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Challenges of Absorption of EU Funds in Croatia



Table of Contents

Introduction	2
Improvement of existing digital systems	2
Consolidation of application and implementation systems	2
Improve the technical security of the digital system for project application and implementation	3
Modify the open procedure under the permanent call modality	3
Inability to track the status of project applications	3
Expansion of scope and clearer interpretation of the rules on state aid	4
Expanding the range of eligible sectors	4
A limited number of EU tenders for large businesses	5
Establishing an objective evaluation system	6
Clearer interpretation and application of the GBER Regulation	6
Monthly software licenses as an eligible cost	6
Process and time efficiency of the system	7
Adherence to predefined deadlines	7
More efficient processing of complaints	7
Improve communication between management and implementing bodies	8
Improve the state aid register	8
Strengthen institutional capacities	8
Speeding up the process of approving reimbursement requests (ZNS)	9
Conclusion	10



Introduction

This document outlines several key challenges Croatian businesses face when absorbing EU funds. Croatia has a significant potential for the use of grants under EU funds, which can significantly boost the development of entrepreneurship and bring it closer to the average level of development in the EU. However, the process of accessing and using different sources of co-financing at the national level is often fraught with considerable complexity and specific obstacles, which can discourage entrepreneurs. It is important to point out that the respect for the fundamental principles of the system is sometimes also questionable, including the principles of equal treatment, transparency, and unified decision-making on demanding issues. This causes difficulties for businesses, including those related to long-term investment planning, business development, and cash flow management.

This document provides a detailed insight into the challenges businesses face in this regard. Challenges and potential solutions are divided into three logical units: improvement of existing digital systems, expansion of scope and clearer interpretation of state aid rules, and process and time efficiency of the system.

In this context, the document provides a better overview of the challenges that Croatian businesses face when using EU funds, as well as possible solutions aimed at shaping a more effective system of EU funds in Croatia.

Improvement of existing digital systems

Consolidation of application and implementation systems

An aspect that deserves significant attention is the lack and fragmentation of information about open calls, i.e., announced calls. Information is currently scattered on websites of individual ministries, systems, or other relevant institutions. The lack of a centralized source of information creates challenges for entrepreneurs in finding relevant sources of financing. Some of the websites that have information about calls and procurement are:

- strukturnifondovi.hr – a website that archives the 2014-2020 financial period, which also includes tenders for procurements financed in the specified period (listed on EU websites as a reference page for EU funds in Croatia),
- eufondovi.gov.hr – a website covering the current program period, including calls for grants and indicative plans for call publication;
- fondovieu.gov.hr – the NPOO operational program website, with a system for recording, storing, and processing data used for project finance and project implementation monitoring;
- ekohezija.gov.hr – a website for recording, storing, and processing data necessary for project finance and project implementation monitoring; and
- efondovi.mrrfeu.hr – previous system for recording, storing and processing data necessary for project finance and project implementation monitoring.

If a business wants to apply for funds or provide services or sell goods under an EU-funded project, it should, as a rule, actively follow all the listed websites.

In addition, it is clear that the existence of more application and implementation systems increases the likelihood of technical issues and maintenance costs. This raises concerns about the benefits and rationale for maintaining separate systems, considering the clear similarities in the user interface.

Moreover, the current systems fall short of delivering adequate information about centralized EU programs. While these programs present significant opportunities for Croatian entrepreneurs, their potential remains underutilized, partly due to a lack of information.

It is necessary to consider the consolidation of existing systems for project application and implementation into a single integrated system that provides basic information about centralized programs. This would reduce technical issues and maintenance costs while also providing a more



straightforward and efficient user experience. It is important to ensure the new system is robust, reliable, and easily adaptable to future needs.

- **AmCham's proposal:**

Consolidate existing project application and implementation systems into a single integrated system.

Improve the technical security of the digital system for project application and implementation

One of the challenges in using EU funds is the need to improve the system for project application and implementation. For example, the "Fondovi EU" electronic application system did not have the technical functionality to implement minor changes for an extended period (several months), resulting in unclear procedures and delays in project activities. Furthermore, documents would often disappear and users received no notifications regarding new communications from the implementing bodies.

