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ON THE DRAFT ANNUAL REPORT ON THE EXECUTION OF THE STATE BUDGET OF THE REPUBLIC OF CROATIA FOR 2024

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Within the scope of application of the Fiscal Responsibility Act (FRA, Official Gazette 111/18, 83/23) in the Republic of Croatia, the establishment of a permanent, independent and autonomous fiscal body was defined and implemented: the Fiscal Policy Commission tasked with performing works within its area of activities and competence laid down by the above-mentioned Act.

The Fiscal Policy Commission is an independent and expert institution whose primary mission is to monitor public finances to ensure their long-term sustainability and improvement. It serves as a supervisor overseeing the implementation of the country's fiscal policy in its entirety. The Commission advocates for transparency and fosters a culture of fiscal responsibility in the execution of fiscal policy in the Republic of Croatia through its independent analysis and by encouraging professional discussions on fiscal policy matters.

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At its 6th session held remotely on 28 May 2025, the Fiscal Policy Commission (hereinafter: the Commission) discussed the Draft Annual Report on the Execution of the State Budget of the Republic of Croatia for 2024 adopted by the Government of the Republic of Croatia (hereinafter: the Government) at its 92nd session held on 22 May 2025.

An analysis of 2024 leads to the conclusion that real economic developments were more favourable than anticipated, whereas the inflation rate remained increased. However, relatively favourable macroeconomic circumstances which benefited the increase in fiscal income were not sufficiently used to strengthen fiscal consolidation and fiscal resilience. In fact, the fiscal position, which started slightly deteriorating in 2023, took a major downturn in 2024.

Fiscal policy was procyclical and expansionary in 2024 when fiscal developments resulted in a general government budget deficit of -2,4 % of GDP according to the ESA 2010 methodology. In 2024, the Government opted for more expansionary fiscal policy management, which rose to the fore in growing expenditure for employed persons and social benefits.

Strong recovery of economic activity in the 2021 - 2023 period, which contributed to a significant reduction of the public debt-to-GDP ratio, continued in 2024. The public debt-to-GDP ratio reached 57.6 %, which is a decrease of 4.2 percentage points compared to 2023. However, the nominal public debt is still on the rise, and relative decrease is primarily a result of the growth of nominal economic activity.

The Republic of Croatia did not use the favourable period of economic growth to create fiscal reserves but allowed budget expenditure to dynamically increase together with economic growth. Acting in this manner enhances economic cycles, creates the risk of significantly higher budgetary deficits and reduces fiscal space for manoeuvre in the future periods when economy might slow down or a crisis ensue. In the upcoming period, economic growth rates might be significantly lower compared to the 2022 - 2024 period of faster and stronger growth (average real GDP growth was 4.8 %). It is therefore necessary to resort back to responsible and counter-cyclical fiscal policy in the upcoming period and strengthen fiscal discipline.

In addition, internal and external fiscal challenges call for attention and proactive governance. Internal fiscal risks are primarily a result of structural weaknesses and demographic trends, so it is crucial to make sure no permanent financial pressures are created that are unsustainable without structural reforms. Public expenditure resilience to decrease impairs the flexibility of fiscal policy because once wages in the public sector or social benefits rise, it is difficult to reduce them. This means a high level of expenditure will be secured and maintained even in unfavourable economic

times, that is, in the periods of economic deceleration, with more expressed budgetary deficit and limited leeway for stabilization measures. There is also the issue of quality and efficiency of increased public spending. A significant increase of expenditure should result in adequate increase of productivity of the public sector and stronger long-term economic growth. In case of the contrary, fiscal space might not be used productively.

In addition to internal risks, public finance is exposed to several external ones: inflation which might accelerate again due to geopolitical tension, global economic growth which might decelerate, geopolitical instability, global interest rate developments and, finally, climate change which will be an increasingly heavy long-term burden for public finance.

The Commission underscores that, in 2024, the Republic of Croatia complied with both main fiscal rules under the Stability and Growth Pact (hereinafter: the Pact), more specifically, general government deficit lower than 3 % of GDP and public debt lower than 60 % of GDP. However, the Commission underlines that the preventive part of the Pact also includes several additional criteria which have not been complied with. Structural balance deteriorated significantly (-3.3 % of GDP), whereas according to new fiscal rules, the target framework of structural deficit should not be more than 1.5 % of GDP.

