

REPUBLIC OF CROATIA
MINISTRY OF FINANCE

ECONOMIC AND FISCAL POLICY GUIDELINES
FOR THE PERIOD 2008 – 2010

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1. INTRODUCTION

Economic and Fiscal Policy Guidelines is a document prepared by the Government of the Republic of Croatia which defines medium-term fiscal policy trends. The Guidelines presents the first step in a comprehensive budget planning process as it delivers realistic economic and fiscal trends, based on which the budget is then drawn up.

Under the Budget Act (OG 96/03), the provision of Article 18, the Ministry of Finance is in charge of drafting the Economic and Fiscal Policy Guidelines for a three-year period, which are adopted in a session of the Croatian Government. Pursuant to the Act, the Economic and Fiscal Policy Guidelines must contain:

- Premises for socio-economic development for the budget year and the following two years,
- Basic indicators of Croatia's fiscal and economic policy,
- An estimate of revenue and expenditure, and receipts and expenses at all levels of the budget of the Republic of Croatia,
- A framework proposal of the scope of financial plan according to beneficiaries of the budget for the preceding, current and the following budget year, and for the ensuing two years.

The practice of drafting Economic and Fiscal Policy Guidelines complies with the best practices of developed countries, and it proved efficient in ensuring rational frameworks for implementing fiscal policy and direction it is to follow. The projections of budget categories in this fiscal-economic framework must conform to certain requirements in order to ensure the planned direction of fiscal policy. In that context, fiscal projections are based on several important determinants:

- Envisaged economic activity that will result in the level of budgetary central government expenses as projected,
- The level of expenses as projected must provide for a rational administering of funds, and as full as possible compliance with all requirements,
- The ratio of the budgetary central government revenue and expenditure must provide for further fiscal adjustment.

Economic and Fiscal Policy Guidelines for the Period 2008 – 2010 were drafted based on these main determinants. It should be noted that the Guidelines are based on the goal of Croatia's accession to the European Union in 2009, so medium-term macroeconomic projections were drawn up accordingly. However, within the framework of fiscal projections, the financial package and the European Union funds are not included in these Guidelines as they are the subject of the negotiating process which is under way.

2. MEDIUM-TERM ECONOMIC AND FISCAL POLICY GOALS

Strategic goals of the Croatian Government are reflected in fostering high economic growth rates that will be sustainable in the long-term period, and further reduction of unemployment and increase of employment, i.e. growth of the standard of living of the Croatian citizens and strengthening the competitiveness of the Croatian economy based on knowledge. In that context, medium-term economic and fiscal policy is aimed at achieving the following goals:

- Continuation of accelerated economic growth;
- Reducing unemployment and increasing employment;
- Reducing the budget deficit with a tendency to balance the budget;
- Decreasing public debt and stabilisation of foreign debt.

The key determinant of the entire economic policy in the previous period was a strong fiscal adjustment whereby the fiscal deficit was reduced by more than twofold in just three years, from 6.2% of GDP in 2003 to 3.0% of GDP in 2006. Fiscal adjustment will continue in 2007 by decreasing the deficit by additional 0.4 percentage points. The importance of the years 2006 and 2007 must be underlined because it was the first time that changes in the budget were adopted whereby the target deficit was reduced in order to achieve a more significant adjustment of public finance with the current macroeconomic trends.

Reduction of deficit is a result of fundamental recasting and improvement of the public finance system in Croatia, whereby the fiscal policy was improved to reach the level of current European practice. The transparency of public finance increased in the past years, and systematic strengthening of budget management started that will continue in the future in order to ensure long-term fiscal stability. In that context, it is important to note the systematisation of the State Treasury and operability of the single account of the Treasury through which all expenses of budget beneficiaries are channelled. Along with the single account, the setup of budget analyses, daily liquidity monitoring, measuring of fiscal effects, careful planning of budget execution during the year, and the setting up of an Internal Financial Control Department ensured a rational and efficacious spending of the taxpayers' funds. Also, the entire process of budget planning was taken to a higher level thus providing a realistic view of the fiscal categories and directing the funds to important development programmes and the citizens' social rights. The measures related to the expenditure side are accompanied by the strengthening of tax administration, which significantly improved the control over revenue collecting and enabled penetration into grey economy.

Improvement of the public finance system in Croatia established a strong basis for a rational and efficient implementation of the fiscal policy aimed at reducing the fiscal deficit. Continuation of structural reforms which are being carried out in different areas of the socio-economic sphere, along with the measures within the fiscal system, will certainly have a positive impact on fiscal deficit trends in the next medium-term period. Consequently, the policy of fiscal adjustment will continue, and by 2010 it will effect budgetary central government balance, i.e. general government deficit amounting to 0.5% of GDP. By implementing this fiscal policy Croatia is following modern world trends, and positions itself alongside economically most developed European countries. It is important to emphasise that the reduction of deficit will be the result of structural measures and fiscal adjustment alone, and not of the increase or introduction of new taxes that would present an additional burden for the citizens and the economy.

The importance of the fiscal policy which is aimed at reducing fiscal deficit is reflected in its positive impacts on public and foreign debt trends. Intergenerational solidarity must constitute the basis of economic policy in any state. Creating an environment where the funds are spent irrationally and excessively would most certainly involve borrowing for the purpose of settling such spending, and it would create a burden for the future generations who would have to pay off this debt with interest. Hence the policy of deficit reduction has a positive impact on the reduction of the share of public debt in gross domestic product, which was recorded in 2006 and is to continue in the coming period. Likewise, state orientation on financing the accumulated deficit on the domestic market had a positive influence on the total foreign debt, because in the last two years the state has been the only sector that nominally reduced the level of its foreign debt. With regard to this policy and trends in macroeconomic environment, it is planned to reduce the share of Croatia's foreign debt in gross domestic product in the medium-term period.

A significant characteristic of the borrowing policy on the domestic market is the contribution of the state to further development of the domestic finance market. A greater presence of treasury securities and issuing new types of securities provides an additional stimulus and deepens domestic capital market. The state influenced the development of the finance market by enacting a modern legislative framework. A series of acts were passed that regulate the area of insurance, investment funds, lease and credit unions, the system of supervising the non-banking sector was unified by establishing the Croatian Financial Services Supervisory Agency (HANFA), the areas of financial insurance, accounting and takeover of joint stock companies are currently being regulated, while the areas of insurance of deposits, credit institutions, payment systems, securitisation and financial conglomerates are to be regulated shortly. Completion of the entire legislative framework will promote further development of the financial system and the market, new business opportunities, and it will also provide greater protection of the consumers, investors, and other market players, and it will likewise ensure the presuppositions for entering the European Union market. Additional stimulus to the finance market in Croatia was provided by the last year's second phase of privatisation of the oil company INA, which was conducted through an initial public offering in which a number of Croatian citizens took part.

Continued privatisation of the state portfolio remains a priority in the context of strengthening the private sector and reducing state presence in the economy. The entire economic development of Croatia in the past years and overall economic policy have been based on promoting greater presence of the private sector and private initiatives. This policy, along with other measures, implies the carrying out of restructuring and modernisation of inefficient companies in shipbuilding and railway line of business, and completion of privatisation in order to increase the presence of the private sector, and to ensure an increase in productivity and greater competitiveness of Croatian companies.

Along with privatisation and reducing state involvement in the economy, strengthening of the private sector will be supported by additional promotion of small and medium-sized enterprises. Taking into consideration that the entire Croatian economic policy is based on establishing the private sector as the main driving force behind economic growth, in the next period the state will continue to further stimulate the development of the entrepreneurial sector through various incentive programmes, budget and the Croatian Bank for Reconstruction and Development (HBOR), and by establishing of the new free trade zones. Orientation of companies toward export and their expansion to the foreign markets will receive additional incentives.

State policy aimed at establishing the foundations for a stronger development of enterprises is reflected in further improvement of the business climate which will, amongst other things, contribute to attracting greater foreign direct investments. Thus, after having introduced the service Hitro.hr with electronic services such as e-Katastar, e-PDV, e-Regos and e-Pension, introduction of IT technology in the entire state administration will continue in order to reduce, simplify and shorten the duration of procedures. The goal is to bring state administration closer to the citizens and entrepreneurs, to remove administrative barriers, and to increase the transparency of procedures that will result in narrowing possible corruption. Also, within the framework of the entire state administration reform, measures will be implemented in order to establish an efficient, professional and politically unbiased state administration.

Regarding the investment climate and securing the rule of law, one of the priorities in the coming period will also be further strengthening of the judicial system and fight against corruption. Reform of the judiciary will in particular be aimed at modernisation and increase in the efficiency of courts, improvement of case management, and full digitisation of land registers. Likewise, in accordance with the adopted National Anti-Corruption Programme, all competent bodies of executive government will work jointly to fight corruption in the state.