It is necessary to develop and introduce technical improvements in the systems for electronic project applications. Such a solution would include backups to ensure system reliability, save documents, and send notifications to prevent technical issues that arose in the past (e.g., during the 2023 tourism grant).

- **AmCham's proposal:**

Develop and introduce technical improvements in the systems for electronic project applications.

Modify the open procedure under the permanent call modality

The issue with the open procedure under the permanent call modality, known as the "fastest finger" approach, is that projects are funded in the order in which applications are received. This puts significant pressure on applicants to submit their applications as quickly as possible, often compromising quality and introducing an element of luck, influenced by factors such as internet speed, proximity of the server, and the like. This approach can lead to valuable projects not being funded because they were not sent immediately. In such cases, speed, rather than quality or project potential, becomes the determining factor. Although this model allows for faster evaluation and reduces pressure on implementing bodies, it is inherently unfair that a matter of seconds or minutes can determine whether a valuable project secures funding.

A potential solution lies in the introduction of an evaluation process for all applications received on the same day or within 24 hours. In this case, the speed of submission would not be the sole criterion for funding. It would ensure a fair evaluation of all projects submitted within the specified time frame. This approach retains the advantages of the existing model (faster project evaluation) while allowing for greater balance and fairness in the funding allocation process, reducing pressure on applicants and focusing on the quality of applications rather than just the order of applications received.

- **AmCham's proposal:**

Introduce an evaluation process where all applications submitted within the same day or a 24-hour period are reviewed collectively.

Inability to track the status of project applications

At the moment, it is not possible to track the status of project applications, which, given the time inefficiency during planning, complaint processing, and decisions on financing, introduces additional uncertainty into the process and makes it difficult to plan further business development for the entrepreneur who applied for funds.

We propose introducing system functionality that allows users to track the status of their project applications in real time. This would reduce uncertainty and enable better planning and management



of project activities, especially during longer evaluation periods, such as those in 2023. Also, that system should include regular updates and notifications about any changes or progress in the evaluation process.

- **AmCham's proposal:**

Introduce system functionality that allows users to track the status of project applications in real time.

Expansion of scope and clearer interpretation of the rules on state aid

Expanding the range of eligible sectors

It is extremely important to expand the spectrum of sectors eligible for EU funding. Not only does sector diversification promote wider economic development, but it also enables better utilization of European funds in different parts of the economy. Specific examples include the telecommunications sector, the defense industry, health tourism, private polyclinics, private kindergartens, and primary and secondary schools whose founders are not public bodies.

We propose expanding the scope of the **Guidelines on state aid for climate, environmental protection and energy in 2022** in the part related to the list of eligible sectors, i.e., sectors exposed to significant risk listed in Annex 1 to the Guidelines themselves, in accordance with the possibility of their expansion, if the Member State proves the fulfillment of the eligibility criteria under Item 405 by submitting data representative of the sector or sub-sector at the EU level, verified by an independent expert and covering a period of at least three (3) consecutive years, starting in 2013 at the earliest. AmCham's position is that the telecommunications sector (J61) meets the conditions specified in Article 405. However, it is currently not on the list of sectors exposed to significant risk. Therefore, it cannot use state aid intended for energy-intensive sectors.

Furthermore, under the **Competitiveness and Cohesion Program 2021-2027**, one of the investment priorities is Priority 3. Promotion of energy efficiency and renewable energy sources, adaptation to climate change, risk prevention, environmental protection and resource sustainability, Specific objective RSO2.1. *Promotion of energy efficiency and reduction of greenhouse gas emissions*. That priority, among others, includes interventions to increase investment in energy efficiency in the economy (industry, services, tourism, commercial sector and other companies) with the aim of increasing energy efficiency, decarbonization, and reducing emissions of greenhouse gases and pollutants. We propose introducing eligibility for large entities in section J, Information and Communication (NKD 2007). This particularly applies to the telecommunications sector (J61), which was not an eligible applicant in previous calls (2014-2020) (e.g., Increasing energy efficiency and the use of renewable energy sources in manufacturing industries). Additionally, in this sense, the definition of investment in business infrastructure should be expanded to include investments in energy renovation/energy efficiency of data centers.

