



Position Paper on CROATIA

**Position of the Commission Services on
the development of the Partnership Agreement
and Programmes in Croatia
for the period 2014-2020**

**Launch Event in Zagreb
31 January 2013**

Introduction

- Strong alignment with the **Europe 2020 strategy**, thematic concentration and performance incentives
- **Common Strategic Framework** covering 5 funds to jointly foster competitiveness, convergence and cooperation at all levels
- Need for strong prioritisation and result orientation

Commission Services Position Paper vs. Partnership Agreement

- Framework for dialogue between Croatia and the Commission services
- Optimise the use of European Structural and Investment funds and concentrate future spending on priority areas

Economic situation in Croatia

- Croatian economy has been in **recession** since 2008
 - the level of **GDP lowered** by more than 10%
 - narrow export base and insufficient competitiveness
 - unfavourable investment climate
- **Unemployment rate** close to 15% in 2012
- **Efficiency of public expenditure** remains a challenge
- Regional **disparities** exist
 - War affected areas
 - Remote areas
 - Urban-rural divide

Europe 2020 headline targets

Europe 2020 headline targets	Current level in Croatia
3% of EU's GDP to be invested in research and development	0.73%
20% greenhouse gas (GHG) emissions reduction compared to 1990	/
20% of energy from renewables	14.6%
20% increase in energy efficiency	/
75% of population aged 20-64 should be employed	57%
Reducing early school leaving to less than 10%	4.1%
At least 40% of 30-34 years old should have completed a tertiary or equivalent education	24.5%
Reducing the number of people at risk of poverty or exclusion by 20 mill. in the EU	/

...and national targets ??

- to be drafted in the economic programme (April 2013)

Main challenges

**Under-developed
knowledge based
growth factors and
insufficient
infrastructure**

**Low labour market
participation,
inefficient education
system and a difficult
social situation**

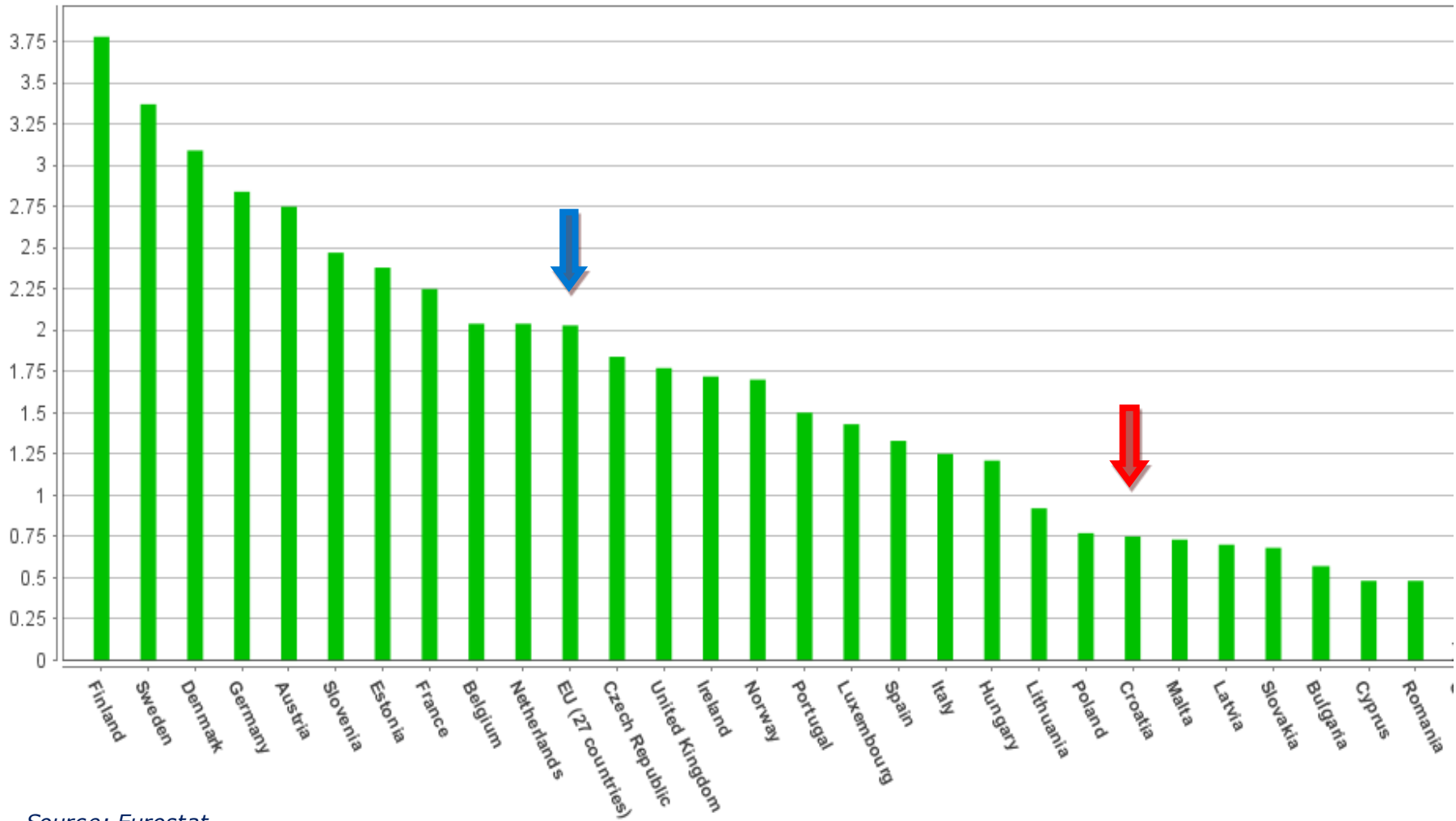
**Protecting the
environment and natural
resources and adapting to
climate change**