1 MACROECONOMIC FRAMEWORK FOR 2024

Despite the prevailing fragility of the international economic environment, in 2024, the Croatian economy achieved strong growth and proved to be dynamic and resilient again (growth rate was 3.9 %, among the highest in the European Union). Croatia's economic growth in 2024 was based on a strong contribution of domestic demand, primarily personal consumption, and gross fixed capital investments whose recovery and dynamics were enabled by the financial support from EU funds for the most part. Government spending and import of goods also contributed to achieved growth, while on the other hand, the decrease in the value of the export of services and the significant increase in the value of the import of goods and services had a negative impact on the achieved growth.

It is important to highlight that fiscal policy played an important role in 2024 in terms of GDP growth. It was largely focused on increasing compensations for those employed in state and public services, partially on reducing the tax burden on all wages and receipts, as well as on increasing different forms of compensations to citizens and households. The implementation of the National Recovery and Resilience Plan enabled the use of EU funds under the Recovery and Resilience Facility intended primarily for various forms of investments. Furthermore, the labour market remained strong in 2024, although it was still marked by a lack of workforce and an increasing number of foreign workers. In 2024, a total of 206,529 foreign workers were employed, which makes 12.3 % of the total number of employees. The annual unemployment rate for the age group of 15 - 64 was 5.1 %, which is a decrease of 0.9 percentage points compared to 2023.

According to European trends, the price increase deceleration continued, and inflation was moderated compared to the previous two years. Inflation measured by the Consumer Price Index (CPI) was 3 % in 2024, yet it remained somewhat higher than in the other EU27 member states (measured by HICP). Such an inflation trend was largely a consequence of increasing demand, especially in the area of services. Therefore, compared to previous year, the increase in the prices of goods and services was 2.0 % and 5.9 %, respectively. The price increase in the area of goods was based on food products, and in case of services, it was based on the hospitality industry. The price increase would have been even more prominent had the Government discontinued the implementation of the measures for protecting citizens and a part of the economy from increasing prices owing to which the prices of the most important energy sources remained limited for consumers, as did the retail prices of certain basic products.

2 FISCAL FRAMEWORK FOR 2024

In the 2015 - 2019 period, the Republic of Croatia implemented a fiscal adjustment (the existing fiscal rules worked well in this period) which opened fiscal space for stimulating the economy and providing support to citizens in the 2020 - 2023 period of crises. Despite the relatively high economic growth, the Republic of Croatia recorded a noticeable increase of the general government deficit in 2024, and the same is projected for 2025, indicating a re-relaxation of fiscal constraints. In 2024, the Government decided to continue last year's expansionary and procyclical fiscal policy, strongly focusing on the social dimension. Expecting that a continuation of the relatively dynamic GDP growth and somewhat more prominent inflation will impact a moderate increase of the state budget income, the Government planned, already in the first budget estimate, a significant increase of budgetary expenditure as well as the state budget deficit and its share in GDP.

Based on the ESA 2010 methodology, indicators show that the trend of their deterioration from 2023 continued in 2024, although the general government deficit is lower than anticipated, i.e. planned under the second budget estimate (amending budget) in October. The achieved fiscal indicators for 2024 indicate a strong growth of expenditure of the consolidated general government, with this growth being somewhat higher than in case of income and much higher than in the previous years. The general government income, according to the ESA 2010 methodology, was EUR 39.1 billion or 45.6 % of GDP in 2024, which is an increase of EUR 3.2 billion or 8.9 % compared to the previous year, mostly due to increasing revenue from taxes and contributions. Total expenditure amounted to EUR 41.1 billion or 48.0 % of GDP, that is, EUR 4.6 billion or 12.6 % more than the previous year, mostly due to increasing expenditure for employed persons and social benefits.