We also propose amending or expanding the Competitiveness and Cohesion Program 2021-2027 (OPKK) in such a way as to enable investment in VHCN access networks, which is in line with the objectives of the policy program for the digital decade until 2030. Namely, the OPKK currently allows the financing of the construction of broadband aggregation networks and the connection of public institutions to VHC networks in NGA white areas. However, such an aggregation network that exists without further connection to the VHCN access network to it has not fulfilled its full purpose. Namely, in order to achieve a high level of utilization of aggregation networks, it is necessary to provide end users (both individuals and businesses) with access to high-speed Internet via these networks, which can only be accomplished through the development of VHCN access networks. When it comes to white (non-commercial) areas, that development needs to be co-financed through EU grants under the described extension of the OPKK program.

The **EU modernization fund** is intended to support 13 low-income EU member states, including Croatia, in order to achieve the goals of the European Green Plan. The fund is jointly managed by the Ministry of Environmental Protection and Green Transition and the Environmental Protection and

Energy Fund, which publish calls (tenders) to which entrepreneurs (SMEs and large companies) can apply with projects under the following priority areas:

- a) Production and use of electricity from renewable sources, including hydrogen from renewable sources.
- b) Heating and cooling from renewable energy sources.
- c) Reduction of total energy consumption due to energy efficiency, including in the areas of industry, transport, buildings, agriculture and waste.
- d) Energy storage and modernization of energy networks, including consumption management, district heating pipelines, electricity transmission networks, increasing the interconnection of member states and zero-emission mobility infrastructure.
- e) Just transition of carbon-dependent regions.

The funds in the Modernization Fund are also available for non-priority investments (up to a maximum of 20% of the funds), i.e., investments that do not fall under the listed priority areas but which contribute to the goals of the Integrated National Energy and Climate Plan and meet the criteria related to the low-carbon transition. In addition, Commission Implementing Regulation (EU) 2020/1001 of July 9, 2020, highlights the importance of just transition. In this context, expanding the list of eligible sectors should be considered, taking into account telecommunications, the defense industry, health tourism, private polyclinics, private kindergartens, and primary and secondary schools whose founders are not public bodies.

- **AmCham's proposal:**

Expand the scope of Guidelines on state aid for climate, environmental protection and energy in 2022 to include the telecommunications sector (J61).

Expand the scope of the Competitiveness and Cohesion Program 2021-2027 to include large entities in section J, Information and Communications (NKD 2007), the communications sector (J61) and investment in data centers.

Expand the scope of the Competitiveness and Cohesion Program 2021-2027 to investment in VHCN access networks in white areas.

Expand the scope of eligible applicants for funds under the Modernization Fund, taking into account the requirements of just transition.

A limited number of EU tenders for large businesses

The current system does not have enough calls aimed at large companies. Although support for SMEs is crucial for economic development, the role of large companies should not be neglected. Namely, large companies are catalysts of market changes and important users of resources, and their inclusion in multiple tenders can significantly contribute to the goals and indicators that Croatia has committed to achieve to the European Union. In addition, it is clear that no grants are currently planned to encourage large companies to carry out the necessary digitization processes.

It is necessary to allow large companies to apply for EU tenders in all cases where there are no barriers related to state aid regulations. In addition, we propose starting negotiations on a special support program for large companies early in the process of preparing operational programs. The emphasis should be on large companies' significant contribution to the Croatian economy. All businesses should be included in the programming process in order to achieve ambitious goals. In this context, large companies play a particularly important role. Likewise, we propose involving large stakeholders early in the process of preparing operational programs (through working groups, coordination meetings, etc.) to ensure the preparation of support programs for large companies.

- **AmCham's proposal:**

Enable large companies to apply for EU tenders in all cases where this does not constitute an obstacle in terms of state aid rules.

Promptly commence negotiations on a dedicated program for large companies during the preparation of operational programs.

Promptly involve large companies in the process of preparation of operational programs (through inclusion in working groups, coordination meetings, etc.).



Establishing an objective evaluation system

There is a need for clear and objective criteria when evaluating projects in order to minimize subjective bias in the assessment of project applications. A large part of the scoring criteria refers to an individual evaluator's subjective assessment, and almost all calls contain qualitative evaluation criteria, such as compliance of project activities with costs, a clearly described financing strategy for post-project activities, and other criteria that are not possible (or very difficult) to determine objectively.

Also, the project evaluation criteria should not be restrictive in that they favor (or disadvantage) specific groups of companies, ultimately harming market competition.

We propose introducing more quantified and objectively measurable criteria in the project evaluation procedure. Such a solution would entail a detailed revision of the existing scoring criteria, aiming to minimize subjectivity and increase transparency in the project selection process.

- **AmCham's proposal:**

Introduce more quantified, non-limiting, and objectively measurable criteria in the project evaluation procedure.

Clearer interpretation and application of the GBER Regulation

There is a need for a more detailed and clearer interpretation of the rules of General Block Exemption Regulation 651/2014 (GBER) and their effects on project applications. In particular, insufficiently clear application of these rules creates confusion and uncertainty among applicants, which can affect the quality of project proposals and, thus, the entire call for project proposals. Clearly defined guidelines and application of GBER rules will enable better compliance with the legal framework and reduce legal uncertainty. In particular, the calls published after the entry into force of the amendments of June 2023 include new provisions, which are directly lifted from the mentioned legislation without sufficiently clear explanations for businesses in terms of their application (for example, Articles 25, 26 / 26 (a), Article 38 and Article 47).

We draw particular attention to the fact that it is necessary to ensure the translation of the GBER provisions into support programs and the accompanying text of the instructions for applicants in a legally acceptable manner (note that derogation from the Regulation is prohibited unless otherwise stated in a specific article of the Regulation, such as the case in Article 15(b)).

It is necessary to prepare and publish detailed guides and/or manuals that would explain how Regulation 651/2014 (GBER) is applied in the context of project applications, in accordance with the latest amendments of June 2023. This would include regular updating and publication of explanations of amendments and new provisions, especially aimed at businesses. Also, educational seminars and workshops should be provided for all participants in the process in order to ensure uniform application, understanding, and interpretation of the rules.

- **AmCham's proposal:**

Prepare detailed guides and manuals on the application of the GBER Regulation in the context of project applications, in accordance with the latest amendments of June 2023.

Regularly update and publish amendments and new provisions.

Organize educational seminars and workshops for all participants in the process.

Monthly software licenses as an eligible cost

Businesses are faced with a lack of calls which consider costs of using computer cloud services and similar business models billed as monthly licenses as eligible.

Given that global trends require a shift towards a licensing model of service provision, common among all major IT solution providers, AmCham considers it necessary to allow applicants the option to choose between purchasing permanent licenses and renting licenses, according to the model under the Call NPOO.C1.1.2.R3-I3.01 "Grants for Digitization."



- **AmCham's proposal:**

Allow a choice between purchasing permanent licenses or renting licenses.

Process and time efficiency of the system

Adherence to predefined deadlines

The timing of call publication is unpredictable. Unfortunately, they are often late by several months compared to the originally scheduled dates. This non-compliance with deadlines for funding decisions has a direct impact on business development and the speed of fund absorption, ultimately impacting economic growth. Changes in the market, new innovative solutions, and price fluctuations can lead to outdated, irrelevant, and inadequately budgeted investments before the procurement process has even started. Not only does this increase costs, but it can also compromise the entire project idea and the expected results of the investment. Therefore, it is crucial to establish a system that adheres to deadlines and increases certainty when creating business plans and long-term development plans.

A stricter system for monitoring and controlling adherence to predefined deadlines is essential, particularly for planned call publication, processing of implementation documentation, and handling objections to negative decisions and financial corrections. This would include a review of internal processes and specific sanctions for non-compliance with deadlines to ensure greater predictability and enable businesses to better manage projects. It is essential to implement a reliable and consistent time frame for call publication and introduce early warning mechanisms for potential delays. Regular updates should be provided regarding the status of publication and any revised publication plans if delays occur.

In addition, it is important to regularly monitor the decision-making on financing while increasing the capacity of public bodies that evaluate project proposals. In the upcoming period, Croatia has significant grants at its disposal, which may indicate a greater number of applications. This also highlights the need for greater capacities of public bodies to handle the process effectively.

- **AmCham's proposal:**

Establish a stricter system for monitoring and controlling adherence to predefined deadlines, particularly for planned call publication, processing of implementation documentation, and handling objections to negative decisions and financial corrections.

Introduce an early warning mechanism about potential delays and sanctions for non-compliance with deadlines.

More efficient processing of complaints

Slow processing of complaints to received project rejections, financing decisions, and financial corrections represents a significant challenge for businesses. Namely, in situations where the review and decision-making process on objections takes too long, users remain in uncertainty for a prolonged period and may face potential financial losses, significantly impacting further business development. Therefore, this procedure should be much faster, which would boost the efficiency of the entire system and enable more agile decision-making during the planning and implementation of investment projects.

It is necessary to implement a more efficient and transparent process of handling complaints while ensuring the principle of equal treatment. Establishing clear deadlines, monitoring their adherence, and allocating additional resources to effectively deal with complaints is essential. Also, there should be a system to regularly update users on the status of their complaints in order to reduce uncertainty and potential financial losses.

- **AmCham's proposal:**

Introduce clear deadlines and monitor their compliance when processing complaints.

Develop a system to provide regular updates to users on the status of their complaints.

Improve communication between management and implementing bodies

An important aspect that deserves special attention is the need to improve communication between management and implementing bodies. It has been noted that, in certain situations, there is a lack of open communication. Also, discussions about specific situations sometimes start only during the evaluation process instead of at an earlier stage, when drafting the call. More effective communication and better coordination between bodies could lead to faster and more effective problem-solving. Furthermore, proactive communication could help avoid such situations and ensure smoother project approval and optimal implementation. It is also important to ensure consistency of evaluation, implementation, and financial corrections, given that entrepreneurs sometimes face inconsistent outcomes with the same starting assumptions.

It is necessary to establish clear, regular, and structured channels of communication between management and implementing bodies. This could include regular meetings, joint workshops, as well as the development of integrated communication platforms for rapid information exchange and real-time problem solving. Establishing working groups with representatives of state bodies on various topics would also be a contributing factor (for example, a working group for state subsidies, a working group for procurement procedures, and the like). In addition, the capacities of the Ministry of Regional Development and EU Funds as a coordinating body should be strengthened to ensure process consistency.

- **AmCham's proposal:**

Establish clear, regular, and structured channels of communication between management and implementing bodies.

Strengthen the capacity of the Ministry of Regional Development and EU Funds as a coordinating body.

Improve the state aid register

Another challenge related to the transparency of the procedure for granting state aid to businesses is the availability of the state aid register. Although the Ministry of Finance has recently started to publish (i.e., made publicly available) the register of state and de *minimis* grants, there is an evidently significant time lag between individual updates. The period during which grant providers enter relevant data on the given state and de *minimis* grants is also lengthy, lacking promptness.

We propose creating prerequisites for tracking data in the state aid register in real time, in order to increase the transparency of the system and enable quick and easy access to information for all interested stakeholders.

- **AmCham's proposal:**

Enable real-time data tracking in the state aid register.

Strengthen institutional capacities

The European Commission approved the basic programs for the implementation of the cohesion policy:

- Competitiveness and Cohesion Program – approved in November 2022,
- Integrated Territorial Program – approved in December 2022, and
- Effective Human Resources Program – approved in August 2023.

The first program was adopted almost two years after the beginning of the program period, while the last one was adopted more than 2.5 years after the beginning of the program period. Considering the current pace of call preparation as well as the contracting of funds, there is a significant risk that Croatia will not be able to use the substantial EU funds available by the end of the current program period. Clearly, this is not good for our country or for the efficient use of funds.

It is possible to strengthen institutional capacities in one of the following ways:



1. **Internal strengthening of capacities** would mean, specifically, an increase in the number of employees in deficit positions in the segment of EU funds in the system or redistribution of existing employees within the state administration system. The advantage of increasing the number of employees would, as expected, be reflected in more efficient and faster call announcement and evaluation of applications, as well as faster resolution of complaints/appeals to calls and allocation of funds. All this should result in a higher level of utilization of EU funds. Although it is clear that an additional increase in the number of employees in state administration would represent additional financial pressure on the state budget, the investment is justified. A larger workforce would improve the utilization of funds, resulting in a positive overall effect.

2. **Outsourcing specific aspects of the EU funds allocation process** would mean involving external partners to support the relevant EU bodies in managing the allocation of these funds. National bodies would potentially be able to focus on strategic process management while day-to-day activities, in accordance with the guidelines of the relevant EU bodies, could be carried out by external partners.

The advantage of outsourcing includes a reduction in the number of employees in public administration and a decrease in costs associated with the allocation of EU funds. Furthermore, national bodies could focus on the strategic aspects of EU funds, specifically, identifying the best opportunities to promote investment and preparing the framework for their implementation. Also, national bodies could devote themselves more to monitoring the implementation and spending of contracted funds.

- **AmCham's proposal:**

Internal strengthening of capacities – increase the number of employees in deficit positions in the segment of EU funds in the system or redistribute existing employees within the state administration system.

Outsourcing of specific aspects of the process – involve external partners to support the relevant EU bodies in managing the allocation process of EU funds.

Speeding up the process of approving reimbursement requests (ZNS)

Users usually have to wait for several months for the approval of reimbursement requests (ZNS), exceeding the established deadlines. This problem leads to serious challenges in project liquidity and is especially pronounced in investment projects, where the user's financial stability directly affects the success and continuity of the project implementation.

Reorganization and optimization of reimbursement request processing are needed in order to shorten the waiting time for the payment of funds. It is also necessary to automate parts of the process where possible and introduce administrative relief to increase the speed of processing and reduce liquidity challenges for the project and its user.

AmCham proposes introducing the practice of "clearing" the advance paid to the user (in accordance with the contract) through reimbursement requests submitted in the last six months of project implementation or during some other period towards the end of the project that the implementing bodies consider appropriate. This would improve liquidity in the initial stages of project implementation, when users most need funds to carry out project activities and pay suppliers/service providers. This would also reduce the problems that users are currently facing, namely the lengthy approval process for reimbursement request and delayed disbursement of approved funds. Users secure the paid advance with bank guarantees, which means that the implementing bodies face no risk of being unable to recover funds in the event of corrections or a lower value of project implementation.

- **AmCham's proposal:**

Reduce the waiting time for fund disbursement by reorganizing and optimizing the reimbursement request processing procedure.

Introduce the practice of "clearing" the advance paid to users (in accordance with the contract) through the reimbursement requests submitted in the last six months of project implementation.



Conclusion

This document provides a detailed analysis of the key challenges Croatian businesses face when accessing EU funds. It is evident that, although there are many opportunities that these funds provide, there are numerous factors that make it difficult to use them effectively, as detailed in this document.

These challenges, despite their complexity, are solvable. Success in this endeavor requires joint effort and includes cooperation between the businesses, management and implementing bodies, ministries, as well as other relevant institutions. AmCham members are keen to engage in formulating concrete solutions for the outlined challenges and to offer a more detailed account of the daily difficulties encountered by businesses, along with the experiences they have gained.

In conclusion, this document serves as a call to action: decision-makers must review and improve existing processes, while businesses should proactively seek information and utilize available resources. Only joint efforts can ensure that the potential offered by EU funds is fully harnessed. This will contribute not only to the growth and development of entrepreneurship but will also strengthen the entire Croatian economy. It is clear that this represents a common interest of the public and private sectors in Croatia. Below is a summary of all the recommendations in this document.



IMPROVEMENT OF EXISTING DIGITAL SYSTEMS

Consolidation of application and implementation systems

- Consolidate existing project application and implementation systems into a single integrated system.

Improve the technical security of the digital system for project application and implementation

- Develop and introduce technical improvements in the systems for electronic project applications.

Modify the open procedure under the permanent call modality

- Introduce an evaluation process where all applications submitted within the same day or a 24-hour period are reviewed collectively.

Inability to track the status of project applications

- Introduce system functionality that allows users to track the status of project applications in real time.

EXPANSION OF SCOPE AND CLEARER INTERPRETATION OF THE RULES ON STATE AID

Expanding the range of eligible sectors

- Expand the scope of Guidelines on state aid for climate, environmental protection and energy in 2022 to include the telecommunications sector (J61).
- Expand the scope of the Competitiveness and Cohesion Program 2021-2027 to include large entities in section J, Information and Communications (NKD 2007), the communications sector (J61) and investment in data centers.
- Expand the scope of the Competitiveness and Cohesion Program 2021-2027 to investment in VHCN access networks in white areas.
- Expand the scope of eligible applicants for funds under the Modernization Fund, taking into account the requirements of just transition.

A limited number of EU tenders for large businesses

- Enable large companies to apply for EU tenders in all cases where this does not constitute an obstacle in terms of state aid rules.
- Promptly commence negotiations on a dedicated program for large companies during the preparation of operational programs.
- Promptly involve large companies in the process of preparation of operational programs (through inclusion in working groups, coordination meetings, etc.).

Establishing an objective evaluation system

- Introduce more quantified, non-limiting, and objectively measurable criteria in the project evaluation procedure.

Clearer interpretation and application of the GBER Regulation

- Prepare detailed guides and manuals on the application of the GBER Regulation in the context of project applications, in accordance with the latest amendments of June 2023.



- Regularly update and publish amendments and new provisions.
- Organize educational seminars and workshops for all participants in the process.

Monthly software licenses as an eligible cost

- Allow a choice between purchasing permanent licenses or renting licenses.

PROCESS AND TIME EFFICIENCY OF THE SYSTEM

Adherence to predefined deadlines

- Establish a stricter system for monitoring and controlling adherence to predefined deadlines, particularly for planned call publication, processing of implementation documentation, and handling objections to negative decisions and financial corrections.
- Introduce an early warning mechanism about potential delays and sanctions for non-compliance with deadlines.

More efficient processing of complaints

- Introduce clear deadlines and monitor their compliance when processing complaints.
- Develop a system to provide regular updates to users on the status of their complaints.

Improve communication between management and implementing bodies

- Establish clear, regular, and structured channels of communication between management and implementing bodies.
- Strengthen the capacity of the Ministry of Regional Development and EU Funds as a coordinating body.

Improve the state aid register

- Enable real-time data tracking in the state aid register.

Strengthen institutional capacities

- Internal strengthening of capacities – increase the number of employees in deficit positions in the segment of EU funds in the system or redistribute existing employees within the state administration system.
- Outsourcing of specific aspects of the process – involve external partners to support the relevant EU bodies in managing the allocation process of EU funds.

Speeding up the process of approving reimbursement requests (ZNS)

- Reduce the waiting time for fund disbursement by reorganizing and optimizing the reimbursement request processing procedure.
- Introduce the practice of “clearing” the advance paid to users (in accordance with the contract) through the reimbursement requests submitted in the last six months of project implementation.

For additional information, please contact: American Chamber of Commerce in Croatia

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