



Ministry of Finance

REGULATION ON THE ASSESSMENT AND THE APPROVAL OF INVESTMENT PROJECTS

June 2024



An efficient and effective Public Investment Management system can contribute greatly to the growth of a country



Efficient allocation requires the existence of policies that guarantee that funding is assigned to the sectors and types of investments that contribute most to the development of the country while programs have to be formulated to address the needs of the population

ECONOMIC AND SOCIAL
DEVELOPMENT



It is essential to have a **robust system for the evaluation and selection of public investment projects** that will ensure appropriate funding, efficient and effective implementation as well as learning with the aim of improving the management process of public investment projects

Why should we appraise projects?



LIMITED
RESOURCES



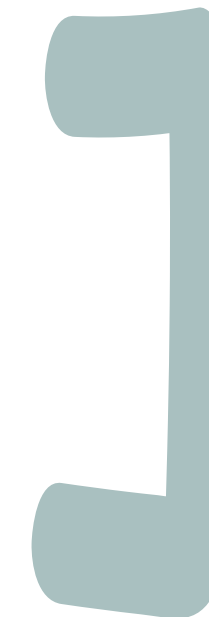
THE NEED TO
PRIORITIZE

Once the problem is identified, it is necessary to propose ideas for its resolution, which is a complex and long process

Identification

Quantification

Valuation



STEPS TO FOLLOW

ECONOMIC APPRAISAL

... Prices may not always reflect the true cost to society as well as the actual benefit

- Goods that have no price
- Indirect effects
- Externalities

PUBLIC INVESTMENT PROJECT

= a set of planned and related activities that use resources to create results within a certain period of time

- solving an existing problem, preventing a future problem
- encouraging development, increasing and/or preserving the value of non-financial assets

PROJECT HOLDER

= budget user of the state budget, local and regional self-government units, or budget user of the local and regional self-government unit assuming obligations under an investment project

PRE-INVESTMENT STUDIES

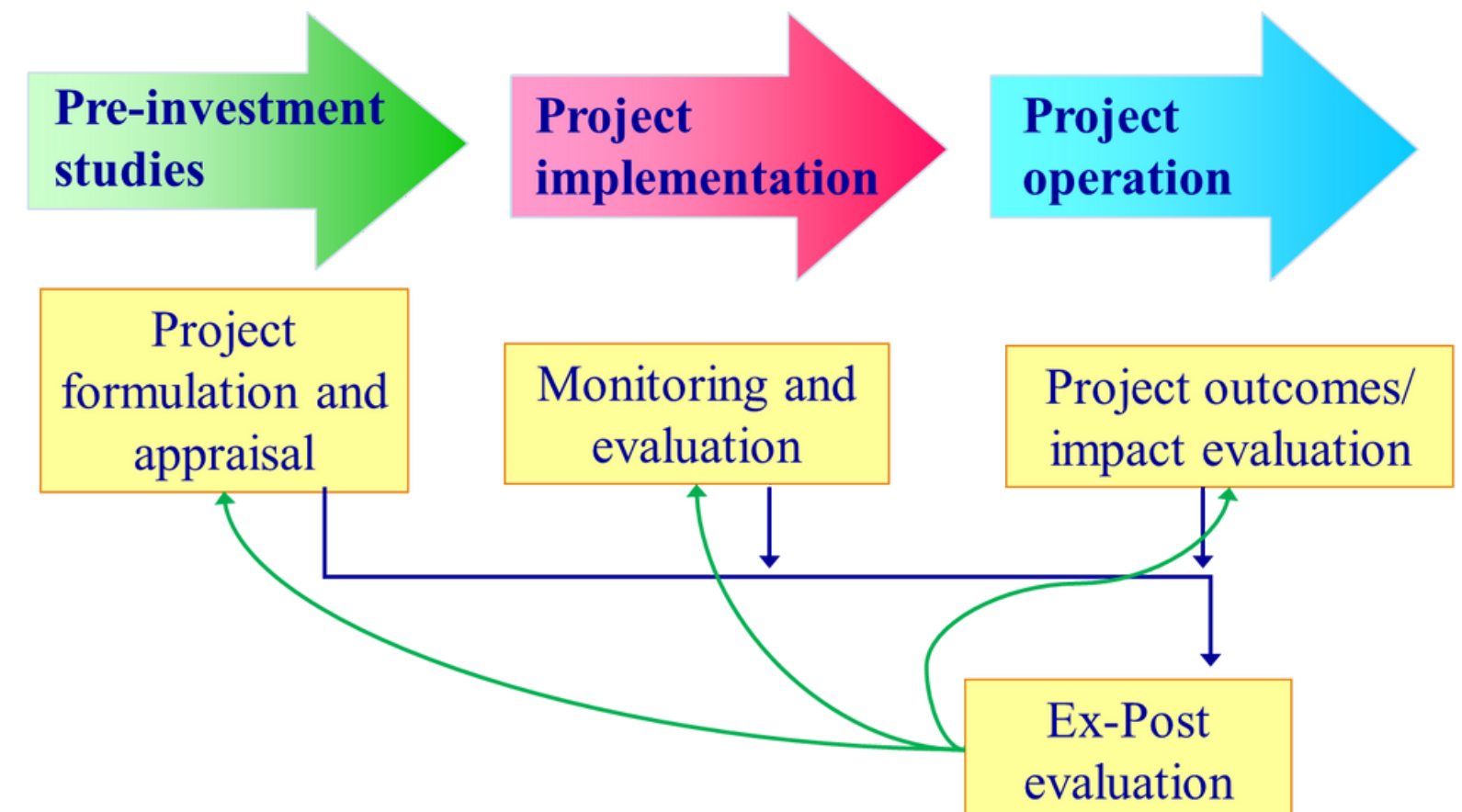
= all studies required for designing and pre-approval of the project