With an almost stagnating general government income-to-GDP ratio according to ESA 2010 in the last two years, there has been quite an expressed increase in the expenditure-to-GDP ratio: from 45.0 % in 2022 to 48.0 % in 2024. Moreover, because transfers from EU funds often conceal the usual countercyclical trend of the general government expenditure-to-GDP ratio (as GDP increases, the share of expenditure should decrease), total expenditure less expenditure financed from these sources should also be observed. Expenditure expressed in this manner clearly show that for the second year in a row expansive fiscal policy in 2024 has been yielding a double-figure annual growth of the total expenditure less expenditure settled from EU grants of 15.8 %. This is why the expenditure-to-GDP ratio, defined in this manner, additionally increased to 46.0 % or by 2.4 percentage points compared to 2023, that is, it almost doubled compared to 2023 when the increase was 1.3 percentage points.

This resulted in a negative trend of the general government balance development which turned from a 0.1 % GDP surplus in 2022 into a -2.4 % GDP deficit (2.5 p.p. difference) in the period of a relatively dynamic and strong economy growth. Increased deficit was mostly due to higher expenditure for wages in the public sector and social benefits - especially pension fees. The achieved deficit in 2024 was also lower than the new plan for 2024 where a deficit of -2.6 % of GDP was expected (Table 2 enclosed). A similar negative trend was recorded in primary and structural balance. The primary balance, which eliminates the impact of the cost of borrowing (interest) on expenditure, turned from a surplus of 1.5 % of GDP in 2022 and 0.9 % of GDP in 2023 into a primary deficit of -0.8 % of GDP in 2024. A major deterioration of structural balance is especially worrying as it indicates a permanent imbalance between income and expenditure, not only cyclical impacts. In the last two years, the structural balance (adjusted by the impact of the economic cycle and one-off measures) increased from -1.1 % of GDP in 2022 to -3.3 % (European Commission) in 2024.

At the same time, the public debt-to GDP ratio reached 57.6 % in 2024 and is expected to further decrease to 56.3 % in 2025 in the context of stable nominal GDP growth (Figure 2 enclosed). At the annual level, the public debt ratio decreased by 4.2 percentage points compared to 2023 when it was 61.8 % of GDP. However, public debt in 2024 nominally increased compared to 2023 by EUR 1 billion. A lesser increase of the general government debt in relation to the amount of general government deficit is a result of the deposits made in the previous year which were used to finance the general government budget deficit in 2024.

It can be concluded from all of the above that, in 2024, fiscal policy was implemented in the context of very favourable macroeconomic trends, marked by strong economic growth, low unemployment levels and inflation control. Although the general government deficit was achieved at a level somewhat lower than the October plan, and although the relative indicators of public debt and deficit remained within the reference limits of the Pact's provisions, the overall budget execution showed a significant increase of budgetary expenditure. Such fiscal policy direction, focused on increasing expenditure for employed persons and social benefits, contributed in the short term to strengthening domestic demand and improving the citizens' standard of living. However, the greatest risk of such a fiscal policy lies in its procyclical character, bearing in mind that in this favourable period it stimulated additional consumption instead of creating fiscal reserves.

The Government responded to the favourable income dynamics by significantly increasing expenditure, which increased fiscal risk. Taking into consideration that state consumption is inherently resilient to decrease, such a course increases the probability of budgetary deficits in the upcoming years of decelerated growth or economic contraction. This consequentially limits fiscal space for counter-cyclical action in periods of crises and endangers long-term sustainability of public finance, and urgently calls for adjustment, more specifically, for reinstating the counter-cyclical character of fiscal policy and strengthening fiscal discipline.

Since the temporary suspension of fiscal rules (implemented during the COVID-19 pandemic and continued due to high global inflation and the war in Ukraine) was discontinued in 2024, the Republic of Croatia complied with both main fiscal rules under the Pact, i.e., general government deficit lower than 3 % of GDP and public debt lower than 60 % of GDP. However, the preventive part of the Pact also includes several additional criteria which were not complied with. Structural balance deteriorated significantly (-3.3 % of GDP), whereas, according to the new fiscal rules in force, structural deficit should not be more than 1.5% of GDP.

