



SPRING 2020 REFORM BAROMETER – CROATIA

European Semester - Overall assessment of 2019 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (April 2019) is appropriate.	Not enough	The public policies that underpin a modern market economy and that enable private-sector led growth. Effective institutions that are accountable, legitimate, transparent and competent. The basic institutions of the state such as a modern and effective judiciary that can enforce the rule of law, uphold contract and property rights and enforce commercial legislation. A long-term perspective of the country prosperity and citizen welfare.
2.	The Commission's country specific recommendations for your country are appropriate.	To some extent	Insufficient emphasise on comprehensive, brave, consistent, coherent reforms of public administration, public sector at all level with clear objectives, KPI, milestones, controlling mechanism and roles and responsibilities. Fight with corruption, clientelism and wide spread non professionalism. Low quality of regulation, and RIA.
3.	The Commission assessment of reform implementation the year before is appropriate.	To some extent	The Commission assessment of reform implementation was mostly good focused but valuation suffered from mild approach. At the beginning of January 2020 about 1/3 of measures from NRP has been implemented.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	To large extent was good, but insufficient to challenges of deep long-term structural problems of national economy, labour marker, and por public policies and institutions.



Assessment of Country Specific recommendations 2019 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Reinforce the budgetary framework and monitoring of contingent liabilities at central and local level. Reduce the territorial fragmentation of the public administration and streamline the functional distribution of competencies.	Important	Mixed	At the end 3Q2019 share of public debt in GDP is 74,9% , what is Q/Q decrease od 0,4% but Y/Y increased 4,4% and from 4Q2018. increased 3,8%. Government target is 71,2% for 2019.
CSR 2	Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance. Consolidate social benefits and improve their capacity to reduce poverty. Strengthen labour market measures and institutions and their coordination with social services. In consultation with the social partners, introduce harmonised wage-setting frameworks across the public administration and public services.	Helpful (but not a priority)	Unsatisfactory	In 2018 at risk of poverty was 19,3% population what is 0,7% decrease on Y/Y. Share of people at the risk of poverty and social exclusion is 24,8% what is 1,6 point less on the Y/Y. No reform of social services.
CSR 3	Focus investment-related economic policy on research and innovation, sustainable urban and railway transport, energy efficiency, renewables and environmental infrastructure, taking into account regional disparities. Increase the administration's capacity to design and implement public projects and policies.	Important	Unsatisfactory	The share of R&D expenditures in GDP in 2018 was 0.97%, which was an increase of 17.8% Y/Y. The largest amount of funds was spent in the business enterprise sector, i.e. 48.0%. New 12 km of railways is in operation.



		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	Improve corporate governance in State-owned enterprises and intensify the sale of such enterprises and non-productive assets. Enhance the prevention and sanctioning of corruption, in particular at the local level. Reduce the duration of court proceedings and improve electronic communication in courts. Reduce the most burdensome parafiscal charges and excessive product and services market regulation.	Important	Unsatisfactory	At the end 3Q2019 the number of legal entities in state is 1291, which is increase 5,3% Y/Y and Q/Q increase 1,4%. Improvement in corporate governance mostly focused on soft measures guidelines, workshops.

Reform Progress in your Member State in 2019

How would you assess reform progress in 2019, for the following broad areas:

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



Reform priorities for 2020

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Public sector efficiency	High quality public policies, SMART objectives and KPI should be deliberate	No
Priority 2	Consolidation of public expenditures	In election year extremely strong pressures from different groups should be eliminated	No
Priority 3	Business Environment - Regulatory barriers to entrepreneurship	Strongly reduce central and local state interference in everyday business affairs.	No
Priority 4	ICT	Speed up national digital transformation strategy with strong involvement of private ICT	No
Priority 5	R&D and Innovation	Efficient, comprehensive and consistent triple helix model is not yet public policy.	No