- project concept, project profile, pre-feasibility study, feasibility study

PROJECT DOCUMENTATION

= all documentation required to commence the implementation of an investment project, including detailed technical solutions and other decisive factors based on the required needs and/or output specifications of the project leader

- technical documentation, construction and location permits, and all additional documentation specified by special regulations



The Budget Act (“Official Gazette”, No. 144/21) - Article 47.

budgetary users of
the state budget

local and regional
self-government
units

budgetary users of
local and regional self-
government units

can assume obligations for investment projects after a professional evaluation has been carried out and the justification and effectiveness of the investment project has been assessed

By adopting the Regulation, Government of the Republic of Croatia prescribes the method and procedure of assessing and approving investment projects

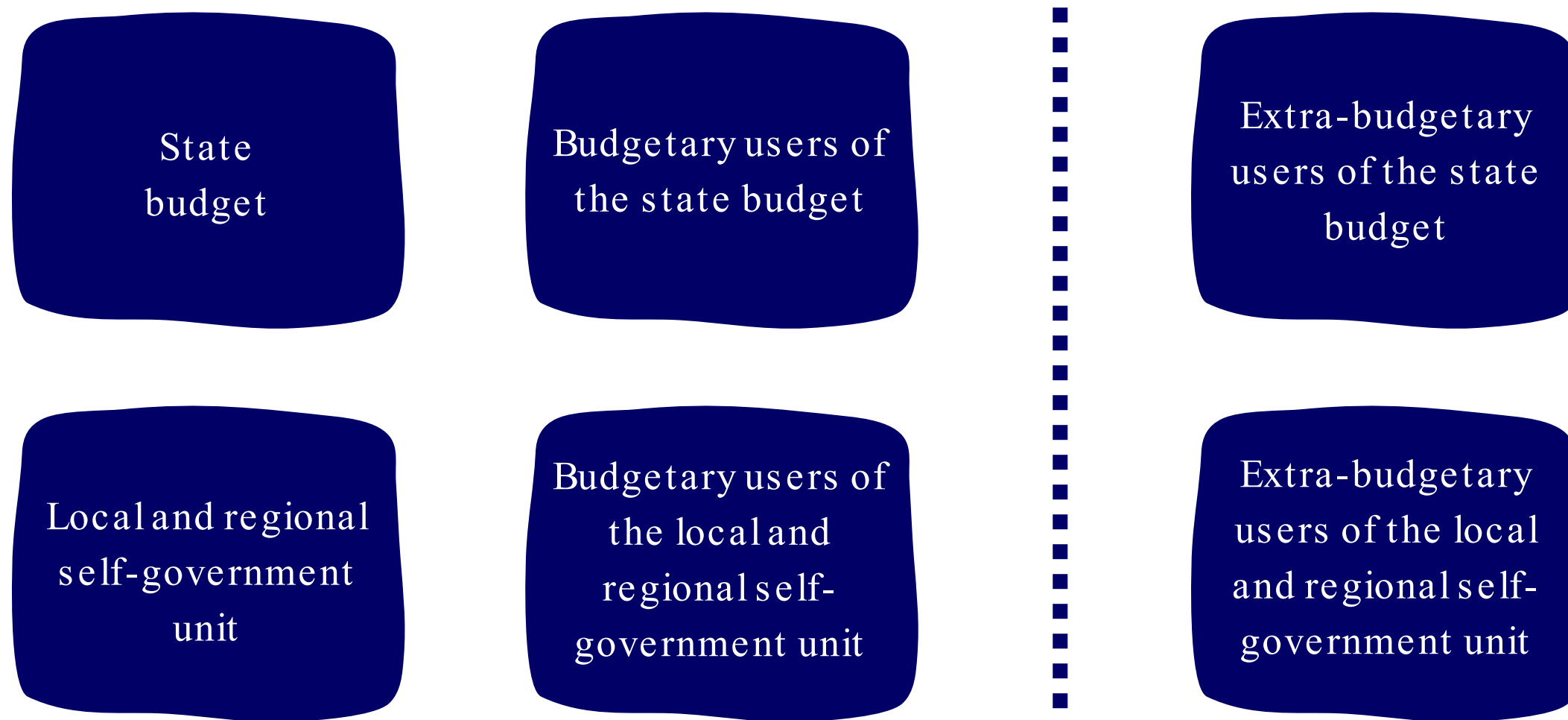
Regulation on the Assessment and the
Approval of Investment Projects