Bearing in mind that, on 29 April 2024, the European Parliament and the Council of the European Union adopted, through the reform of the economic governance system of the EU, new regulations amending the economic governance framework of the EU[1], it is also necessary to amend the existing Fiscal Responsibility Act. The

[1] Regulation EU No. 2024/1263 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No. 1466/97 (preventive regulation); Regulation No. 2024/1246 amending Regulation EU No. 1467/97 and clarifying the implementation of the excessive deficit procedure (corrective regulation), and Council Directive EU No. 2024/1265 amending Directive 2011/85/EU on requirements for budgetary frameworks

deadline for the implementation of those amendments in national legislation expires on 31 December 2025.

The new reformed economic governance framework of the EU (reactivation of fiscal rules) is a key factor for shaping public finance, where public debt sustainability and sustainable and inclusive growth become the main objectives of the framework. The new framework relates to the medium-term period and focuses more on the fiscal positions of individual member states, enabling access to fiscal rules better adjusted to each state, while strengthening national responsibility for fiscal policies. The revised economic governance framework of the EU lays down that member states whose fiscal balance and public debt values are below the reference values of 3 %, that is, 60 % of GDP, instead of the reference course, may request so-called technical information which represent fiscal guidelines for preparing the national medium-term fiscal-structural plan (hereinafter: Plan; NMFSP). In so doing, the focus is shifted to expenditure control, especially by limiting the growth of nationally financed net primary expenditure. In the Plan, the state commits to the net expenditure path in the medium term, which means the introduction of budgetary constraints for the duration of the plan, from four to five years (depending on the regular duration of the legislative period in the member state). Since its budgetary deficit and public debt are below reference values, the Republic of Croatia is classified in the group of EU member states which obtained, after the fiscal rules reform in 2024, so-called technical information, i.e. milder frameworks for the implementation of fiscal policy in the medium term, as well as a binding path for net expenditure. Because new fiscal rules are in force, the Commission underlines that public finance should retain a stimulative effect on economic growth, but that it should also be aimed at reducing the structural deficit to within the general target limits of not more than 1.5 % of GDP according to the newly adopted rules. In favourable times, such fiscal policy should make it possible to create reserves for its stronger countercyclical effect in the future crisis periods.

According to Article 22 of the Fiscal Responsibility Act, the Commission's main task in the annual report on the execution of the general government budget is to consider and assess the risk of application of the fiscal rules. However, based on the Government's decision, a temporary postponement of the application of fiscal rules was in force in 2024 due to extraordinary circumstances that appeared in 2020 due to the spread of the COVID-19 pandemic. Due to the postponed application of the fiscal rules, the Ministry of Finance did not enclose the Report on the Application of Fiscal Rules to the draft annual report on the execution of the state budget delivered to the Government, pursuant to Article 10 of the Fiscal Responsibility Act.

3 EVALUATION OF THE EXECUTION OF THE STATE BUDGET FOR 2024

Data on achieved state budget income and expenditure according to the national methodology (Table 3 enclosed) demonstrate that total state budget income was achieved in the amount of EUR 30.5 billion, which is 0.6 % more than planned, and 11.5 % or EUR 3.1 billion more than in 2023. This was also affected by strong nominal GDP growth, as well as favourable developments on the labour market, continued price growth, as well as year-round fiscal effects of income measures which were adopted in 2023 and in the first quarter of 2024 by the Government as part of the package for the protection of households and the economy from increasing prices.

In 2024, operating revenue increased by 11 % compared to previous year, while income from sale of non-financial assets recorded a growth of 197 %. Total operating revenue, which increased by EUR 3 billion, was mostly a result of revenue from value added tax (VAT) which increased by EUR 1.1 billion or 11 %. Moreover, a strong growth of revenue from excise duty was recorded (16.6 %), income tax (15.2 %) and social security contributions which increased by EUR 610 million or 13.8 % at the annual level.

On the other hand, revenue from grants amounted to 95.5 % of the annual plan but were almost EUR 1 billion or 23.9 % lower in 2024 than in 2023, similar to revenue from assets which were 3 % higher than planned, but EUR 105.9 million or 14.5 % lower than in 2023.

