



ASSESSMENT OF INDIVIDUAL COUNTRY RECOMMENDATIONS BY EACH MEMBER FEDERATION

Q1: For each country specific recommendation Member Federations were asked to answer whether it is 1: extremely important; 2: Important; 3: Helpful (but not a priority); 4: Irrelevant; 5: Contrary to federation's advice;

Q2: For each recommendation, Member Federations were asked to answer whether government's efforts to implement it were: 1: Excellent, 2: Satisfactory; 3: Mixed; 4: Unsatisfactory; 5: no progress observed.

N.B.: Federations in countries under financial assistance commented on recommendations made by the Troika in Economic Adjustment Programmes; Non EU countries commented on recommendations made by the OECD

SPRING 2015 REFORM BAROMETER - CROATIA

European Semester - Overall assessment of 2015 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (April 2015) is appropriate	To a large extent	Reducing administrative burdens on enterprises and improving the governance of state-owned enterprises, reducing parafiscal charges in 2016 and 2017, rationalising the system of state agencies and regional units of the central state administration, incentivising voluntary mergers of local self-government units, reducing legislative uncertainty
2.	The Commission's country specific recommendations for your country are appropriate.	Yes absolutely	ALL
3.	The Commission assessment of reform implementation the year before is appropriate.	Yes absolutely	Weaknesses in relation to effective expenditure control and the consistent application of budgetary constraints negatively impact fiscal policy-making and audit findings. The rapidly rising public debt calls for a much more active approach to public debt management.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	Yes absolutely	subdued growth, delayed restructuring of firms and dismal employment performance, the risks associated with weak competitiveness, large external liabilities and rising public debt coupled with weak public sector governance

Assessment of Country Specific recommendations 2015 in detail

		Q1 : the recommendation is :	Q2 : implementation on effort is :	Detailed comments
CSR 1	Ensure a viable correction of the excessive deficit by 2016 by taking the necessary measures in 2015. Publish and implement the findings of the expenditure review. Reinforce public debt management.	Extremely important	No progress	The quality of budgetary planning remains at very low level with consequence of frequent budget rebalances. The partial in-depth budgetary expenditure review has been done, but findings weren't published. No sanctioning mechanism for entities breaching budgetary limits has been established. Still no medium -term and/or long-term comprehensive debt management strategy
CSR 2	Discourage early retirement. Improve the adequacy and efficiency of pension spending. Tackle the fiscal risks in healthcare.	Important	Unsatisfactory	The fiscal risks in health care remain high in spite of exclusion of state health care fund from central budget. Many hospitals exceeded entire annual budget in first eleven months of 2015. Some savings in health care cost were made by further lowering the prices of the generic drugs produced by local pharmaceutical manufacturers.
CSR 3	Tackle the weaknesses in the wage-setting framework . Strengthen incentives for the unemployed and inactive. Carry out the reform of the social protection system and consolidate social benefits	Important	Unsatisfactory	Analysis on wage setting in public sector, SOE and private sector has been produced and discussed among social partners. The mayor opposition to establish co-relation between wage increase and productivity came from trade unions in public sector . No policy measure introduced. At the end of 2015 minimum wage was increased for 3% without economic argument & discussion of social partners.
CSR 4	Reduce the extent of fragmentation and overlap between levels of central and regional/local government. Increase transparency and accountability in the public sector. Advance the listing of Gov't's packages of shares	Important	No progress	No visible effort or results in the area of the distribution of competences between national and local/ regional level has been noted. The strategy for public administration was adopted but action plan is missing. Decision to engage head hunters for top positions in public companies was taken but no implementation took place. Modest results for listing of minority shares owned by Gov't.

		Q1 : the recommendation is :	Q2 : implementation on effort is :	Detailed comments
CSR 5	Significantly reduce parafiscal charges and remove excessive barriers for service providers. Identify and implement steps to improve the efficiency and quality of the judicial system, in particular commercial courts.	Extremely important	No Progress	The list of the reduction of parafiscal charges (approx. 1% of GDP) was prepared but only a few were significantly reduced in 2015. Again, in-depth cost-benefit analysis of the each of significant parafiscal charges is missing. No visible improvement in the case management at commercial courts and administrative court . The court backlog is more than half a million cases.
CSR 6	Reinforce the pre-insolvency and insolvency frameworks for businesses. Strengthen the capacity of the financial sector to support the recovery. Improve poor governance practices in some public institutions.	Extremely Important	Unsatisfactory	The financial discipline is still unsatisfactory. The Law on financial management has been breached without consequences. Many SME suffering because of late payments for their goods or services. SOE and health care funds are among main generators of illiquidity. The pre-bankruptcy and bankruptcy regulation integrated but implementation of major changes postponed for 2016.

Reform Progress in your Member State in 2015

How would you assess reform progress in 2015, for the following broad areas:

Taxation and Public Finances	Unsatisfactory
Business environment (regulation/access to markets)	Unsatisfactory
Labour market	Mixed
Innovation and skills	Unsatisfactory
Access to finance and Financial stability	Unsatisfactory

Reform priorities for 2016

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Consolidation of public expenditures	decisive sustainable fiscal consolidation, i.e. primary the reduction of budget expenditures	no
Priority 2	Quality of fiscal institutions and budgetary framework	improve budget planning, i.e. prepare and implement public debt management strategy	no
Priority 3	Public sector efficiency	Implement the goal setting and control i.e. comprehensive HRM system in public sector,	no
Priority 4	Business Environment - Regulatory barriers to entrepreneurship	RIA for business related regulation, i.e. applicable regulatory guillotine, ABC for public services	no
Priority 5	Tax reforms	reduction of the number and size of the plethora of parafiscal charges, tax burden reduction	no