Instruction on the start of application of the
Regulation

- The provisions of the Regulation do not apply to investment projects already in progress and to investment projects financed from EU sources, except for the monitoring of implementation.

ENTITIES SUBJECT TO APPLICATION



INVESTMENT
COSTS

PROJECT
IMPLEMENTATION COSTS

OPERATING COSTS

PROJECT CLOSURE
COSTS





MICRO

60.000 - 1.000.000 €

SMALL

1.000.000 - 5.000.000 €

MEDIUM

5.000.000 - 20.000.000 €

LARGE

> 20.000.000 €



Micro and small investment projects

The decision shall be made by:

- head of a budgetary user of the state budget
- municipal prefect, mayor, or county prefect
- head of the budgetary user of a local and regional self-government unit

..in accordance with the regulations and general acts that regulate the powers of the representative body, the executive body and the head

Budget users submit to the Ministry of Finance information about the decisions made on the selection for financing quarterly in electronic form - starting with the selection of projects to be included in the financial plan/ budget for 2025

The decision is made by the Committee for the selection of investment projects

- The competent ministry acquires proposals for medium and large investment projects in the scope of its responsibility as well as budget beneficiaries under the jurisdiction of the ministry in order to submit a consolidated list of project proposals to the Ministry of Finance

- The Ministry of Finance prepares a summary list of proposals for medium and large investment projects and submits them to the Committee for the selection of investment projects

- The Committee submits information on its conclusion

Medium and large investment projects



COMMITTEE FOR THE SELECTION OF INVESTMENT PROJECTS

STATE

Minister responsible for financial affairs - chairman of the Committee

LOCAL

Municipal prefect, mayor, or county prefect - chairman of the Committee

Criteria for selecting projects - Table for evaluating the readiness of investment project proposals (Annex 2)

BASIC CRITERIA

- whether the Pre-Investment Studies referred to in Article 5, paragraph 1 of this Regulation and the Project Documentation have been prepared
- whether the resources necessary for the successful implementation of the project and the sustainability of the project results have been provided

QUALITATIVE CRITERIA

- the compliance of the investment project proposal with the goals of strategic planning acts of national significance, of significance for local and regional self-government units, public policies of the European Union and international obligations
- the availability of funding and resources for the implementation
- impact of implementation on society and the environment

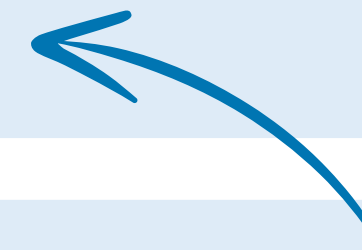


SEMI-ANNUAL REPORT

Budgetary users of the state budget

Extra-budgetary users of the state budget

MINISTRY OF FINANCE



Local and regional self-government unit

Budgetary users of the local and regional self-government unit

Extra-budgetary users of the local and regional self-government unit

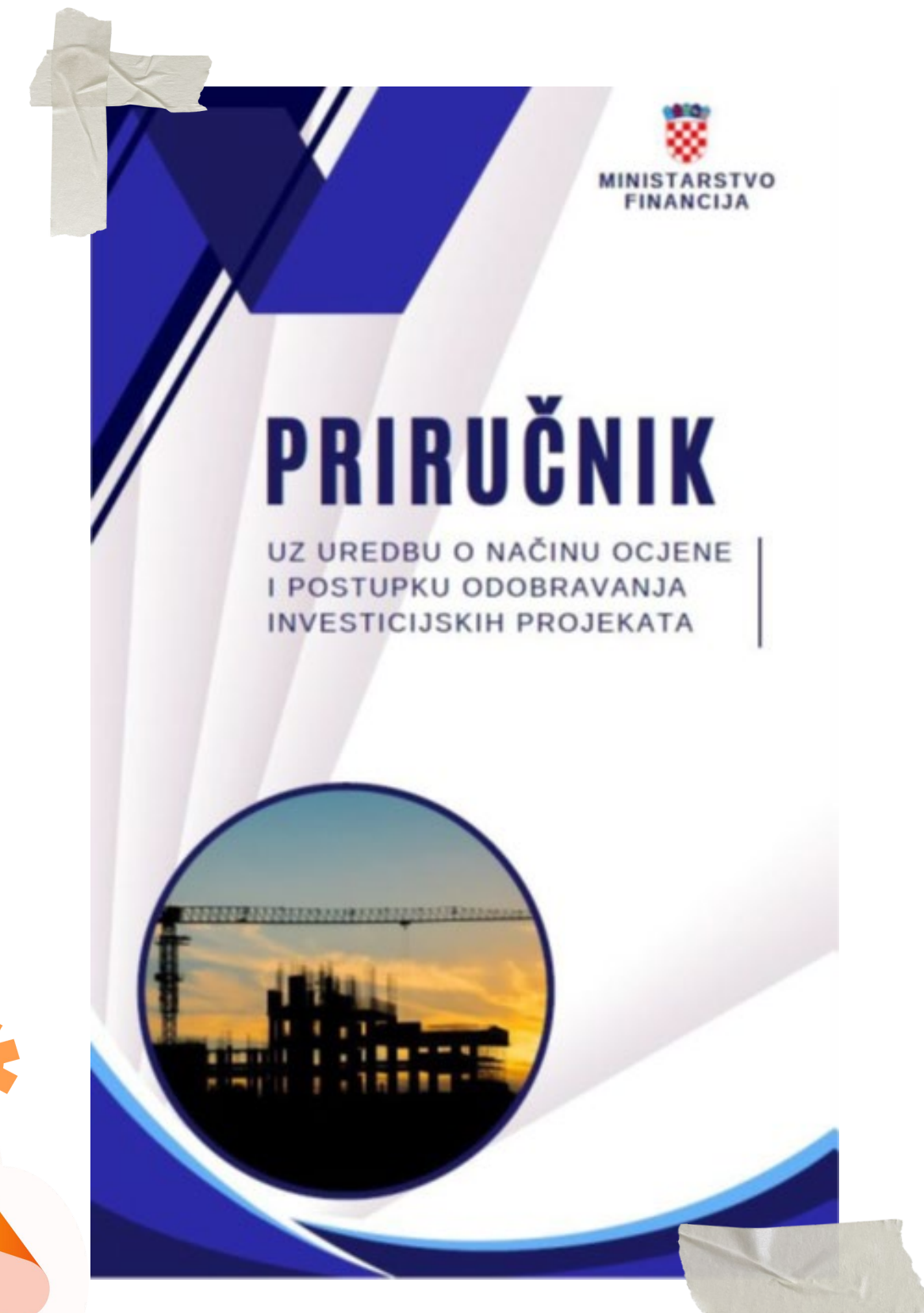
THE COMPETENT BODY IN CHARGE OF THE FINANCES OF LOCAL AND REGIONAL SELF-GOVERNMENT UNIT

The purpose of the Manual is to ensure that the Regulation is easily implemented by project holders and that the Manual is used as a practical tool in purpose of preparation of investment projects and monitoring the progress of investment project

The minimum content of the manual is given:

- pre-investment studies and
- reports on the implementation and effects of investment projects

The holder of the investment project will, depending on the type and complexity of the project, supplement the content of the study and elements of the report, taking into account the needs as well as the requirements of other regulations/profession.





For the purpose of transparency and availability of information, the Ministry of Finance has opened a separate online site where all documents and additional information materials regulating the area of evaluation and selection of investment projects are located.

<https://mfin.gov.hr/istaknute-teme/drzavna-riznica/investicijski-projekti/3585>



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THANK YOU FOR YOUR ATTENTION