Total state budget expenditure in 2024 amounted to EUR 32.7 billion, which is an increase of EUR 4.6 billion or 16.5 %, with an expressed growth of operating expenditure by EUR 4.5 billion or 17.1 % compared to 2023. In the structure of operating expenditure in 2024, expenditure for employed persons increased most, by EUR 1.8 billion or 45 %, as a result of the disbursement of the funds for the implementation of a comprehensive reform of the salary system which started in 2023 with the contracting of temporary salary supplements, and continued in 2024 with the coming into force of the Act on the Wages of Public and Civil Servants. Compensations to citizens and households increased by EUR 1.7 billion or 18.8 %, and expenditure for subsidies also significantly increased, by EUR 752 million or 46.3 %, related to the implementation of the Government's measures for protecting households and economies from increasing prices. According to the detailed budget structure, the increase of total expenditure was impacted by the increase of expenditure for pension disbursement in the amount of EUR 1.1 billion, primarily for the purpose of adjusting the pensions realized according to general and special regulations, increase of social benefits in the amount of EUR 407.0 million, mostly owing to the application of the Act on Inclusive Allowance, increase of commitments for material expenditure in the amount of EUR 399.3 million first and foremost for the purpose of including 22 hospital institutions into the state budget and the costs related to the implementation of the Government's measures for protecting households and economies from increasing prices in the amount of EUR 209.0 million. Besides, the expenditure side of the state budget was also affected by costs related to the remediation of the consequences of the earthquakes that hit Croatia in 2020 (Zagreb, Krapina-Zagorje County and Zagreb County in March 2020, and Sisak-Moslavina County, Zagreb County and Karlovac County in December 2020) in the amount of HRK 1.1 billion.

Such income and expenditure developments resulted in a state budget deficit, according to the national methodology, of EUR -2.2 million, which is EUR 1.49 billion more than in 2023. With the state budget deficit of -2.6 % of GDP according to the national methodology, extra-budgetary users achieved a surplus of 0.04 % of GDP or EUR 38.3 million in 2023, similarly to the units of local and regional self-government which achieved a surplus of 0.2 % of GDP, that is, EUR 208.5 million. A consolidated general government budget deficit according to the national methodology amounted to EUR 1.97 billion or -2.3 % of GDP (2.34 percentage points more than in 2023).

Finally, the Commission indicates that there are additional risks for the future stability and sustainability of public finance. These risks can be divided into internal fiscal challenges and external (global) threats which require vigilance and proactive governance.

Internal fiscal risks are a result primarily of structural weaknesses, where demographic changes, that is, population ageing is one of the most significant long-term pressures which inevitably leads to an increase of the expenditure for the pension and healthcare system. Despite the constant need for improving the status of retired people and vulnerable groups of citizens, it is instrumental to ensure no such financial pressures are created on the general government budget, and thus also its balance, that cannot be sustained in the long term.

Furthermore, public expenditure resilience to decrease impairs the flexibility of fiscal policy because once wages in the public sector or social benefits are raised, it is difficult to reduce them. This means a high level of expenditure will be secured and maintained even in unfavourable economic times, that is, in the periods of economic deceleration or decline, with a more expressed budgetary deficit and limited leeway for stabilization measures. There is also the issue of quality and efficiency of public spending. If the significant increase of expenditure fails to yield an adequate increase of productivity of the public sector or stimulation of long-term economic growth, it will mean that fiscal space is not being used productively enough. Finally, although Croatia's extensive use of EU funds for investments is positive, the high dependence on EU funds, which is currently the case in the Republic of Croatia, also implies a certain risk because such sources are temporary and their decrease in the future will require Croatia's own, sustainable sources of financing capital projects.

Lastly, the fiscal implications of climate change, including the costs of remediation of damages caused by natural disasters and investments in green transition, represent an increasingly large long-term burden for public finance.

Public finance is exposed both to internal risks and several external ones. Although inflation was moderated in 2024, it still might accelerate due to geopolitical tensions or disruptions in global supply chains, which would again create pressure on increasing expenditure. At the same time, new potential energy shocks might lead to new waves of increasing prices and the need for expensive state interventions. The deceleration of global economic growth, especially in the eurozone, Croatia's key trade partner, represents a direct threat to Croatian export and tourism, which might also have negative repercussions on budgetary income. In addition, global interest rate trends remain a risk because, if the interest rates on the international market stop declining or if they rise, the cost of public debt service, irrespective of its share in GDP, might increase and thus reduce available fiscal space.

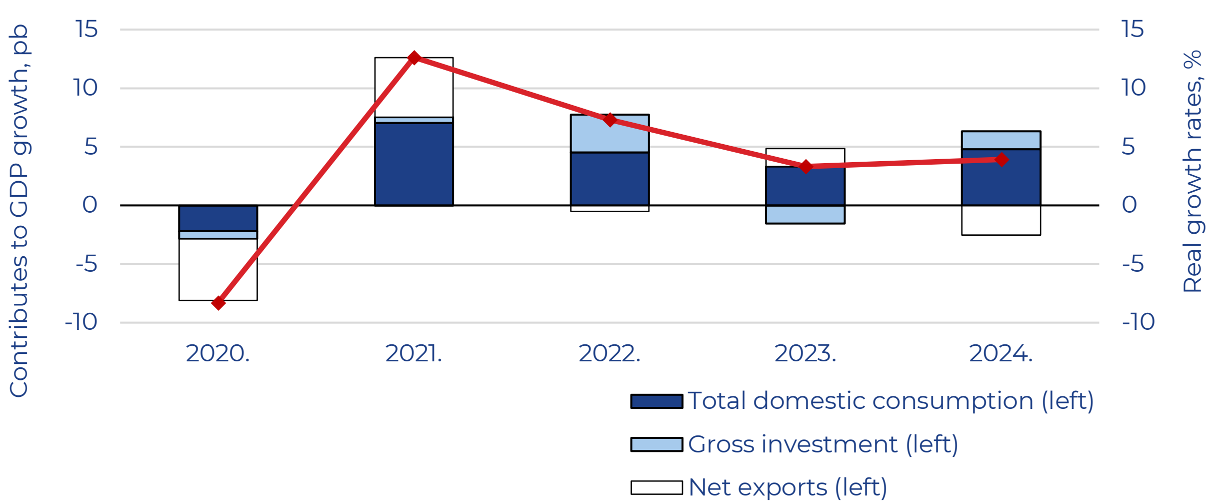
APENDIX: Tables and images

Table 1 Development of approved indicators for EU and Croatia in the 2020 - 2024 period

CATEGORY / YEAR	2020	2021	2022	2023	2024	Ministry of Finance's / EC's expectations for 2024 at budget adoption
GDP EU27, real growth rates, %	-5.6	6.3	3.5	0.4	1.0	1.3
Inflation EU27, HICP, %	0.7	2.9	9.2	6.4	2.6	3.5
GDP RH, real growth rates, %	-8.3	12.6	7.3	3.3	3.9	2.8
Personal consumption	-5.2	10.9	6.9	3.2	5.8	3.2
Government spending	3.4	2.8	2.2	7.1	7.0	2.5
Gross fixed capital investments	-6.3	4.8	10.4	10.1	9.9	3.2
Export of goods and services	-23.2	32.7	27.0	-2.9	0.9	2.2
Import of goods and services	-12.3	17.3	26.5	-5.3	5.3	2.7
Growth of consumer prices, % (inflation)	0.1	2.6	10.8	8.0	3.0	3.1
Change in the number of employees, %	-0.7	2.1	2.8	2.7	1.9	1.8

Source: National Bureau of Statistics, Ministry of Finance, Eurostat

Figure 1 Real GDP growth rates and contributions of components to GDP in Croatia in the 2020 - 2024 period



Source: NBS

Table 2 Development and projection of GDP and selected indicators of fiscal policy from 2020 to 2024

CATEGORY / YEAR	2020	2021	2022	2023	Plan for 2024	New plan for 2024	2024
Real GDP growth and estimates at budget adoption, %	-8.3	12.6	7.3	3.3	2.8	3.6	3.8
Total general government income, ESA 2010, % of GDP	46.4	45.5	45.1	46.0	-	-	45.6
Total general government expenditure, ESA 2010, % of GDP	53.7	48.1	45.0	46.8	-	-	48.0
Total general government deficit/surplus, % of GDP, ESA 2010	**-7.2**	**-2.6**	**0.1**	**-0.8**	**-1.9**	**-2.6**	**-2.4**
Public debt, % of GDP	**86.5**	**78.2**	**68.5**	**61.8**	**58.0**	**58.9**	**57.6**

Source: Croatian National Bank, Ministry of Finance

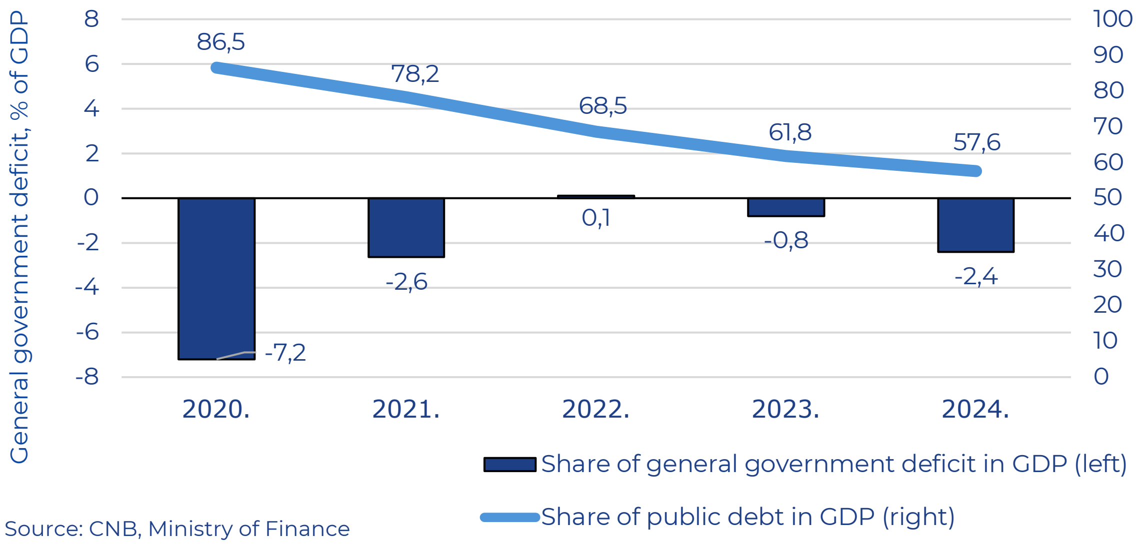
Table 3 Achieved state budget income and expenditure in the 2020 - 2024 period and amended plans for 2024 (acc. to the national methodology), in billions EUR

CATEGORY / YEAR	2020	2021	2022	2023	Plan for 2024	New plan for 2024	2024	Growth, % 24/23
Income	**17.46**	**20.45**	**22.79**	**27.37**	**28.52**	**30.33**	**30.50**	**11.5**
Operating revenue	17.39	20.36	22.60	27.29	28.43	30.15	30.29	11.0
Revenue from taxes	9.71	11.10	12.99	15.50	16.12	17.26	17.49	12.8
Income tax	1.24	1.05	1.55	2.35	2.19	2.57	2.71	15.2
VAT	6.27	7.58	8.79	10.27	10.98	11.37	11.44	11.4
Excise duties	1.93	2.17	2.26	2.41	2.50	2.79	2.81	16.6
Contributions	3.02	3.35	3.80	4.39	4.56	5.00	4.99	13.8
Grants	2.41	2.92	3.17	4.07	3.64	3.24	3.10	-23.9
Revenue from assets	0.40	0.41	0.33	0.73	0.41	0.61	0.62	-14.5
Revenue from duties	0.51	0.82	0.63	0.73	0.71	0.86	0.93	27.6
Revenue from sale of goods and services	0.17	0.21	0.19	0.22	0.22	0.24	0.24	9.4
Revenue from the budget (from the Croatian Health Insurance Fund)	1.09	1.44	1.37	1.54	2.63	2.68	2.64	71.2
Fines, administrative measures and other revenue	0.11	0.14	0.14	0.12	0.26	0.27	0.27	125.8
Revenue from sales of non-financial assets	0.07	0.09	0.20	0.10	0.10	0.18	0.22	197.0
Expenditure	**20.38**	**22.43**	**23.23**	**28.10**	**32.61**	**33.59**	**32.72**	**16.5**
Operating expenditure	19.73	21.45	22.16	26.58	30.52	31.72	31.12	17.1
Expenditure for employed persons	3.04	3.21	3.38	3.90	5.21	5.72	5.66	45.3
Material expenditure	1.90	2.39	2.55	2.82	3.23	3.37	3.22	14.2
Financial expenses	1.15	1.03	0.97	0.97	1.22	1.16	1.16	19.0
Subsidies	1.89	1.59	1.14	1.62	1.85	2.40	2.38	46.3
Grants	4.06	5.29	5.36	6.63	6.70	6.96	6.70	1.0
Compensations to citizens and households	6.82	6.99	7.52	8.81	10.45	10.43	10.48	18.8
Other expenditure	0.86	0.94	1.24	1.82	1.85	1.69	1.53	-16.0
Expenditure for acquisition of non-financial assets	0.65	0.99	1.07	1.52	2.09	1.87	1.60	5.4
Total budget deficit/surplus	**-2.92**	**-1.99**	**-0.44**	**-0.73**	**-4.09**	**-3.25**	**-2.22**	**204.2**
Total deficit/surplus, % of GDP	**-5.7**	**-3.4**	**-0.7**	**-0.9**	**-5.0***	**-3.9***	**-2.6**	**-**

*share in the foreseen GDP at acceptance

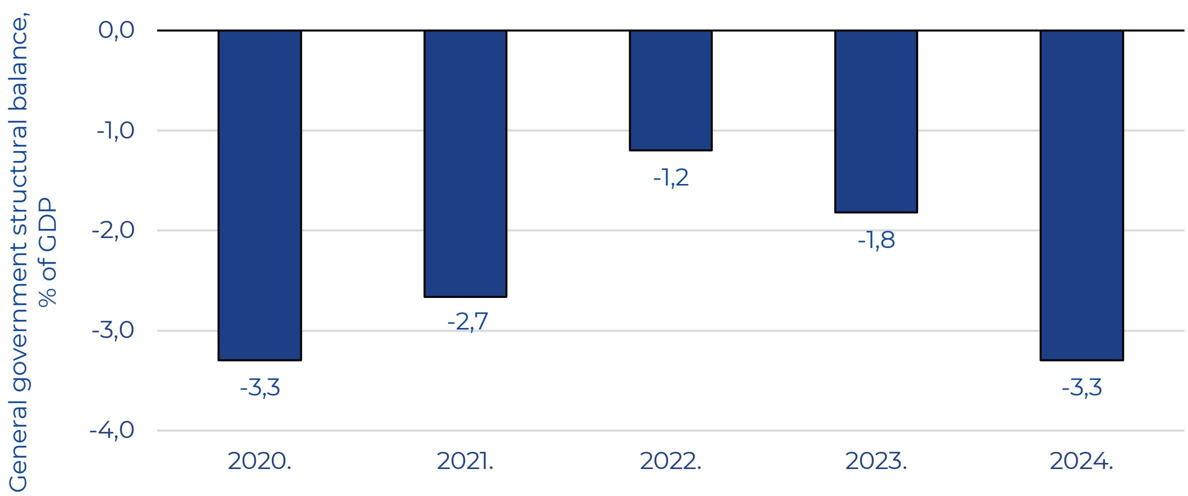
Source: Ministry of Finance

Figure 2 Share of general government deficit (ESA 2010) and of public debt in GDP for the 2020 - 2024 period in the Republic of Croatia



Source: CNB, Ministry of Finance

Figure 3 Share of general government structural balance in GDP for the Republic of Croatia for the 2020 - 2024 period



Izvor: Ministry of Finance, European Commission