevci, Đurđevac, Rasinja, Glogovac, Ivanec, Ludbreg, Novi Marof, Krapina and Pregrada.

The Medilog Darwin2 software has been installed on all the 40 telemedical access centres and the four telemedical specialist centres to ensure the connection between the centres, thus providing a telecardiology service. This connection between the designated centres makes it possible to digitally transmit medical diagnoses as well as data acquired in telemedicine access centres. Concretely, a patient whose follow-up is done (and therefore a medical file is digitally registered) in one of the 40 telemedical access centres, can receive a diagnostic from a specialist as his medical file will be transmitted to the designated telemedical specialist centre where a specialist will analyse it. the provided document. Indeed, the result of the project is that, and as supported by the above provided explanations - the continuous monitoring of the condition of patients, especially those with chronic cardiac diseases, is ensured by the fact that the equipment installed and operational is dedicated to cardiological medical examinations.

Commission Preliminary Assessment: Satisfactorily fulfilled