A more favourable investment climate will attract more foreign investors who will bring new types of knowledge and technologies. Moreover, it will encourage the Croatian citizens and entrepreneurs to embark on new business projects and entrepreneurial undertakings that will jointly contribute to economic growth. However, the state will continue, to a degree, with active contribution to economic growth through further capital investments in infrastructure, which is the main premise for economic development. The goal is to continue interconnection of all Croatian regions and to ensure water and gas supply for all the areas in the country. A uniform development of all Croatian regions will remain one of the priorities in the coming period. In addition to the strengthening of the fiscal position of local units by a more just system of financing, additional investment will be channelled into regional development programmes related to ports and islands, and the areas of special state concern. Likewise, an important segment of investment will be the energy sector so as to increase efficiency and secure energy stability. Special attention will be paid to environmental protection seeing that only environmental protection guarantees a long-term development of the state and quality of life to the Croatian citizens.

Within the context of securing a decent standard of life for the Croatian citizens, the entire economic policy will be based on the principle of social justice and care for the most endangered groups of citizens. In the coming period more funds will be secured from the budget for the young, child-bearing women, families, war veterans, unemployed, pensioners, and all people of lower economic standing. Relating to the measures for increasing maternity benefits and child allowance, demographic policy addressing the current negative demographic trends in Croatia will continue. The entire system of social benefits will become more efficient so as to improve the focus on socially most endangered persons by establishing the criteria for a fairer distribution of funds. Reform of the healthcare system will continue in order to achieve a more rational operation of healthcare entities, and to improve the quality and availability of health services. Furthermore, with a view to ensuring a just pension system while maintaining fiscal sustainability, additional funds will be allocated in order to equalize the pensions of the “new” and “old” pensioners. From the beginning of this year, unemployment benefits have already been raised from HRK 1,000 to HRK 1,200 per month. Moreover, in order to reduce unemployment in Croatia the promotion of the employment policy will continue along with the already familiar measures included in the National Action Plan for Employment. Due to a visible discrepancy between supply and demand on the labour

market, lifelong learning will continue to be promoted and the adjustment of the education system to the demands on the market.

Education is one of the key foundations on which Croatia's economic development will be built, whose strategic goal is the development of a knowledge-based society in which excellence will be one of Croatia's main comparative advantages. Hence the allocation of significant funds for science and education, promotion of research and innovation will proceed, and efforts will be put in to better connect the academic community and research institutes with the private sector. In light of creating a knowledge-based society, the goal is to increase the level of education of the Croatian citizens. That is the reason for introducing compulsory secondary school education, while the promotion of further education for children is also reflected in providing free transport and free books for the school students. By promoting science and education, Croatia is following modern European Union trends which guarantee a stronger development of the country.

Membership in the European Union is Croatia's strategic foreign policy goal that will contribute to a stronger economic growth and development. Adoption of the *acquis communautaire* means adopting the standards which are maintained in the economically more developed countries. The example of the new Member States that have recorded higher growth rates after accession to the European Union is in favour of the realistic expectation of Croatia's stronger growth until 2009, which is the target year for its accession to the EU.

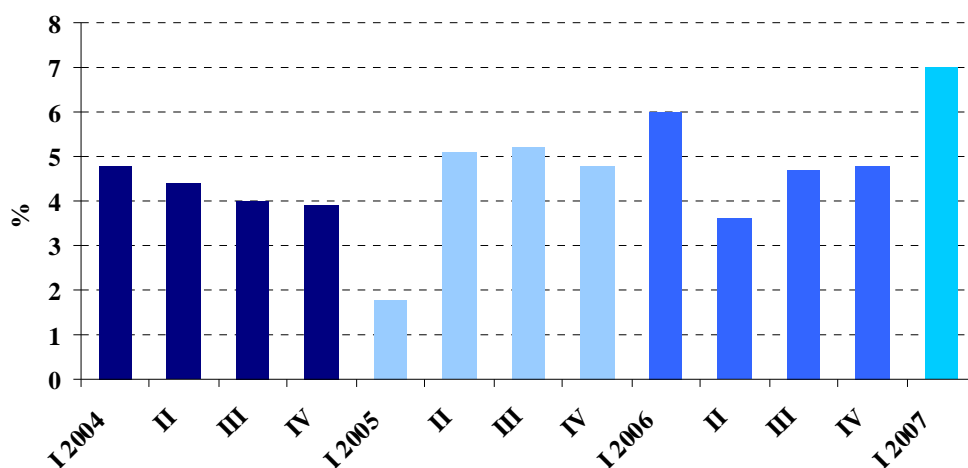
In light of everything mentioned so far, from the reduction of fiscal deficit whereby the state will open more free space for the private sector, promotion of education and knowledge, strengthening of entrepreneurship, creating a favourable investment climate, investments in infrastructure and development of the finance market until Croatia's accession to the European Union, further acceleration of economic growth may be expected. Economic growth will also follow the trends on the labour market that have recorded positive trends in the past years. Considering that the promotion of entrepreneurship will have an influence on the opening of new and permanent jobs, while concrete state measures will influence the promotion of employment, further reduction of unemployment and increase in employment is expected in the coming period.

3. MEDIUM-TERM MACROECONOMIC TRENDS

3.1. Macroeconomic trends in 2006 and 2007

The real growth of GDP in 2006 amounted to 4.8%, which is an acceleration of 0.5 percentage points compared to 2005. In relation to individual components on the expenditure side of the GDP, the highest real growth of 10.9% in 2006 was recorded in capital investments. In comparison to 2005, the real growth of private consumption was accelerated to 3.5%, while public spending recorded real growth amounting of 2.2%. Exports of goods and services in real terms increased by 6.9%, while the imports of goods and services recorded real growth of 7.3%. The largest positive contribution to growth in the amount of 3.4 percentage points came from exports of goods and services and capital investments amounting to 3.2 percentage points. The contribution of private consumption amounted to 2.1 percentage points, public spending 0.4 percentage points, and negative contribution of imports to the real GDP growth in 2006 amounted to -4.5 percentage points.

Chart 1: Real GDP growth

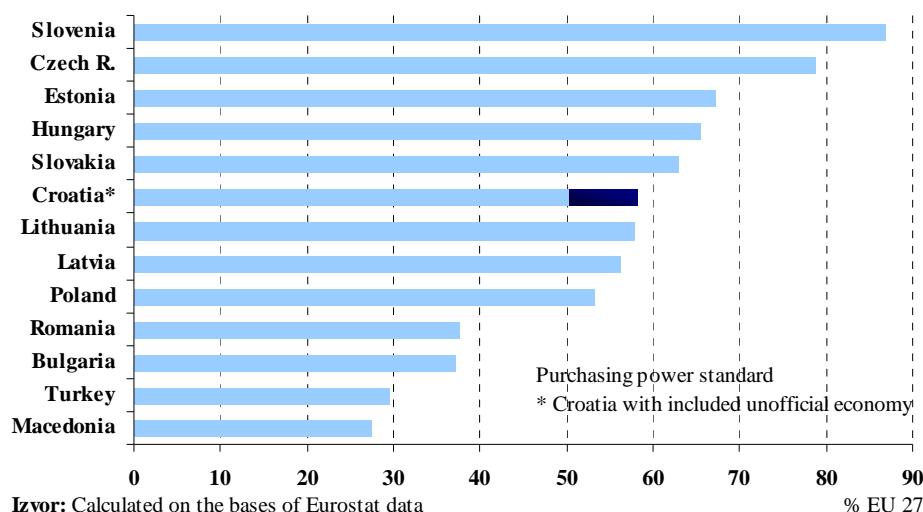


Source: CBS

Nominal GDP growth in 2006 amounted to 8.3%, coming to the nominal amount of HRK 250.6 billion or EUR 34.2 billion¹. The Central Bureau of Statistics released the final data for 2004 according to which the preliminary GDP amount increased by approximately HRK 2.2 billion, while the real growth was revised from the original 3.8% to 4.3%. GDP per capita increased from around EUR 7,000 in 2005 to approximately EUR 7,700 in 2006. In relation to purchasing power parity and including grey economy, Croatia reached almost 60% average of EU 27 GDP per capita. However, when drawing a comparison with the new Member States, it should be noted that they include grey economy in the calculation of their GDP.

¹ Excluding unofficial economy that should be, according to ESA95 methodology, included in gross domestic product calculation.

Chart 2: Comparison of GDP per capita by countries (in 2006)



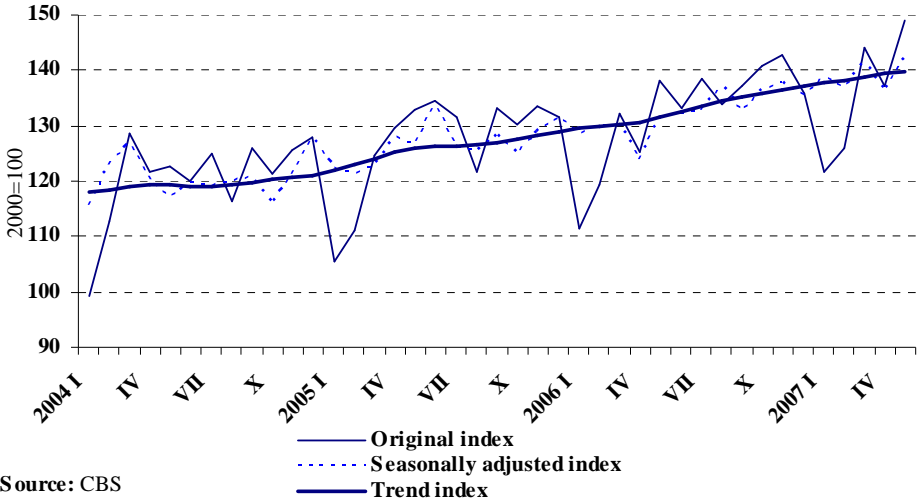
High real GDP growth of 7.0% in the first quarter of 2007 is primarily the result of high growth of capital investments which increased by 11.2% and private consumption whose real growth amounted to 7.1%. In real terms, public spending increased by 2.8%, while the exports of goods and services in real terms grew by 3.0%, and imports of goods and services grew by 3.7%. In terms of contributions to growth, private consumption accounted for the highest contribution of 4.4 percentage points, contribution of capital investments accounted for 3.3 percentage points, and public spending 0.6 percentage points. Negative contribution to growth of net exports was the result of a negative contribution of goods and services imports amounting to -2.4 percentage points, and a positive contribution of exports of goods and services in the amount of 1.2 percentage points.

More lively economic activity during 2006 was suggested by indicators from the real sector such as industrial production, retail trade, construction, and tourist overnight stays. The highest year-on-year growth of industrial output of more than 6% was recorded in the first and last quarters, which along with stagnation in the second quarter and growth of 5.9% in Q3 resulted in the annual growth of industry of 4.5% in 2006. Real turnover in retail trade had a similar dynamics but with lower growth rates, so that the real growth of turnover from retail trade in 2006 amounted to 2.1%. A positive trend in the construction sector which started in the second half of 2005, continued. During 2006, construction work index on a year-on-year basis grew each month, so that on the whole in 2006 it grew by 9.3%. Tourist indicators also recorded positive achievements in 2006. Year-on-year growth of tourist arrivals in 2006 amounted to 3.9%, while tourist overnights increased by 3.1%. Such trends resulted in revenues from tourism in 2006 in the amount of EUR 6.3 billion, which is an increase of 4.9% in comparison to 2005.

Macroeconomic indicators from the beginning of 2007 showed further strengthening of economic activity. Industrial output recorded a year-on-year growth of 8.0% in the first quarter. The growth continued at the beginning of Q2 so industrial production increased by 9.4% in April and 7.7% in May. Construction work index in Q1 grew by 6.5%, while growth on a year-on-year basis in April amounted to 2.6%. Markedly high achievements were recorded in retail trade. Year-on-year real turnover in retail trade in Q1 2007 increased by 7.7%, and year-on-year growth in May amounted to 7.7%. Tourism-related indicators show that another successful tourist season can be expected. Year-on-year growth in tourist arrivals in the first five months amounted to 12.6%, while tourist overnight stays in the same period

recorded an increase of 9.0%. Such achievements are accompanied by financial indicators and the balance of payments data show that year-on-year revenue from tourism in Q1 2007 increased by 36.2%.

Chart 3: Industrial production index

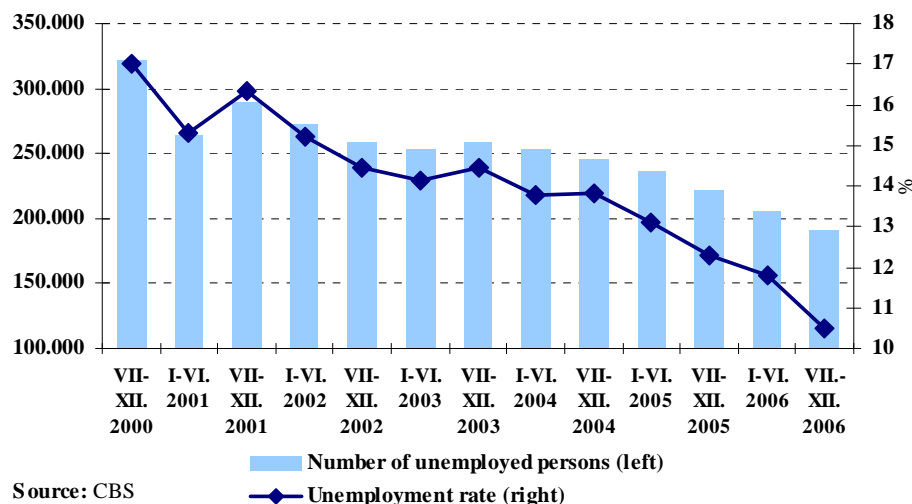


Source: CBS

Accelerated economic activity in the previous and current year has been accompanied by positive trends on the labour market. As indicated by the labour force survey during 2006, there were 3,638,500 people able to work. Of that number 49.1% were people who work or are actively looking for work, meaning that they can be categorised as workforce. In comparison to the results of the survey from 2005, the number of inhabitants who are able to work increased by 2,500, while at same time the category of workforce decreased by 17,000. The total number of employed people in 2006 amounted to 1,586,000, which is an increase of 13,000 in comparison to 2005, while the number of unemployed persons decreased by 30,500 to the level of 198,500, which is the lowest since 1998. These trends also determined the unemployment rate that was at the level of 11.2% in 2006, accounting for a decrease of 1.6 percentage points lower in comparison to 2005 when it amounted to 12.7%. Unemployment rate according to the survey is even lower if only Q2 of 2006 is taken into account, when it amounted to 10.5%. The trend of registered unemployed persons on a year-on-year basis, which started in mid-2005, also indicates that the rate of unemployment is declining. The average number of registered unemployed persons in 2006 dropped by approximately 17 thousand or 5.5%, while registered unemployment rate was reduced from an average 17.9% in 2005 to 16.6% in 2006.

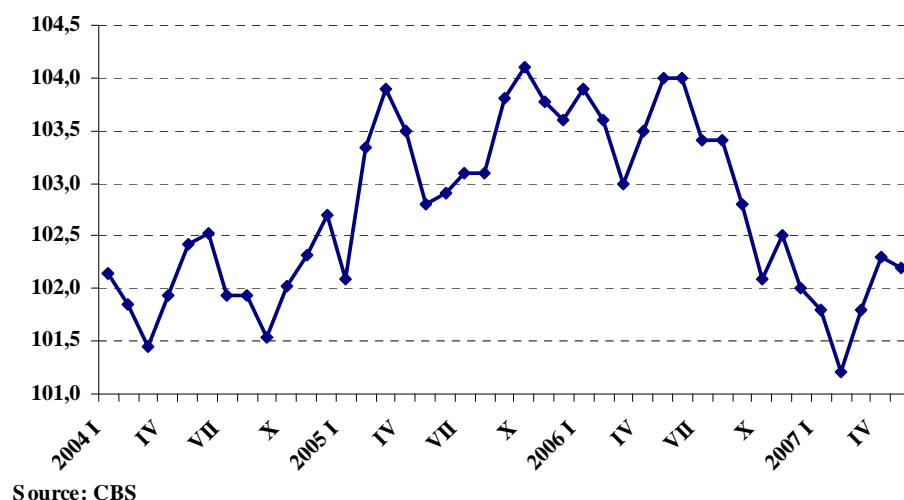
Favourable trends on the labour market have continued in 2007. The average number of unemployed persons in the first five months on a year-on-year basis was reduced by almost 20 thousand or 6.4%, while the rate of registered unemployment in the same period dropped by 1.2 percentage points. The latest data from June indicate even stronger positive trends. Year-on-year reduction in registered number of unemployed persons recorded in June 2007 was almost 25 thousand or 9.1%, and the registered unemployment rate was reduced from 16.3% in May of preceding year to 15.1% in May of this year. Based on these trends, further reduction of the survey unemployment rate can be expected in the first half of 2007.

Chart 4: Labour force survey and unemployment rate



Year-on-year growth of the consumer price index (CPI) in December 2006 amounted to 2.0%, thus reaching its lowest level since October 2004. The average year-on-year growth of the consumer price index slowed down from 3.3% recorded in 2005 to 3.2% in 2006. The development of prices in 2006 was marked by the rise in the price of crude oil on the world markets in the first half of the year and a slowdown in the second half of the year, rise in the prices of non-alcoholic beverages, and the prices of water supply and certain utility services. Compared to 2005, the prices of fuel and lubricants for personal vehicles increased by 4.5%. The beginning of 2007 was marked by further reduction of inflation. Thus in the first five months the CPI rose by 1.8% on a year-on-year level.

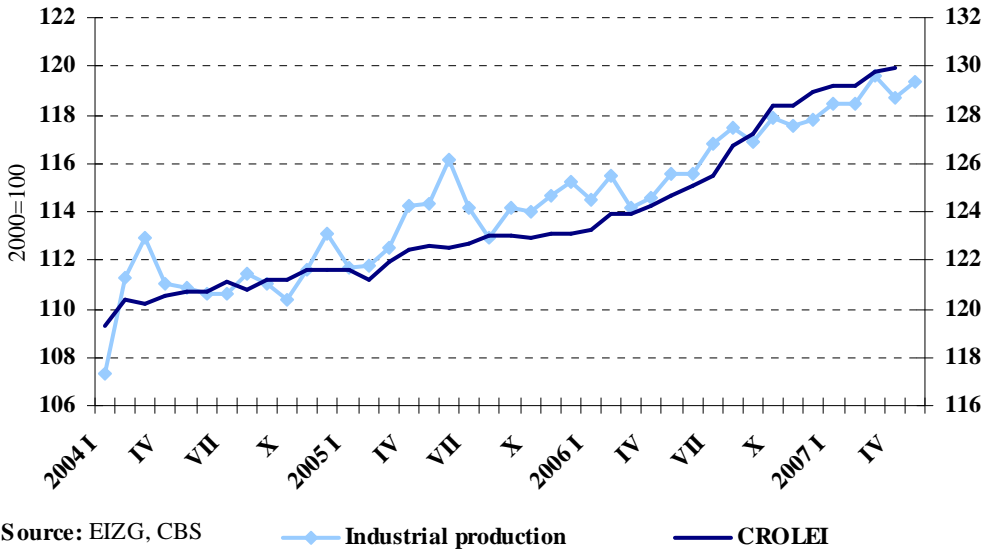
Chart 5: Year-on-year change of consumer price index



By using the so-called leading indicators, the Institute of Economics, Zagreb (IEZ) and the Ministry of Finance draw up a complex CROLEI forecasting index. This index predicts industrial output trends and overall economic activity in Croatia, where the industrial output index is used as the reference series. The index comprises eleven best leading predicting indicators with average prediction time of the referent series of approximately 6 months. In

April 2007, the value of CROLEI forecasting index showed growth on a month-by-month basis. Compared to the preceding month, when the largest growth of index value in the previous six months was recorded, its value in April rose by 0.17 percentage points, while on the year-on-year level the recorded growth of the index amounted to 4.6%. The diffuse index, which is an auxiliary measure whereby the share of index components which show growth is determined, amounted to 64% in April. Value of the diffuse index and related value of the CROLEI index in the preceding three months indicate that moderate growth of economic activity can be expected until the end of Q1 2007.

Chart 6: CROLEI forecasting index



3.2. International environment

The data published in the European Commission’s Economic Forecasts from spring 2007 indicate better-than-expected achievements in the European Union and the Eurozone in 2006, which is construed in terms of strong growth of the world economy and more favourable domestic conditions. The impact of high oil prices and slowing down of American economy were not so prominent. At the level of 2006 as a whole, the real GDP growth of the European Union amounted to 3.0%, and of the Eurozone to 2.7%, which accounts for a little over one percentage point when compared to the growth recorded in 2005.

Economic growth was to a largest extent promoted by domestic demand, which is in particular related to the recovery of investments in equipment. A positive contribution to growth also came from the significant growth of private consumption which was encouraged by the positive trends on the labour market and net export. The forecast of the real GDP growth for 2007 amounts to 2.9% in the European Union and 2.6% in the Eurozone, while in 2008 a minor slowdown is expected to 2.7% and 2.5% in the European Union and the Eurozone respectively.

Oil prices in 2006 were marked by significant fluctuations, and the highest level was reached in August when the price of barrel of Brent type oil sold for USD 80. In the following months oil prices dropped, but then started rising again at the beginning of 2007 so that in April the

barrel sold at between USD 65 and 70. The European Commission predicts the average price per barrel of oil in 2007 to be USD 66.2, which is the same level as in 2006, while in 2008 a 6% hike is expected amounting to USD 70.3 per barrel.

Table 1: International environment – macroeconomic indicators

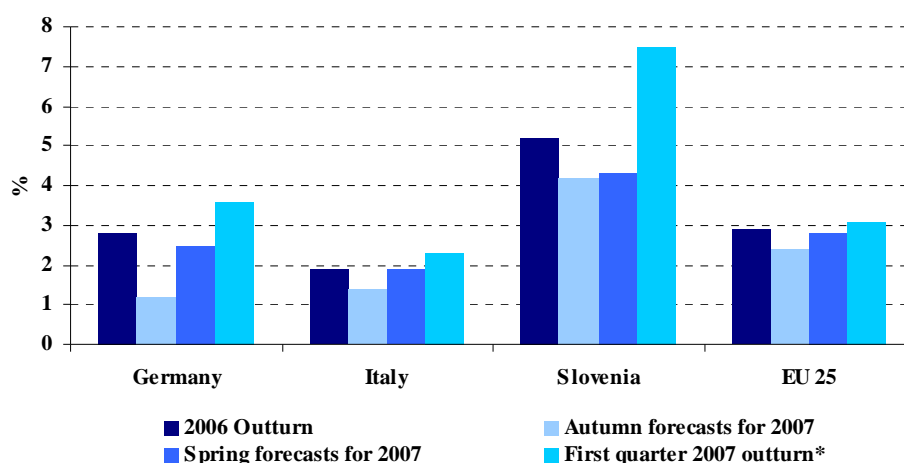
	2005	2006	2007p	2008p
Real GDP growth				
World	4,8	5,2	4,8	4,8
European Union	1,7	3,0	2,9	2,7
Italy	0,1	1,9	1,9	1,7
Germany	0,9	2,7	2,5	2,4
Slovenia	4,0	5,2	4,3	4,0
Eurozone	1,4	2,7	2,6	2,7
CPI, annual change				
European Union	2,3	2,3	2,2	2,1
Eurozone	2,2	2,2	1,9	1,9
Oil price increase, in %	44,7	20,2	0,0	6,2

Source: European Commission

Having regard to the fact that the Republic of Croatia carries out around 70% of trade with the EU Member States, the forecasts of economic trends in the European Union have a significant influence on expectations of economic trends in Croatia. Along with the trade, economic trends in the European Union affect the Croatian economy via tourism as almost 90% of foreign tourists come from the EU Member States. In that context, forming projections of economic trends in Croatia to a large extent depends on the situation in Italy, Germany and Slovenia since Croatia is the most closely economically linked with those states.

Real GDP growth recorded in Germany in 2006 amounted to 2.7% and is the largest growth since the decade began. The most important promoter of growth was export where double-digit growth rates were recorded. Part of consumption was shifted from 2007 into 2006 with respect to the fact that as of the beginning of 2007 a higher value added tax rate became applicable, so a reduction in demand was registered in that period. Nonetheless, this effect is expected to be temporary and that positive trends of spending and investment from 2006 will be maintained. Despite the expected slowdown of the world economy, further growth of the German export is probable and will reflect an increased competitiveness of the German economy. Taking this into consideration, it is expected that in 2007 and 2008 the German economy will grow by approximately 2.5%.

Chart 7: Overview of projections and realised economic growth



Source: Eurostat, European Commission

* Seasonally adjusted data

Real GDP growth in Italy in 2006 amounted to 1.9% representing the highest growth since 2000. The main promoters of growth were private consumption and fixed investments, and net export also provided positive contribution. The forecasts predict that the real GDP in 2007 could amount to 1.9%, but in 2008 it might slow down a little to 1.7%. Private consumption will remain the main promoter of growth and it is expected that investment will be stepped up, promoted primarily by public investment.

The recorded real GDP growth in Slovenia in 2006 amounted to 5.2% representing the highest growth since 1999. This growth is the result of large fixed investments and strong private consumption, while large import of investment products made a negative contribution to net export. The forecasts indicate the slowing down of real GDP growth to 4.3% in 2007 and 4.0% in 2008.

The slowing down of growth of the American economy remains the main risk of projections. As for the inflation, no significant pressures are expected in 2007. However, further acceleration of economic growth due to higher employment might result in pressures on the increase of wages and salaries, meaning the growth of inflation. Increase in oil prices still remains to be a risk, and under certain circumstances it could have a negative impact of economic growth.

3.3. Macroeconomic environment until 2010

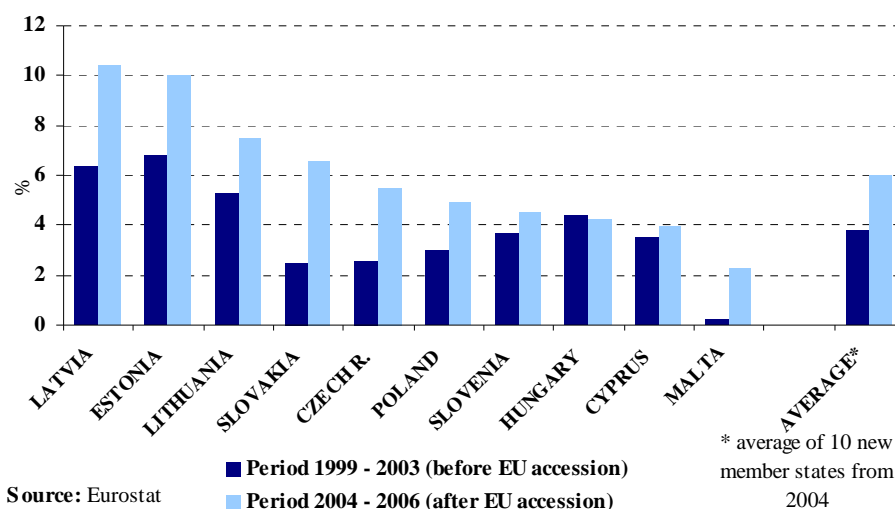
The main characteristic of macroeconomic projections until 2010 is the acceleration of real GDP growth to 7.0% in 2010. It is expected that real GDP growth in 2007 will accelerate to 6.0%, then to 6.1% in 2008, to 6.5% in 2009 and 7.0% in 2010. Expressed in EUR per capita, it is expected that GDP will increase from around EUR 7,700 in 2006 to approximately EUR 11,000 in 2010. The projected inflation for the entire projection period is stable below 3%, while the projected accelerated economic activity will lead to the reduction of unemployment, so that survey unemployment rate in 2010 will drop to 6.9%.

Table 2: Projections of key macroeconomic indicators of the Republic of Croatia

	2005	2006	2007p	2008p	2009p	2010p
Gross domestic product, HRK million	231.348	250.591	273.705	298.566	327.262	360.213
GDP per capita, HRK	52.117	56.452	61.659	67.260	73.724	81.147
GDP per capita, EUR	7.043	7.709	8.412	9.185	10.068	11.081
Gross domestic product, real growth	4,3	4,8	6,0	6,1	6,5	7,0
Real growth of individual GDP components:						
Personal consumption	3,4	3,5	5,8	5,6	5,3	5,3
Government consumption	0,8	2,2	3,7	1,8	1,1	1,2
Investments	4,9	10,9	8,1	7,9	7,6	7,3
Exports of goods and services	4,6	6,9	7,9	8,2	9,0	10,0
Imports of goods and services	3,5	7,3	7,0	6,7	6,3	6,3
Consumer price index, % annual change	3,3	3,2	2,3	2,2	2,2	2,2
Labor force survey unemployment rate, annual average	12,7	11,1	9,7	8,6	7,4	6,9
Current account balance, % of GDP	-6,4	-7,8	-8,1	-7,9	-7,4	-7,0
External debt, % of GDP, end of period	81,7	84,7	86,1	85,8	84,6	83,5

The projection of economic growth acceleration in 2007 and 2008 is based on the positive achievements during the year thus far, and also on the positive prospect of economic growth of the neighbouring states. As the result of several assumptions, a stronger acceleration of economic growth is expected in 2009 and 2010. The main assumption is related to the expectation that the Republic of Croatia will become a member of the European Union in 2009. In accordance with the experiences of the new Member States which became members in the wave of enlargement in 2004, it is to be expected that membership in the EU will provide a positive stimulus to economic growth. The other assumption is related to the maintaining of positive trends in the EU countries that will provide support to economic activity in Croatia. Further structural reforms through further improvement of the business climate will also have a positive impact on the strengthening of the private sector that will also be assisted by the reduction of the fiscal deficit thus opening additional free space for the private sector.

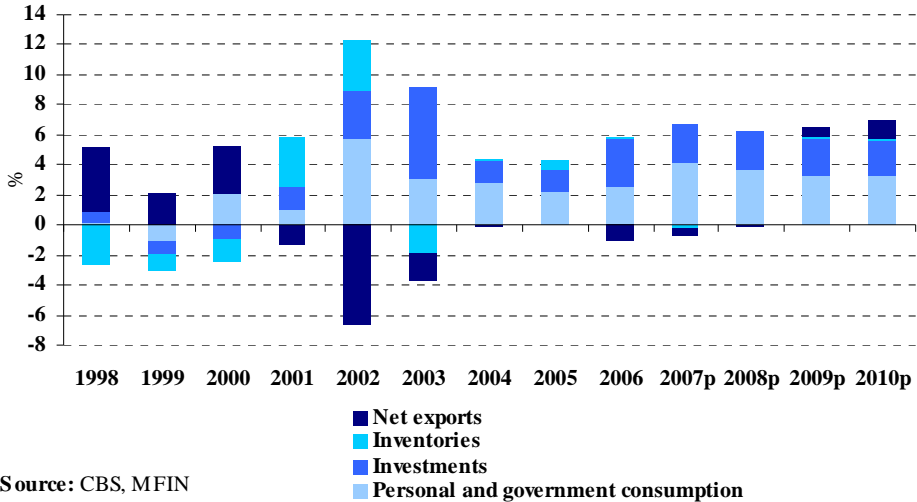
Chart 8: Economic growth of the new Member States before and after accession to the EU



Source: Eurostat

The projections of individual components on the expenditure side of GDP indicate the highest growth of capital investments and export of goods and services that will result from an ongoing improvement in the investment climate and increased competitiveness of the Croatian economy. Accordingly, in 2007 it is expected that the real growth of capital investments will amount to 8.1%, followed by a gradual slowing down to 7.3% in 2010. At the same time, the real growth of export of goods and services will record an increase from 7.9% in 2007 to 10.0% in 2010. It is expected that the real growth of private consumption in 2007 will accelerate as the result of the growth of employment and salaries, and also due to the continued repayment of debt to pensioners. Until 2010 the slowing down of the real growth of private consumption to approximately 5.3% is expected. Real growth of public consumption will amount to 3.7% in 2007, but with the trend of slowing down in the coming years to approximately 1% in 2010. A slight slowdown is expected as regards the imports of goods and services whose real growth will slow down from 7.0% in 2007 to 6.3% in 2010. These trends of export and import of goods and services will result in a positive contribution to the growth of net export after 2008.

Chart 9: Contributions to GDP growth

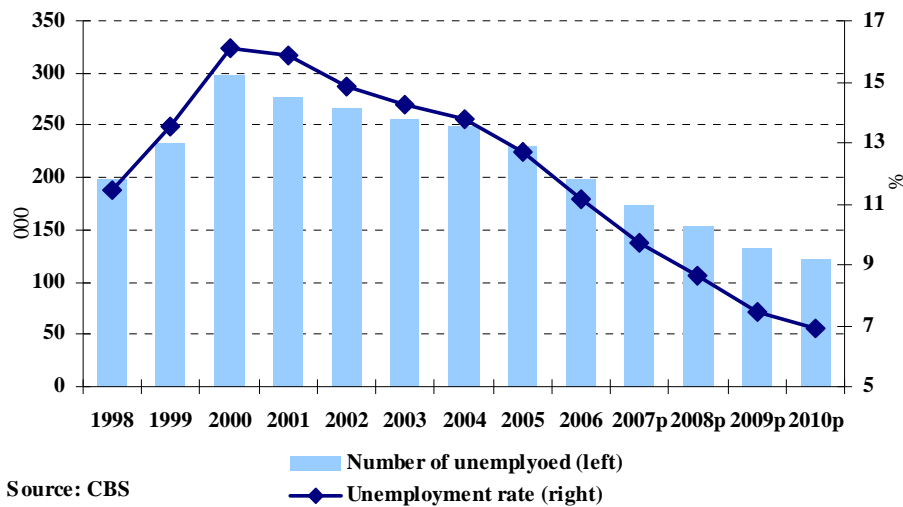


Source: CBS, MFIN

Projections for inflation measured by the consumer price index (CPI) in 2007 are estimated at 2.3% in 2007, and 2.2% in the period 2008 – 2010. This inflation trend is based on the projections for oil prices by the European Commission indicating zero increase in the prices of crude oil in 2007 and an increase of 6.2% in 2008. Considering that the European Commission’s Spring Projections do not include projections for 2009 and 2010, it is assumed that in those years oil prices will be maintained at the 2008 level.

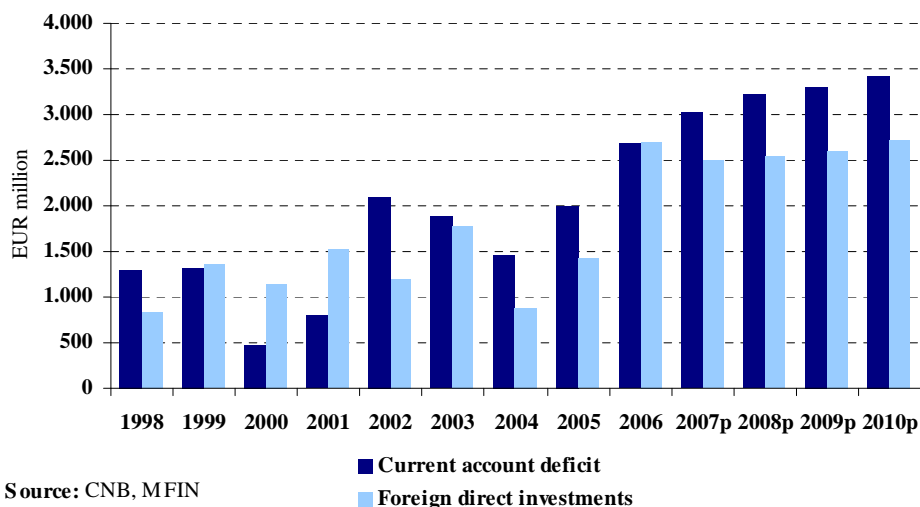
The projected employment rate and related reduction of unemployment is following the acceleration of economic activity. It is thus expected that in 2007 the survey unemployment rate will decrease below 10%, and further decrease to 6.9% in 2010. The projected economic growth will not be fully reflected in the increase of employment, which will in turn result in productivity increase in each year included in the projection period. The projections assume that throughout the projection horizon, the growth of salaries will be slower than the growth of productivity, so that the unit labour cost will be further reduced.

Chart 10: Survey unemployment



After the current account deficit of 7.8% of GDP was achieved in 2006, it is expected that in 2007 it will rise slightly to 8.1%, while in the coming years the share of current account deficit in GDP is expected to decrease. Tendency of the current account will mostly be determined by the above trends on the goods and services account. The projection horizon envisages an increase in revenues from tourism that should be bolstered by economic recovery in the European Union, from which the largest number of tourists come to Croatia. As far as the income account is concerned, it should be noted that slight increase in deficit is expected on the income account, which will be consistent with payments of interests on external public government debt and private sector external debt, but also with the increase of income as a result of foreign direct investments or reinvested income. The current transfer account should not experience any major changes so positive balance is expected in the coming period as well. The largest share of the current account deficit will be covered by foreign direct investments, and after a mild increase of external debt share in GDP in 2007, its decline is expected in the coming period.

Chart 11: Current account deficit and foreign direct investment (FDI)



3.4. Risks of realisation of projections

Owing to strong links of the Croatian economy with the countries of the European Union as the major markets that Croatia is trading with and from which the largest number of tourists come to Croatia, any deceleration in growth in these countries will also have an impact on the Croatian economy.

The continued oil price hike on the world markets along with inflationary pressures might also have a negative impact on expected GDP growth rates. Namely, any further growth in oil prices might adversely affect the country's major trade partners who might reduce their import and thus exercise a negative influence on the Croatian export, and consequently on projected growth rates.

Success of fiscal consolidation and the manner in which deficit is financed will have a significant impact on economic trends. Should planned deficits be substantially exceeded or should the revenue from privatisation fail to reach its target, this might exert pressure on an increase in both public and external debt.

The assumption that the Republic Croatia will become member of the European Union during 2009 was taken into account when drafting the macroeconomic projections resulting in higher growth rates in 2009 and 2010 as such experiences were recorded in the new Member States that joined the EU in 2004. Correspondingly, the assumption of accession to the European Union carries with it a certain risk.

4. MEDIUM-TERM FISCAL POLICY

4.1. Fiscal policy in 2006

The process of implementing a successful fiscal policy continued in 2006. Consolidated general government deficit was realised at the level of the planned 3% of GDP, in accordance with a modified accounting principle for calculating deficit². By achieving consolidated general government deficit in 2006, a significant fiscal adjustment was realised of as many as 1 percentage point in just one year, i.e. the deficit was reduced by more than HRK 1.8 billion compared to 2005. If the fiscal consolidation process is considered since the beginning of its implementation in 2004, or by comparing general government deficit in 2006 to 2003, it can be noticed that the general government deficit has been reduced by as many as 3.2 percentage points. The reduction of deficit level in this period was carried out primarily owing to a better control of the expenditure side of the general government, planning process and budget preparation, and securing the conditions for better collection of state revenues.

Table 3: Consolidated general government deficit for the period 2003 – 2006

000 HRK	2003.	2004.	2005.	2006.
Budgetary central government deficit	-7.323.312	-5.929.324	-5.760.344	-4.157.834
% of GDP	-3,7	-2,8	-2,5	-1,7
Extrabudgetary users deficit	-4.531.698	-3.613.027	-2.858.571	-2.688.802
% of GDP	-2,3	-1,7	-1,2	-1,1
Local government deficit	-383.808	-783.151	-682.572	-611.043
% of GDP	-0,2	-0,4	-0,3	-0,2
Consolidated general government deficit	-12.238.818	-10.325.501	-9.301.486	-7.457.679
% of GDP	-6,2	-4,8	-4,0	-3,0

If we take a look at the structure of the deficit of consolidated general government in 2006 compared to the preceding year, it should be noted that deficit decreased at all levels of the general government. Thus the budget deficit was reduced from 2.5% of GDP in 2005 to 1.7% of GDP in 2006, deficit of extra-budgetary users was reduced from 1.2% of GDP in 2005 to 1.1 % of GDP in 2006, and the local and regional self-government deficit was reduced from 0.3% of GDP in 2005 to 0.2% of GDP in 2006.

Social benefits directed at pensions, healthcare, demographic and family policy measures, unemployment benefits, social welfare, and care for Croatian war veterans and members of their families were important features of the 2006 budget, complying with all guaranteed rights and in accordance with social sensitivity towards those groups of the Croatian society that are in urgent need various social benefits.

² The calculation of deficit according to a modified accounting principle was agreed upon under a Stand-by Arrangement with the IMF. As of 2008, deficit calculation will be adjusted to the European Union methodology ESA 95.

The 2006 budget was also characterized by large investments in investment projects. Allocations from the budgetary central government into capital expenditure were higher by 51.7% than in 2005, and from the budget of the local and regional self-government units by 18.4%. On the other hand, investments of extra-budgetary users recorded a gradual decrease when compared to preceding years. Thus at the level of general government the total amount of investments reached the level of 6.1% of GDP.

Positive effects of the reduction of general government deficit are manifold. Among the most significant is the impact on public debt by reducing financing requirements of the general government, which in turn positively affected the financial system at the state level and finally the economy in general. Moreover, if we take into account the reduced requirements for government financing along with its orientation on the home finance market for the purpose of financing the deficit, positive effects are also produced as regards the total foreign debt.

The total public debt at the end of 2006 reached the level of HRK 116.2 billion or 46.4% of GDP, which is by 2.7 percentage points less than at end of December 2005. Out of the total public debt of the Republic of Croatia for 2006, the total debt of general government accounted for 87.9% of the total public debt or HRK 102.1 billion, while the issued treasury securities amounted to HRK 14.1 billion or 12.1%. Therefore, the reduction in the share of public debt in GDP compared to the preceding year is primarily the result of the reduction of the total share of general government debt, which at the end of 2006 amounted to 40.7% of GDP, which was almost 3 percentage points lower than in the previous year.

By dividing the total debt of the general government to the foreign and domestic component, it can be noticed that the share of domestic debt of general government in the total debt on 31 December 2006 amounted to 59.3%, accounting for a 4.1 percentage points increase when compared to the situation in the previous year. At the same time, foreign debt of general government recorded 40.7% in the overall debt of general government, which is a decrease of 4.1 percentage points. From the above results it can clearly be seen that the state's orientation is directed toward satisfying financing requirements on the domestic finance market, as has previously been mentioned.

In 2006 the tax system was marked by a high degree of stability and there were no changes to or increase in the tax burden. Strong growth of the overall state revenue in 2006 indicates to the significance of the measures directed at a more strict control of collecting revenues.

These positive trends represent a strong basis for successful fulfilment of the fiscal goals set for the medium-term period until 2010.

4.2. Croatia and international environment

Analysis of fiscal policy of the Republic of Croatia in the context of its environment, meaning comparison to the EU Member States, is essential in order to gain a detailed insight in Croatia's status.

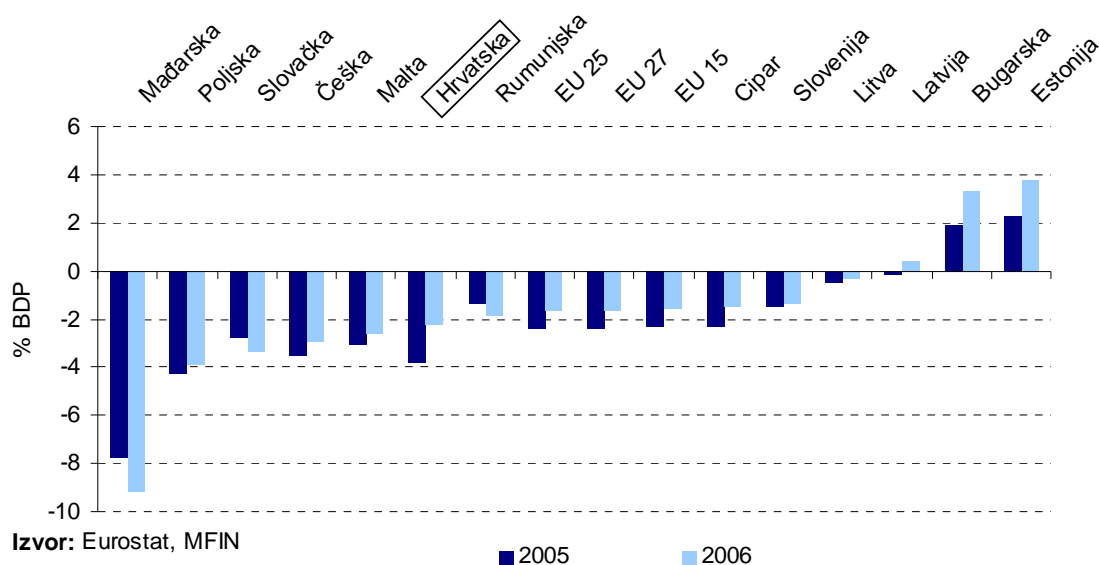
Presented below is a comparison of key fiscal variables of Croatia with each of the new EU Member States, and with the average of the old EU Member States. It should be noted that the data are expressed according to the European ESA 95 methodology. Also, when comparing Croatia to other states, it should be kept in mind that Croatia has yet to include grey economy into GDP calculation, while all the EU Member States have already done so. Including grey

economy into GDP implies an increase in the GDP level and the reduction of the shares of fiscal categories in GDP accordingly.

Due to a successful implementation of the fiscal policy aimed at strong fiscal adjustment, Croatia reduced its net lending/borrowing as a deficit measure from -3.8% of GDP in 2005 to -2.2% of GDP in 2006. Compared to other countries, in 2006 Croatia was still among those states with higher deficit than the EU 27 average.

Taking into account the trend of deficit reduction and Croatia's commitment to implement further fiscal adjustments and necessary structural measures, in the coming period Croatia will continue with achieving lower levels of deficit in order to position itself among the low deficit countries.

Chart 12: Net lending/borrowing of Croatia and EU Member States in 2005 and 2006



Legend for Chart 12:

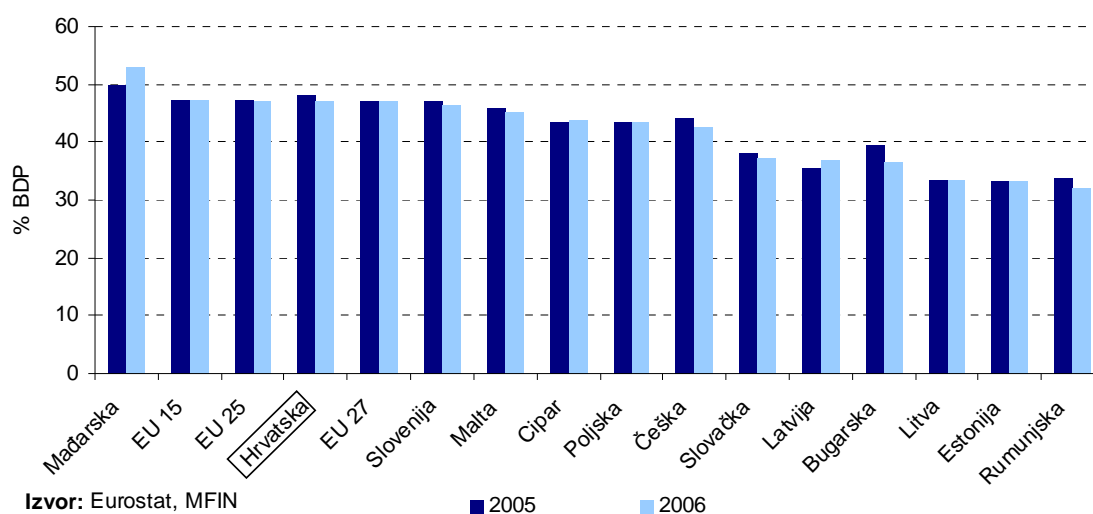
1. Hungary, 2. Poland, 3. Slovakia, 4. Czech Republic, 5. Malta, 6. Croatia, 7. Romania, 8. EU 25, 9. EU 27, 10. EU 15, 11. Cyprus, 12. Slovenia, 13. Lithuania, 14. Latvia, 15. Bulgaria, 16. Estonia.

Source: Eurostat, Ministry of Finance

With regard to the revenue side of the budget, it is noticeable that in 2006 Croatia collected tax income and social contributions at the level of 41.4% of GDP. In comparison to the new EU Member States Croatia, along with Slovenia and Hungary, has the highest GDP share of income from tax income and social contributions.

With regard to the expenditure side of consolidated general government in GDP, it is evident that Croatia, with the share of expenditure in GDP amounting to 47.0% in 2006, does not depart from the EU 27 average. It should be noted that Croatia is experiencing the trend of reduction of the share of consolidated general government expenditure in GDP, which is promoted by fiscal policy implementation, implying a gradual fulfilment of the Republic of Croatia's fiscal policy goal.

Chart 13: Expenditure of consolidated general government of Croatia and EU Member States in 2005 and 2006



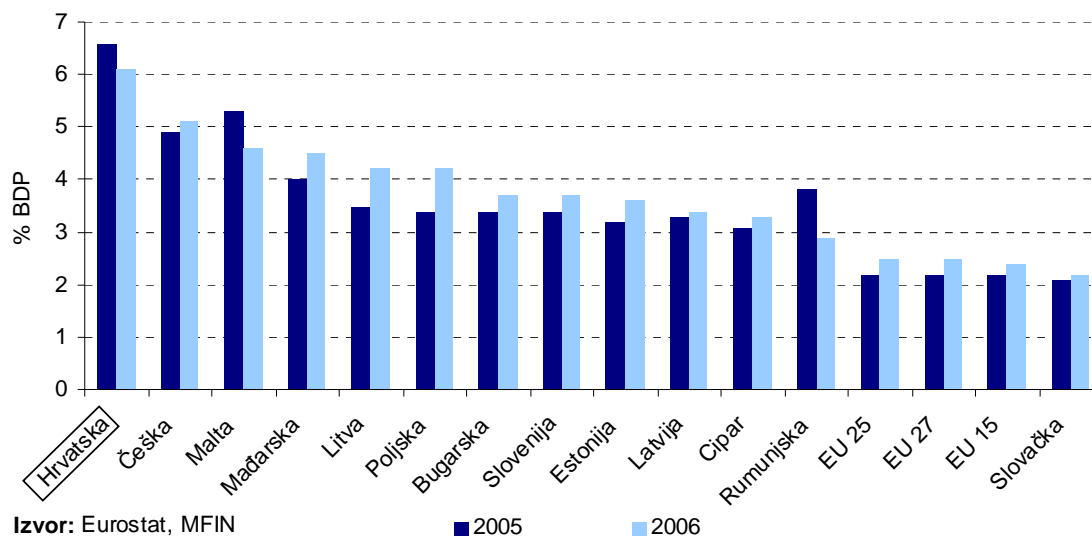
Legend for Chart 13:

1. Hungary, 2. EU 15, 3. EU 25, 4. Croatia, 5. EU 27, 6. Slovenia, 7. Malta, 8. Cyprus, 9. Poland, 10. Czech Republic, 11. Slovakia, 12. Latvia, 13. Bulgaria, 14. Lithuania, 15. Estonia, 16. Romania

Source: Eurostat, Ministry of Finance

An important feature of Croatia's public spending in comparison to the EU Member States is a high share of public investments into numerous capital projects, particularly for the purpose of developing transport infrastructure to link the regions within Croatia, as well as to link them with the neighbouring countries. In 2005 Croatia allocated 6.6% of GDP for investment projects, while in 2006 it allocated 6.1% of GDP owing to the fact that the most important project of building the motorway Zagreb-Split was completed, so that requirements for investments somewhat decreased. In 2006, the level of public investments in the most developed EU Member States, the EU 15, was around 2.4%, while the average of all EU 27 was 2.5% of GDP.

Chart 14: Public investments in Croatia and EU Member States in 200 and 2006



Legend for Chart 14:

1. Croatia, 2. Czech Republic, 3. Malta, 4. Hungary, 5. Lithuania, 6. Poland, 7. Bulgaria, 8. Slovenia, 9. Estonia, 10. Latvia, 11. Cyprus, 12. Romania, 13. EU 25, 14. EU 27, 15. Slovakia

Source: Eurostat, Ministry of Finance

4.3. Medium-term revenue trends

4.3.1. Determinants of budgetary central government revenue for the period 2008 – 2010

Total revenue

Based on the macroeconomic assumptions of further economic activity growth, the total budgetary central government revenues for the period 2008 – 2010 have been projected. Projection for the total budgetary central government revenues for 2008 amount to HRK 113.5 billion, which represents an increase of 4.6% compared to the planned revenues for 2007. In comparison to 2007, it is planned that the revenues will increase by HRK 5.0 billion in nominal terms, based on the growth of economic activity. The planned year-on-year increase in the revenues for 2008 is somewhat below the real economic growth, the main reason being the high one-off revenues that are expected in 2007.

The total revenues for 2009 and 2010 have been planned on the basis of the same determinants, i.e. continued intensity of economic growth. It is expected that in 2009 the total revenues will amount to HRK 122.5 billion, which represents an increase of 7.9% compared to the preceding year, i.e. HRK 9.0 billion. Total revenues for 2010 were projected in the amount of HRK 132.4 billion representing a growth of 8.1%, or HRK 9.9 billion in respect of the preceding year.

Revenue from taxes

Revenues from taxes in the medium-term period 2008 – 2010 were planned primarily on the basis of the projections of macroeconomic variables, and taking into account the trends of individual revenues in the previous years. Based on this, the envisaged revenue for 2008 amounts to HRK 69.0 billion, which represents a year-on-year growth of 7.5%.

Revenues from taxes in 2009 are planned to the amount of HRK 74.1 billion, representing a year-on-year growth of 7.4%, whereas in 2010 tax revenues are expected to amount to HRK 79.7 billion, representing an increase of 7.6% in comparison to the preceding year.

Table 4: Trends in budgetary central government revenue 2006-2010

000 HRK		2006	Plan 2007	2007/2006	2008p	2008/2007	2009p	2009/2008	2010p	2010/2009
1	Revenue	95,235,557	108,501,515	113,9	113,536,302	104,6	122,504,068	107,9	132,378,215	108,1
11	Taxes	58,469,091	64,148,604	109,7	68,956,762	107,5	74,088,171	107,4	79,732,344	107,6
111	Taxes on income, profits, and capital gains	8,515,615	10,078,339	118,4	10,985,521	109,0	11,968,549	108,9	13,100,515	109,5
1111	Payable by individuals	3,459,649	1,650,551	47,7	1,780,367	107,9	1,927,279	108,3	2,094,153	108,7
1112	Payable by corporations and other enterprises	5,055,966	8,427,788	166,7	9,205,154	109,2	10,041,269	109,1	11,006,361	109,6
113	Taxes on property	482,331	533,685	110,6	582,161	109,1	638,114	109,6	702,363	110,1
114	Taxes on goods and services	47,546,222	51,584,380	108,5	55,461,350	107,5	59,521,984	107,3	63,949,037	107,4
1141	General taxes on goods and services	35,091,381	38,387,622	109,4	41,451,881	108,0	44,617,241	107,6	48,025,450	107,6
11411	Value-added tax	34,931,750	38,212,839	109,4	41,263,767	108,0	44,414,780	107,6	47,807,548	107,6
11412	Sales taxes	159,631	174,784	109,5	188,114	107,6	202,461	107,6	217,902	107,6
1142	Excises	11,564,709	12,208,771	105,6	12,931,742	105,9	13,723,433	106,1	14,623,334	106,6
1146	Other taxes on goods and services	890,133	987,987	111,0	1,077,727	109,1	1,181,310	109,6	1,300,252	110,1
115	Taxes on international trade and transactions	1,588,456	1,615,059	101,7	1,611,311	99,8	1,607,572	99,8	1,603,841	99,8
116	Other taxes	336,466	337,141	100,2	316,418	93,9	351,952	111,2	376,589	107,0
12	Social contributions	33,877,148	37,115,946	109,6	40,035,129	107,9	43,338,742	108,3	47,091,239	108,7
13	Grants	195,984	863,561	440,6	698,118	80,8	972,469	139,3	1,137,356	117,0
14	Other revenue	2,693,335	6,373,403	236,6	3,846,292	60,3	4,104,687	106,7	4,417,276	107,6

Income tax

For 2007, the amount of revenue from income tax has been planned in the amount of HRK 1.7 billion, representing a year-on-year decrease of 52.3%. This decrease is the result of amendments to the Act on the Financing of Self-Government and Administration Units whereby income tax has been completely assigned to the units of the local and regional self-government. This part revenue from the income tax, which is collected through a single account of the State Treasury, is via current grants on the expenditure side of the budget transferred to the units of the local and regional self-government as additional balancing funds for decentralised functions.

Further growth of revenue from income tax is expected in the next medium-term period 2008 – 2010, in accordance with the growth of gross wages and salaries and growth in employment, assuming that there will be no new allowances. The estimate of nominal gross salary growth for 2008 amounts to 6.6% and employment 1.2%. Accordingly, the planned revenue from income tax amounts to HRK 1.9 billion, which represents a year-on-year growth of 7.9%. Furthermore, revenue from income tax for 2009 is planned in the amount of HRK 1.9 billion (growth of 8.3% per annum), and revenue from income tax in 2010 is expected to amount to HRK 2.1 billion (8.7% more in comparison to 2009).

Profit tax

Revenue from profit tax for the medium-term period 2008 – 2010 was planned on the basis of the growth of overall economic activity in that period. Profit tax is paid based on operations of companies in the preceding year. In accordance with that, it is predicted that revenues from the profit tax on a year-on-year level in 2008 will grow by 9.2%, or in other words, it is

planned to collect revenues in the amount of HRK 9.2 billion. In 2009 revenues from profit tax are planned to amount to HRK 10.0 billion (year-on-year growth of 9.1%), and HRK 11.0 billion in 2010 (an increase of 9.6%).

It should be noted that by enacting the amendments to the Act on the Financing of Self-Government and Administration Units profit tax in its entirety became budgetary revenue. However, the state transfers to the areas of special state concern all the profit realised in that area. Revenues from profits from the areas of special state concern are collected in a single account of the State Treasury and are transferred on the same day to these units in the form of current grants.

Taxes on property

Revenues from property taxes for the medium-term period 2008 – 2010 have been projected in accordance with the expected trends on the real-estate market, and developments in the overall economic activity. Considering that the prices of and trade in real-estate are continually growing, and further growth of economic activity is expected, it is envisaged that in 2008 revenues from property taxes will amount to HRK 582.2 million, which accounts for the growth of 9.1% compared to the planned amount for 2007. Possible revenues from property taxes in 2009 may be expected to amount to HRK 638.1 million (an increase of 9.6%), and for 2010 the projected amount is HRK 702.4 million (10.1% more than in the preceding year).

Value-added tax

Projections of revenues from value-added tax (VAT) for 2008 amount to HRK 41.5 billion, or a year-on-year growth of 8.0%. The projection of growth of revenue from VAT was calculated based on the expected growth in spending, taking into account the results of trends in revenues from VAT in the previous years, and also the changes in the tax policy, i.e. decrease of these revenues due to the reduction of VAT on newspapers.

Based on the same principle, projections of these revenues were drawn up for 2009 and 2010. The expected revenue from VAT in 2009 amounts to HRK 44.6 billion (year-on-year growth of 7.6%), and in 2010 HRK 48.0 billion is expected on the same basis (an increase of 7.6%).

Excise duties

The planned revenues from excise duties in 2007 amount to HRK 12.2 billion, which is by 5.6% more than the amount generated in 2006.

Projections of revenues from excise duties for the period 2008 – 2010 were based on GDP growth in that period and trends in revenues from excise duties in the previous years. Accordingly, projections of revenues from excise duties for 2008 amount to HRK 12.9 billion, which represents an increase of 5.9% in comparison to the preceding year. In 2009 it is predicted to generate HRK 13.7 billion, or 6.1% more than in 2008, while the projected revenues from excise duties for 2010 amount to HRK 14.6 billion, or with a year-on-year growth of 6.6%.

In terms of the amount, the most important excise duties are those on oil, excise duties on tobacco products, and excise duties on cars. