



**FISCAL POLICY  
COMMISSION**

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**29th POSITION PAPER**

**OF THE FISCAL POLICY COMMISSION ON THE  
DRAFT AMENDMENTS TO THE STATE BUDGET  
OF THE REPUBLIC OF CROATIA AND THE  
FINANCIAL PLANS OF EXTRA-BUDGETARY  
USERS FOR 2024**

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The Fiscal Policy Commission (hereinafter: the Commission), at its 2nd session held on October 7, 2024, reviewed the Proposal for Amendments to the State Budget of the Republic of Croatia (hereinafter: the Republic of Croatia) and the financial plans of extra-budgetary users for 2024, which was adopted at the 28th session of the Government of the Republic of Croatia (hereinafter: the Government of the Republic of Croatia) on October 3, 2024.

**The Commission assesses that the proposed amendments to the State Budget are necessary to correct certain categories of revenues and expenditures and also represent a form of regularization of the current situation.**

**On the one hand, the Commission highlights that macroeconomic performance in 2024 has improved compared to the macroeconomic projections from November 2023, which were the basis for the 2024 State Budget, while fiscal situation has deteriorated. Fiscal policy in 2024 (over the past ten months) has been pro-cyclical. It has been largely marked by an increase in revenues (due to real and nominal GDP growth and partially due to inflation), but also a pronounced increase in expenditures (primarily on wages and benefits to citizens and households).**

**Although the general government balance and public debt are expected to be within the limits of the Stability and Growth Pact in 2024 (the general government deficit is projected at 2.6 % of GDP, and public debt at 58.9 %), the Commission emphasizes that in 2024, the fiscal space needed for adjustments to potential future economic shocks has been reduced.**

**The excessive increase in expenditures is evidenced by a significant rise in the primary structural deficit, amounting to 1.9 % of GDP (such a strong fiscal impulse should be avoided under conditions of relatively strong economic growth and heightened inflationary pressures), and a substantial increase in the structural deficit from -1.8 % in 2023 to -3.6 % of GDP in 2024.**

**In the context of this increase in expenditures, the Commission warns and underscores that from the perspective of long-term public finance sustainability,**

**it is necessary to begin a comprehensive and prudent fiscal adjustment as early as next year (amounting to at least 0.25 % of the primary structural balance in GDP annually within the adoption of a longer seven-year fiscal adjustment plan, in line with the reformed Stability and Growth Pact guidelines), along with further tax and non-tax reductions and stricter expenditure control.**

**The Commission also points out the growing share of the state in GDP, which is returning to levels observed during previous recessions, and which in the future could expose Croatia's public finances to greater risks in the event of a significant slowdown in economic activity. At the same time, the Commission recognizes the efforts of the Government of the Republic of Croatia to reduce the share of public debt in GDP as an indicator of fiscal sustainability.**

**In line with the above, and taking into account the current macroeconomic and fiscal conditions, the Commission accepts the proposed budgetary plans but stresses the importance of prudent fiscal (budgetary) planning and the need to return to an anti-cyclical fiscal policy in the coming year. As on many previous occasions, the Commission calls on the Government of the Republic of Croatia to implement the necessary structural reforms.**

The proposed Amendments to the State Budget foresee an increase in total budget revenues by 1.8 billion euros and an increase in total budget expenditures by 976 million euros, measured according to the national methodology. These amendments reduce the state budget deficit from 4.1 billion euros to 3.3 billion euros, which also lowers its share of GDP from 4.9 % to 3.9 %. Simultaneously, the consolidated general government deficit is also reduced from the initially projected 4.5 % to 3.5 % of GDP.

According to the ESA 2010 methodology, the consolidated general government balance and public debt in 2024 are expected to remain within the upper limits set by the Stability and Growth Pact. The general government deficit is projected at 2.6 % of GDP, while public debt is expected to be 58.9 % of GDP, both below the permissible thresholds of 3.0 % for the deficit and 60 % for public debt. Given that the budget

revision is proposed in October, these estimates and quantifications by the Ministry of Finance (hereinafter: MoF) can be considered relatively accurate and reliable.

The Commission emphasizes that the proposed amendments to the State Budget continue to reflect pro-cyclical fiscal policy, that is, an increased propensity of the state to spend budgetary funds during a favorable economic cycle.

The substantial increase in the primary structural deficit, amounting to 1.9 % of GDP within a year, also indicates the extent to which public finances have stimulated economic activity in the current year. The Commission believes that under conditions of relatively strong economic growth, heightened inflationary pressures, and labor shortages, the strong fiscal impulse generated in 2024 was not necessary. A larger deficit and public debt (despite the reduction in its share of GDP), compared to those that ensure the long-term sustainability of public finances, reduce the room for future fiscal policy actions. The budgetary capacity should be preserved and utilized only when it is truly necessary and essential; therefore, the Commission's recommendation to the Government of the Republic of Croatia is to return to counter-cyclical management of public finances.

## **1. Dynamics of Macroeconomic and Fiscal Projections from the Adoption of the 2024 Budget to the Proposal for Amendments to the State Budget**

**Observing the period from the preparation of the 2024 budget to the new plan, macroeconomic expectations for Croatia have improved** (Table 1). In the European Commission's (hereinafter: EC) Spring 2024 projections, compared to the Autumn 2023 projections, which were current during the preparation of the 2024 budget, expectations for real GDP growth for Croatia increased by 0.8 percentage points. This rise is primarily a result of higher expected growth in personal consumption (+1.5 pp) and government consumption (+0.7 pp), alongside higher inflation (+1.1 pp) and an increase in employment (+0.9 pp). These developments are expected to positively impact the realization of tax revenues based on consumption, employment, and investments.

In the latest available (Autumn) macroeconomic projection of the Croatian National Bank (hereinafter: CNB) for 2024, higher real GDP growth is projected compared to the EC projections (+0.3 pp), primarily driven by stronger personal consumption and gross fixed capital investments, along with slightly higher inflation (Table 1a). In the explanation of the proposed amendments to the 2024 State Budget, the Ministry of Finance forecasts a real annual GDP growth of 3.6 %, with inflation rates of 3 % and an increase in employment of 3 %<sup>1</sup>. The aggregate GDP projection is consistent with the Autumn macroeconomic projection of the CNB.

Simultaneously, between the two aforementioned EC projections for 2024, expectations for the EU27 area were revised downward, with real GDP growth lowered by 0.3 percentage points, primarily due to a reduction in expected investment growth (-1.2 pp).

**When observing the period from the preparation of the 2024 State Budget to the proposal for amendments, fiscal expectations for Croatia have deteriorated** (Table 2). Despite the expectation of stronger GDP growth for Croatia in the EC's Spring 2024

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<sup>1</sup> MoF announces the publication of detailed projections of the expenditure-side components of GDP for 2024 within the Draft Budgetary Plan of the Republic of Croatia for 2025.

projections compared to the Autumn 2023 projections, the general government deficit for 2024 is forecasted to increase by 0.8 percentage points, with higher interest expenses (+0.5 pp) and a larger gross public debt (+0.7 pp). These changes in projections, along with an increase in the output gap share in potential GDP by 1.2 percentage points, have resulted in a projected increase of 1.3 percentage points in the share of the structural deficit in potential GDP. This shift in expectations indicates greater expenditure expansion in 2024 than initially planned, which could heighten fiscal risks in the medium term. Nevertheless, according to the EC projections, by the end of 2024, both the general government deficit and public debt should remain within the Maastricht criteria.

The dynamics of aggregate fiscal projections at the EU27 level for 2024 are slightly unfavorable when examining the shares of specific fiscal indicators in GDP (Table 2). This suggests that in the upcoming period, greater scrutiny of expenditures can be expected, particularly if economic growth remains at or below the projected levels.

## **2. Assessment of the Proposal for Amendments to the 2024 State Budget**

**In the first eight months of 2024, positive macroeconomic trends were observed, and their continuation is expected until the end of the year.** Preliminary GDP performance for the first half of 2024 (Table 3) aligns with the previously mentioned, most recent projections from the EC. A real GDP growth rate of 3.6 % was achieved, primarily as a result of growth in personal consumption and gross fixed capital investments. The economic growth recorded in the first half of 2024 had a positive impact on state budget revenues. Available macroeconomic indicators suggest a continuation of positive trends in the third quarter, except for industrial production, which recorded a cumulative year-on-year decline of -2.3 % in the first eight months.

The positive macroeconomic outlook from the MoF and the CNB for the rest of the year is similar, with expectations for higher real GDP growth compared to EC projections (+0.3 percentage points), primarily driven by stronger personal consumption and gross fixed capital investments, but also with a slightly higher inflation rate (Table 1a). The upgrade of Croatia's long-term credit rating by the credit rating agency Standard & Poor's from BB+ to A- indicates that greater stability and dynamic economic growth are expected in the upcoming period, although Croatia, as a small open economy, is not isolated from developments in the economy of the European Union (hereinafter: the EU) and the broader region.

**The proposed amendments to the 2024 State Budget have increased expected total revenues due to stronger economic activity and better-than-planned performance.** In addition to the forecasted trends in domestic demand, state budget revenues have been positively impacted by the growth in prices and employment to date. The original plan for 2024, which was adopted by the Croatian Parliament on November 30, 2023, projected total revenues of 28.5 billion euros and total expenditures of 32.6 billion euros, with a budget deficit of 4.1 billion euros or 5.0 % of GDP, expressed according to national methodology (Table 4).

With this Proposal for Amendments to the 2024 State Budget, total revenues are planned to amount to 30.3 billion euros (an increase of 1.8 billion euros or 6.4 %). Tax

revenues are planned at 17.3 billion euros (an increase of 1.1 billion euros or 7.0 %), with the largest increase recorded in revenues from value-added tax. The increase in revenues from value-added tax (an increase of 0.4 billion euros or 3.6 %) and corporate income tax (an increase of 0.4 billion euros or 17.7 %) is based on the expected trends in personal and tourist consumption, intermediate consumption, investments, and in-kind social transfers. The significant growth in corporate income tax revenue is the result of corporate and bank performance in 2023, under conditions of increased inflation.

The new plan aims to increase revenues from contributions (an increase of 0.4 billion euros or 9.6 %). This revenue growth is driven by wage increases, primarily in the public and state sectors, as well as higher employment levels in 2024. On the other hand, in line with the dynamics of using EU funds, revenues from grants are expected to decrease by 0.4 billion euros (or 11.0 %) compared to the original plan.

**The proposed Amendments to the 2024 State Budget increase state budget expenditures.** Compared to the original plan, total state budget expenditures have risen by almost 1 billion euros (976 million euros). Expenditures financed from general revenues, contributions, and earmarked receipts increase by 1.1 billion euros, while expenditures financed by the EU and other sources decrease by 140 million euros. Within total state budget expenditures, operating expenditures are planned at 31.7 billion euros (an increase of 1.2 billion euros), and expenditures for the acquisition of non-financial assets at 1.9 billion euros (a decrease of 218 million euros).

Originally planned at 5.2 billion euros in November 2023, employee expenditures are increased by 506 million euros to 5.7 billion euros under these Amendments. The increase in employee expenditures primarily results from the Government's decisions to raise the wages of state and public servants at the beginning of 2024. Additionally, a smaller adjustment was made to align the wages of state officials due to the previous multi-year period of non-alignment in the second half of the year. This increase, compared to the original budget plan, also includes the planned increase in funds for employee expenditures in primary and secondary education, due to the previously mentioned wage reform, which is recorded in the budget under the position of aid provided abroad and within the general budget.



In terms of benefits to citizens and households, these Amendments provide additional funds compared to the original plan for the payment of inclusive allowances (+148.0 million euros), while at the same time planning a reduction in pension funds by 136.4 million euros due to a lower rate of regular pension indexation compared to initial estimates. Due to a reduced expected number of child benefit recipients, planned funds for personal assistance decrease by 41 million euros, and for one-time allowances by 22 million euros.

The subsidy position sees an increase in planned expenditures by 547.9 million euros. This is the result of the offsetting of mutual claims and obligations (no cash flow) between the Republic of Croatia and Hrvatska elektroprivreda d.d. (523.1 million euros), related to measures to mitigate electricity prices for business customers from October 1, 2022, to March 31, 2023, and the price difference for thermal energy.

**The proposed amendments to the State Budget increase the state's share of GDP.**

According to national methodology, the share of revenues in GDP, in relation to the original plan, increases by 2.1 percentage points, while compared to the execution of 2023, it increases by 0.3 percentage points. On the other hand, the share of expenditures in GDP, compared to the original plan, increases by 1.2 percentage points, while compared to the execution of 2023, it increases by 3.3 percentage points. The Commission again warns of the significant increase in the state's share of GDP, which returns to levels observed during previous recessions, thereby exposing Croatia's public finances to risks in the event of a significant economic slowdown.

**The proposed Amendments to the State Budget also increase the planned total deficit of the consolidated general government according to the ESA 2010 methodology, while reducing the share of public debt in GDP.**

Measured by the ESA 2010 methodology, the planned consolidated general government deficit in the Proposal for Budget Amendments is projected at 2.6 % of GDP, which represents a significant increase compared to the original plan (+0.8 percentage points). On the other hand, the new plan predicts an increase in public debt to 49.5 billion euros, a nominal increase of 1.2 billion euros compared to the public debt at the end of 2023.

The Commission recognizes the Government's efforts in the process of reducing public debt as an important indicator of fiscal sustainability, as a reduction in the share of public debt in GDP to 58.9 % by the end of the calendar year is projected.

In the EC's Spring projections, the structural deficit for 2024 is projected at 3.6 %, representing an increase of 1.3 percentage points from the Autumn 2023 projection, indicating that the EC anticipates the continuation of pro-cyclical fiscal policy in 2024. The proposed budget amendments align the projections of the consolidated general government deficit with the EC's projections at a level of 2.6 % of GDP, with an expected realization of the structural general government deficit at approximately 3.6 %, as estimated in the EC's Spring projections.

As of April 2024, the reformed fiscal rules are back in force, after the General Escape Clause was activated for the previous three years. The newly adopted and reformed framework for economic and fiscal governance in the EU aims to apply simplified and more flexible rules that promote sound fiscal policies and reforms and investments in growth in line with the EU's common priorities. Therefore, due to the projected trend of Croatia's structural balance, fiscal consolidation is expected in the coming period due to the implementation of new fiscal rules, but at the same time, a reduction in the output gap, which influences the level of the structural balance, is expected.

Additionally, it is essential that in the explanations of the proposed budget amendments, as well as in all future budget documents, the MoF expands and supplements the analytical justification with explanations of fiscal indicator trends, which are monitored according to the Stability and Growth Pact.

### 3. Annex

Table 1. Macroeconomic projections of the EC for Croatia and EU27 for 2024

| CATEGORY / FORECAST           | Autumn forecast 2023 for EU27 | Spring forecast 2024 for EU27 | Change in pp EU27 | Autumn forecast 2023 for HR | Spring forecast 2024 for HR | Change in pp HR |
|-------------------------------|-------------------------------|-------------------------------|-------------------|-----------------------------|-----------------------------|-----------------|
| GDP (real)                    | 1,3                           | 1,0                           | -0,3              | 2,5                         | 3,3                         | 0,8             |
| Private consumption           | 1,3                           | 1,3                           | 0,0               | 2,8                         | 4,3                         | 1,5             |
| Public consumption            | 1,2                           | 1,6                           | 0,4               | 2,4                         | 3,1                         | 0,7             |
| Gross fixed capital formation | 1,5                           | 0,3                           | -1,2              | 3,4                         | 3,1                         | -0,3            |
| Exports (goods and services)  | 2,2                           | 1,4                           | -0,8              | 3,2                         | 2,6                         | -0,6            |
| Import (goods and services)   | 2,3                           | 1,3                           | -1,0              | 2,2                         | 3,4                         | 1,2             |
| Potential GDP                 | 1,5                           | 1,4                           | -0,1              | 3,5                         | 3,6                         | 0,1             |
| Output gap*                   | -0,3                          | -0,5                          | -0,2              | 1,0                         | 2,2                         | 1,2             |
| GDP deflator                  | 3,2                           | 3,2                           | 0,0               | 3,6                         | 5,5                         | 1,9             |
| Inflation (HIPC)              | 3,5                           | 2,7                           | -0,8              | 2,4                         | 3,5                         | 1,1             |
| Employment rate               | 0,4                           | 0,6                           | 0,2               | 1,1                         | 2,0                         | 0,9             |

Source : EC Spring forecast, May 2024, Autumn forecast, November 2023; \*share in potential GDP (%)

Table 1a. MoF forecast for 2024 used in the Draft Budgetary Plan 2024 and the latest published macroeconomic projections of the CNB for 2024

| CATEGORY / FORECAST           | Draft budgetary plan 2024 MoF | Autumn forecast CNB 2024 |
|-------------------------------|-------------------------------|--------------------------|
| GPD (real)                    | 2,8                           | 3,6                      |
| Private consumption           | 3,2                           | 6,1                      |
| Public consumption            | 2,5                           | 3,0                      |
| Gross fixed capital formation | 3,2                           | 10,5                     |
| Exports (goods and services)  | 2,2                           | 0,1                      |
| Import (goods and services)   | 2,7                           | 4,8                      |
| GDP deflator                  | 4,4                           | -                        |
| Inflation (HIPC)              | -                             | 3,9                      |
| Employment rate               | 1,8                           | 3,0                      |

Source: MoF, CNB

Table 2. Outcomes for selected fiscal categories according to the EC's Spring (May 2024) and Autumn (November 2023) forecasts for Croatia and the EU27 for 2024 (% of GDP, ESA 2010 methodology)

| CATEGORY / FORECAST                                      | Autumn forecast 2023 for EU27 | Spring forecast 2024 for EU27 | Change in pp EU27 | Autumn forecast 2023 for HR | Spring forecast 2024 for HR | Change in pp HR |
|--|-------------------------------|-------------------------------|-------------------|-----------------------------|-----------------------------|-----------------|
| Total government expenditure                             | 48,5                          | 49,2                          | 0,7               | 46,5                        | 48,3                        | 1,8             |
| Total government revenue                                 | 45,7                          | 46,2                          | 0,5               | 44,7                        | 45,6                        | 0,9             |
| Net lending (+) / net borrowing (-)                      | -2,8                          | -3,0                          | -0,2              | -1,8                        | -2,6                        | -0,8            |
| Interest expenditure                                     | 1,8                           | 1,8                           | 0,0               | 1,1                         | 1,6                         | 0,5             |
| Primary balance  | -1,0                          | -1,2                          | -0,2              | -0,7                        | -1,0                        | -0,3            |
| Cyclically-adjusted net lending (+) / net borrowing (-)* | -2,6                          | -2,8                          | -0,2              | -2,3                        | -3,6                        | -1,3            |
| Structural budget balance*                               | -2,6                          | -2,7                          | -0,1              | -2,3                        | -3,6                        | -1,3            |
| General government gross debt                            | 82,7                          | 82,9                          | 0,2               | 58,8                        | 59,5                        | 0,7             |

Source : EC; \*share in potential GDP (%)

Table 3. Trends in real GDP growth rates and its components (expenditure method) in Croatia from 2019 to 2023, with outcomes for 2024 (January-June)

| CATEGORY / YEAR                | 2019 | 2020  | 2021 | 2022 | 2023 | I-VI 2024 |
|--------------------------------|------|-------|------|------|------|-----------|
| GDP EU27, real growth rates, % | 1,8  | -5,6  | 6,0  | 3,5  | 0,4  | 0,7       |
| GDP HR, real growth rates, %   | 3,4  | -8,5  | 13,0 | 7,0  | 3,1  | 3,6       |
| Private consumption            | 4,1  | -5,2  | 10,6 | 6,7  | 3,0  | 5,8       |
| Public consumption             | 2,8  | 3,5   | 3,1  | 2,7  | 6,6  | 2,5       |
| Gross fixed capital formation  | 9,0  | -5,0  | 6,6  | 0,1  | 4,2  | 11,9      |
| Exports (goods and services)   | 6,8  | -23,2 | 32,7 | 27,0 | -2,9 | -1,6      |
| Import (goods and services)    | 6,7  | -12,3 | 17,3 | 26,5 | -5,3 | 3,7       |
| Inflation, %                   | 0,8  | 0,1   | 2,6  | 10,8 | 8,0  | 3,6       |

Source: CBS, EUROSTAT

Table 4. Achievements of selected macroeconomic and fiscal indicators for Croatia from 2021 to 2023 with MoF projections for 2024

| CATEGORY / YEAR                                      | 2021        | 2022        | 2023        | 2024        |             |              |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
|  |             |             |             | SB          | RSB         | RSB / SB, pp |
| Real GDP Growth, %                                   | 13,0        | 7,0         | 3,1         | 2,8         | 3,6         | 0,8          |
| Consumer Price Index (CPI), %                        | 2,6         | 10,8        | 8,0         | 3,1         | 3,0         | -0,1         |
| Total general government deficit/surplus*, % GDP     | -3,6        | 0,2         | 0,0         | -4,5        | -3,5        | 1,0          |
| Total State budget revenues*, % GDP                  | 34,7        | 33,3        | 35,8        | 34,0        | 36,1        | 2,1          |
| Total State budget expenditure*, % GDP               | 38,1        | 34,0        | 36,7        | 38,8        | 40,0        | 1,2          |
| Total government revenues**, % GDP                   | 45,2        | 44,5        | 46,7        | -           | -           | -            |
| Total government expenditure**, % GDP                | 47,7        | 44,4        | 47,4        | -           | -           | -            |
| <b>Net lending (+) / net borrowing (-)**</b> , % GDP | <b>-2,5</b> | <b>0,1</b>  | <b>-0,7</b> | <b>-1,8</b> | <b>-2,6</b> | <b>-0,7</b>  |
| <b>Public debt</b> , % BDP-a                         | <b>77,5</b> | <b>67,8</b> | <b>63,0</b> | <b>58,0</b> | <b>58,9</b> | <b>0,9</b>   |

Source: CNB, MoF; \* national methodology, \*\* ESA 2010; SB: State Budget, RSB: Revised SB

Table 5. State Budget projections from the Draft Budgetary Plan for 2024 and the Revised Plan (national methodology), in million EUR

| CATEGORY / YEAR       | 2024 SB | 2025 forecast | 2026 forecast | 2024 RSB |
|-----------------------|---------|---------------|---------------|----------|
| Revenues              | 28.519  | 30.092        | 30.629        | 30.332   |
| Expenditure           | 32.611  | 33.271        | 32.865        | 33.587   |
| Total deficit/surplus | -4.092  | -3.179        | -2.236        | -3.254   |

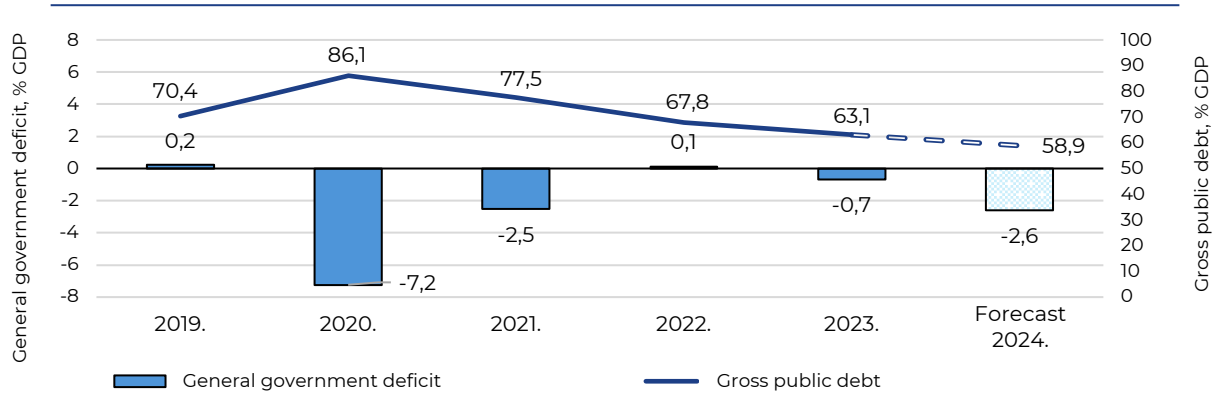
Source: MoF

Table 6. Trends and projections of selected State Budget revenue and expenditure categories from 2022 to 2024 (national methodology, billion EUR)

| CATEGORY / YEAR   | 2022        | 2023        | 2024 SB     | 2024 RSB    | Index RSB / SB |
|---|-------------|-------------|-------------|-------------|----------------|
| <b>Revenues</b>   | <b>22,8</b> | <b>27,4</b> | <b>28,5</b> | <b>30,3</b> | <b>106,4</b>   |
| Operating revenues  | 22,6        | 27,3        | 28,4        | 30,2        | 106,0          |
| Tax revenues  | 13,0        | 15,5        | 16,1        | 17,3        | 107,0          |
| Corporate tax   | 1,6         | 2,4         | 2,2         | 2,6         | 117,7          |
| VAT   | 8,8         | 10,3        | 11,0        | 11,4        | 103,6          |
| Duties  | 2,3         | 2,4         | 2,5         | 2,8         | 111,8          |
| Contributions   | 3,8         | 4,4         | 4,6         | 5,0         | 109,6          |
| Grants  | 3,2         | 4,1         | 3,6         | 3,2         | 89,0           |
| Property income   | 0,3         | 0,7         | 0,4         | 0,6         | 146,1          |
| Fee revenues  | 0,6         | 0,7         | 0,7         | 0,9         | 122,0          |
| Revenues from the sale of non-financial assets              | 0,2         | 0,1         | 0,1         | 0,2         | 206,3          |
| Other revenues and Croatian Health Insurance Fund (HZZO)    | 1,4         | 1,5         | 2,6         | 2,7         | 101,8          |
| <b>Expenditure</b>  | <b>23,2</b> | <b>28,1</b> | <b>32,6</b> | <b>33,6</b> | <b>103,0</b>   |
| Operating expenditure                                       | 22,2        | 26,6        | 30,6        | 31,7        | 103,6          |
| Compensation of employees                                   | 3,4         | 3,9         | 5,2         | 5,7         | 109,9          |
| Material expenditures                                       | 2,6         | 2,8         | 3,2         | 3,4         | 104,2          |
| Financial expenditures                                      | 1,0         | 1,0         | 1,2         | 1,2         | 93,1           |
| Subsidies   | 1,1         | 1,6         | 1,8         | 2,4         | 131,6          |
| Grants (aids)   | 5,4         | 6,6         | 6,8         | 7,0         | 102,3          |
| Transfers to citizens and households                        | 7,5         | 8,8         | 10,8        | 10,4        | 96,8           |
| Other expenditure   | 1,2         | 1,8         | 1,8         | 1,7         | 93,5           |
| Expenditure for the acquisition of the non-financial assets | 1,1         | 1,5         | 2,0         | 1,9         | 94,3           |
| <b>Net lending (+) / net borrowing (-)</b>                  | <b>-0,4</b> | <b>-0,7</b> | <b>-4,1</b> | <b>-3,3</b> | <b>-</b>       |

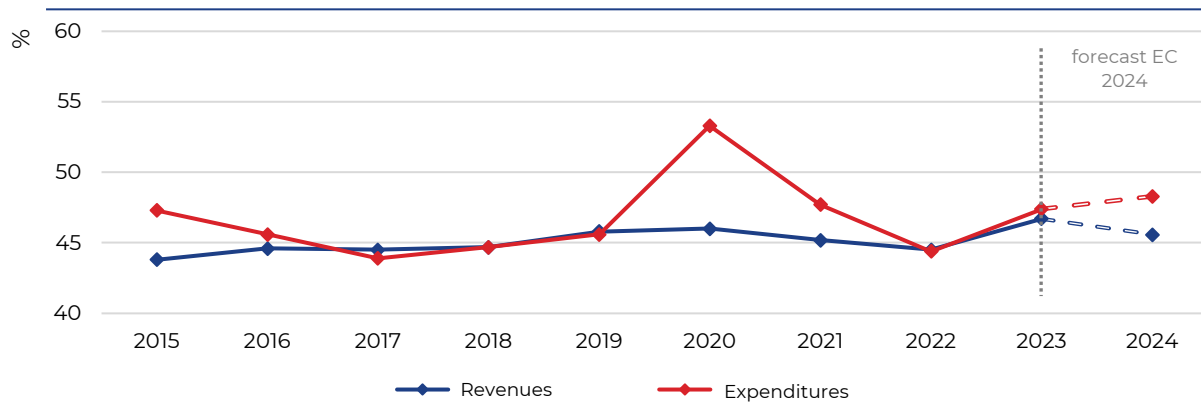
Source: MoF

**Figure 1. Share of general government deficit (ESA 2010) and gross public debt in GDP for the period 2019-2024 (EC's Forecast) in Croatia**



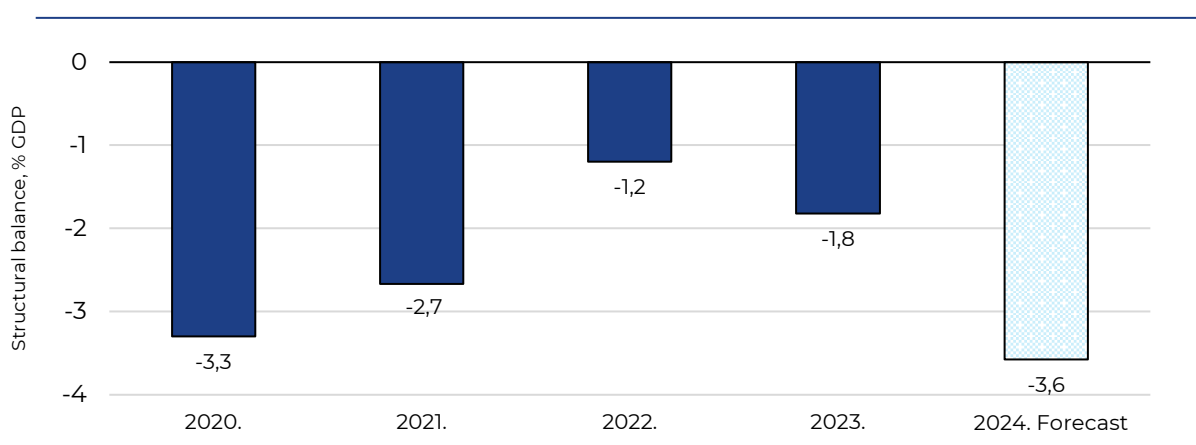
Source: CNB, MoF, EC (Spring 2024 forecast)

**Figure 2. Trends in total general government revenues and expenditures (ESA 2010) for Croatia from 2015 to 2024 (% of GDP)**



Source: EUROSTAT, EC (Spring 2024 forecast)

**Figure 3. Share of the structural balance of general government for Croatia from 2020 to 2024 (% of GDP)**



Source: EC (Spring 2024 forecast)