**Inefficient public
governance
at central/local level and
weak involvement of
partners**

Challenge: Under-development of knowledge based factors of growth and insufficient infrastructure

1. Lagging behind in knowledge based factors of growth
2. Unfavourable business environment
3. Transport and ICT networks are unbalanced and hinder competitiveness

Gross domestic expenditure on R&D (GERD) % of GDP



Source: Eurostat

Funding priority: Strengthening the competitiveness of the economy

1. Strengthening Croatia's innovation profile through smart specialisation

- Develop RD&I excellence and promote centres of competence
- Promote business R&I investment, support applied research and technological transfer to help companies develop more innovative products/ processes/ marketing/ services, and diversify the national/regional economy through high-growth activities

2. Supporting the modernisation and competitiveness of enterprises

- Promoting entrepreneurship
- Enhancing the competitiveness of SMEs by providing high-quality business support
- Facilitating SME's access to finance
- Modernisation of the agricultural, fisheries and aquaculture sector

! The effective removal of obstacles of business environment and to the growth of SMEs remains an essential condition for the success of the interventions supported by the Cohesion policy

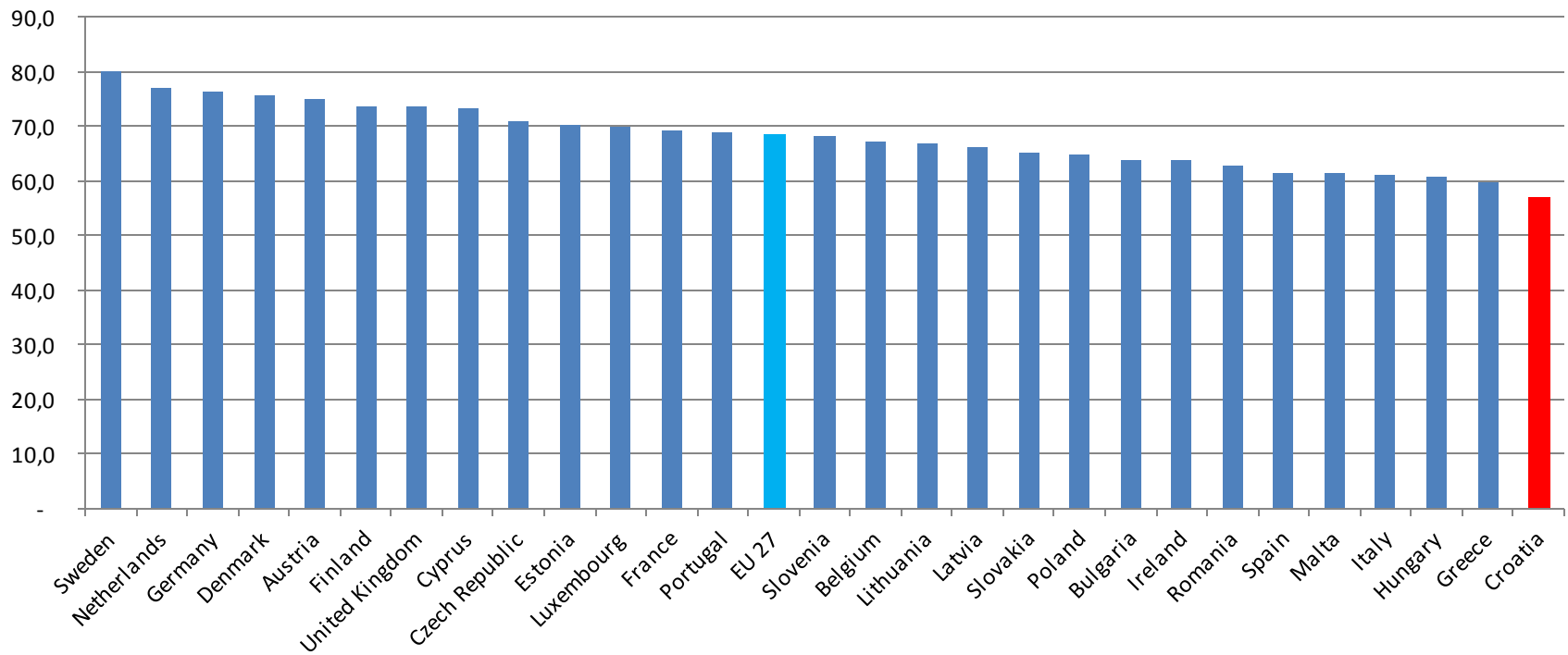
3. The extension and upgrading of the transport and ICT infrastructure

- Developing high quality, interoperable railway system
- Investing in TEN-T network and investing in regional mobility
- Developing environment-friendly transport systems and promoting sustainable urban mobility
- Expansion of next generation access broadband infrastructure & ICT services, particularly in remote areas

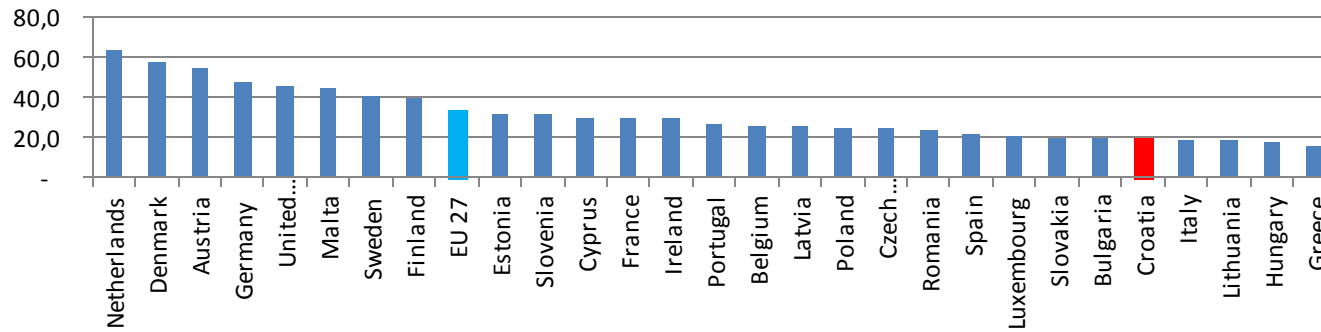
Challenge:

**Low labour market participation,
particularly of youth, inefficient
education system and a difficult social
situation**

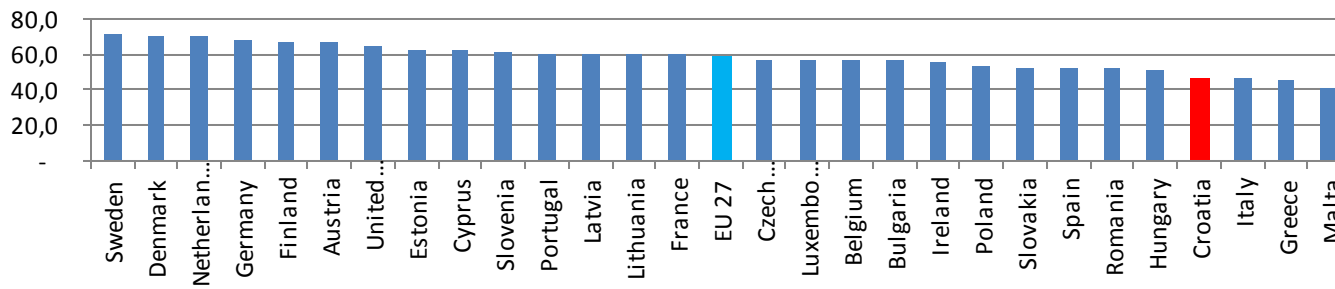
Employment rate in 2011, % of total population



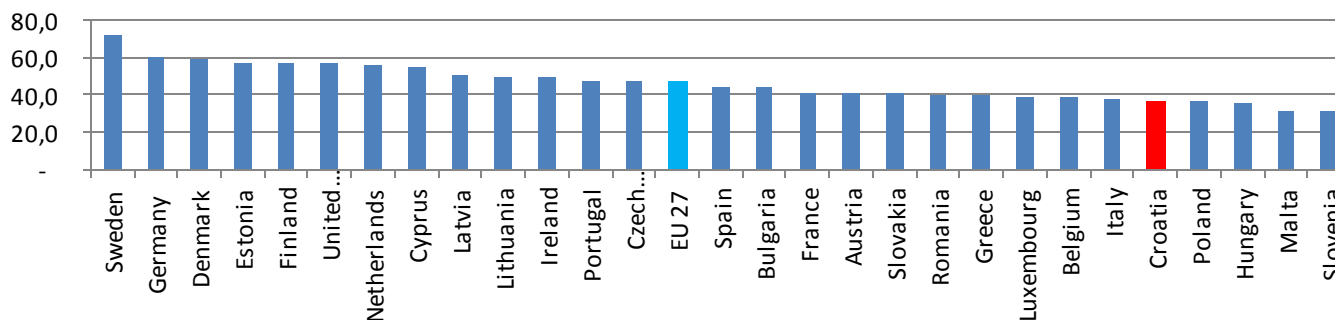
Source: Eurostat



Employment rate
- **young people**
in 2011, % of total
population

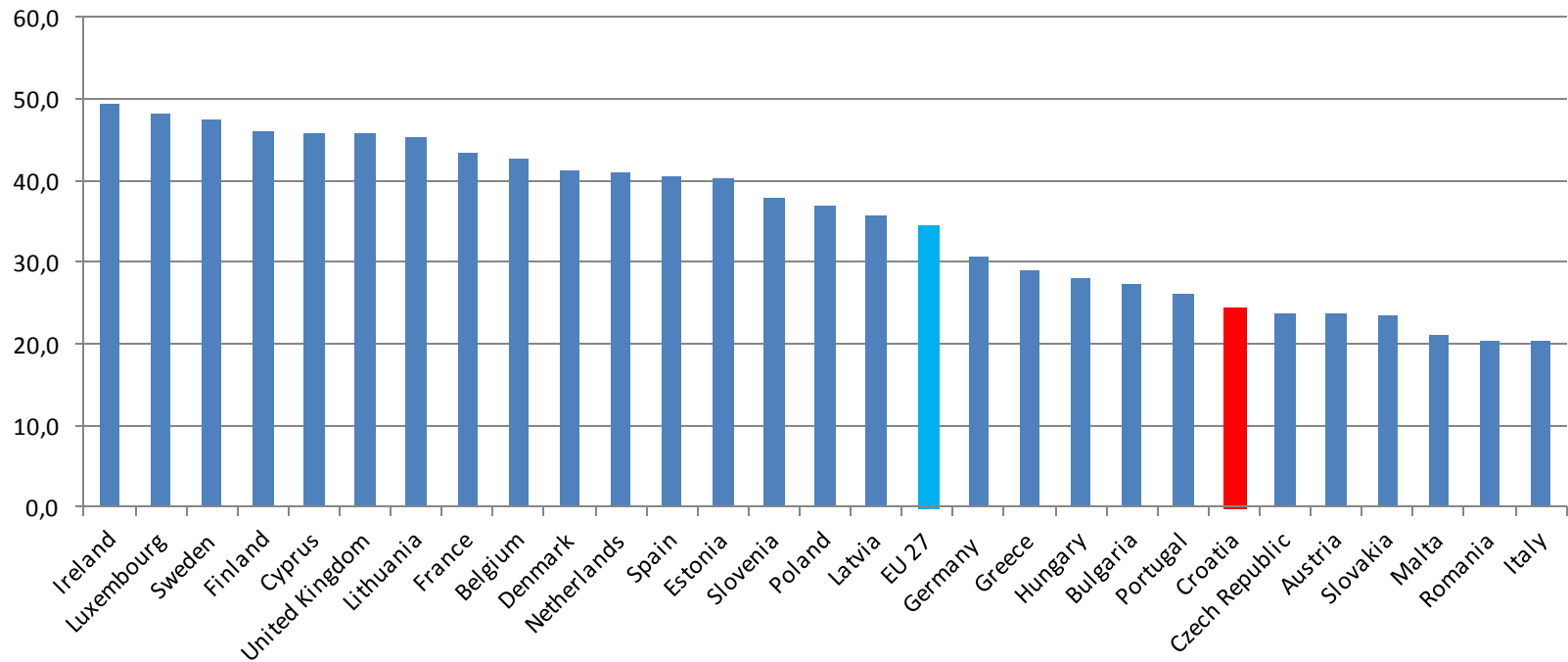


Employment rate
- **women**
in 2011, % of total
population



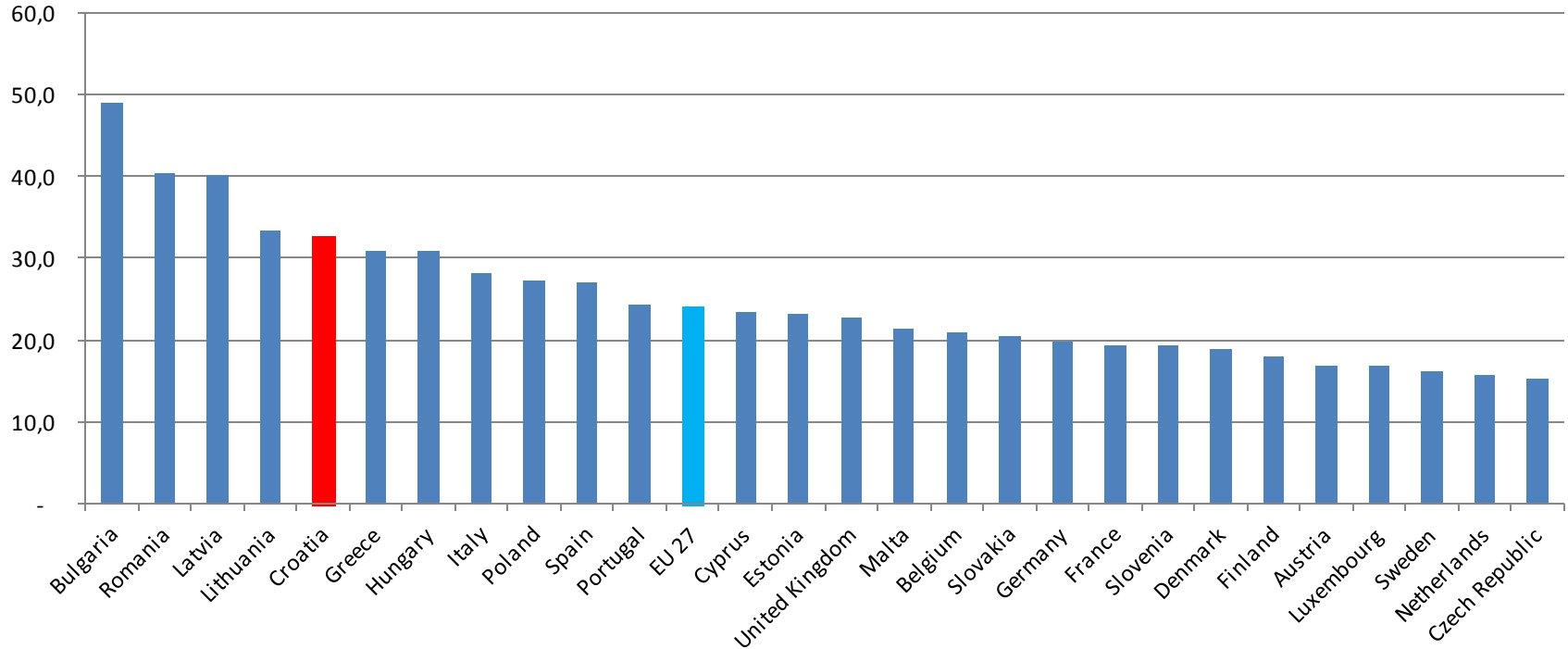
Employment rate
- **older people**
in 2011, % of
total population

Tertiary education attainment in 2011, 30-34 years old



Source: Eurostat

People at risk of poverty in 2011, % of the total population



Source: Eurostat

**Funding priority:
Increasing labour market participation,
ensuring better education and skills
and reducing poverty taking into
account regional differences**

1. Significantly enhance the labour market participation of most vulnerable groups, particularly women, older workers, long term unemployed & youth

2. Increase the employment of young people

- Access to employment for job-seekers and inactive people, including local employment initiatives and support for labour mobility
- Sustainable integration of young people not in education, employment, or training into the labour market

3. Improve skills level, address the challenge of matching labour market skills demand and supply, improve vocational education and training outcomes and enhance participation in the educational system

- Improving the quality, efficiency and openness of tertiary education with a view to increasing participation and attainment levels
- Enhancing access to lifelong learning, upgrading the skills and competences of workforce and increasing the labour market relevance of education and training systems
- Promoting knowledge transfer and innovation in the agriculture, forestry, maritime and fisheries sectors

4. Improve social inclusion of the most vulnerable groups, including elderly, children, persons with disabilities and Roma
5. Reduce discrimination
6. Ensure high quality, accessible and decentralised social and health services and invest in basic services for the rural population

- Active inclusion
- Combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation
- Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest
- Promoting social inclusion, poverty reduction and economic development of rural, coastal and fisheries area

Challenge: Environment, nature and climate change

1. Waste and water management

- Meeting EU standards

2. Biodiversity and nature

- High nature value areas/Natura 2000 areas
- Agriculture/forests

3. Renewable energy/ Greenhouse gas emissions

- Meeting target of 20%
- Dependence on fossil fuel import
- Energy efficiency low
- Kyoto targets

4. Climate change adaptation and risk management

- Risk of droughts, fires and flooding

Funding priority: Preserving and maintaining a healthy environment and protecting the natural resources and heritage, and adapting to climate change

1. Invest in waste and water sector to meet the environmental acquis

- Improving the efficiency of solid waste management
- Investing to reach full compliance with the European urban wastewater treatment directive
- Protecting drinking water resources and ensuring quality monitoring
- Applying an Integrated Water Management policy

2. Protecting biodiversity, improve soil and water management and promote sustainable management of Natura 2000 and high nature values areas, promoting ecosystem services including NATURA 2000 and green infrastructures

- Protecting and developing the natural and cultural heritage
- Promoting environmentally sound farming system
- Promoting sustainable management of Natura 2000 and other high nature value areas
- Promoting sustainable fisheries

3. Supporting the shift towards a low-carbon economy in all sectors

- Promoting energy efficiency, the use of renewable energy and technologies reducing greenhouse gas emissions
- Promoting the contribution of forestry to bio-energy production
- Improving the carbon retention capacity of soils and forests and reducing greenhouse gas emissions from farm operations

4. Promoting climate change adaptation, risk prevention and management

- *Applying measures for climate change adaptation and risk management*
 - Implementation of a national strategy for adaptation to climate change
 - Measures to cope with potential climate disasters
 - Creation of early warning systems for floods
- *Preventive measures to address specific risks*
 - Improving drought and water management
 - Supporting fire prevention and restoration measures in forests

Challenge: Inefficient public governance at central and local level; weak involvement of civil society & social partners

1. Public administration at all levels still not sufficiently effective, transparent and accountable and the risk of corruption is still present
2. Involvement of civil society and social partner organisations in the policy making and in social dialogue is still limited

**Funding priority: :
Strengthening the administrative capacity,
enhancing an efficient public administration
and increasing the involvement of civil society
and social partners**

1. Develop an effective, efficient public administration
 - Investment in institutional capacity and in the efficiency of public administrations and public services with a view to reforms, better regulation and good governance
2. Strengthen the capacity of social partners and civil society organisations to be involved in policy-making and policy-delivery
 - Capacity-building for stakeholders, social partners and NGOs

European Territorial Cooperation

- **Transnational and cross-border approaches**
 - Croatia should draw up with its neighbours approaches addressing specific needs (promote sense of partnership)
- **EU Strategy for the Danube Region**
 - coherence between the Strategy and programming of ESI interventions and exchange of good practices
 - devoting sufficient resources and attention to the role of Priority Area Coordinators and Steering Groups overall
- **Maritime Adriatic and Ionian Strategy**
 - improving coherence, coordination and alignment of policies and instruments, including country-specific ones, having an impact on the maritime economy

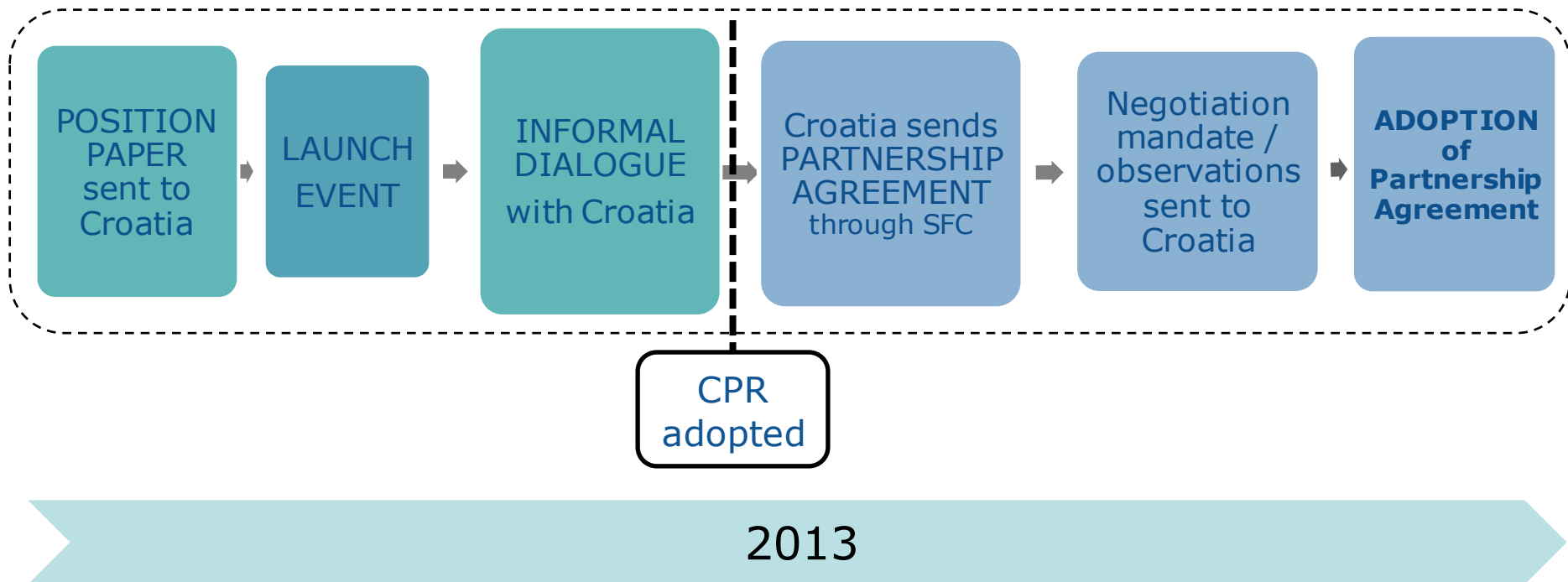
Success factors for effective delivery

- ✓ structural reforms
- ✓ human resources
- ✓ ex-ante conditionalities (e.g. Strategy for smart specialisation, Active labour market policies, Strategy for reinforcing administrative efficiency including public administration reform)

Also...

- mechanism for effective implementation of State Aid law
- existence of appropriate statistical systems and result indicators
- appropriate tendering capacity and procedures in place

Negotiation process for Partnership Agreement





Thank you for your attention!

We wish you a lot of success!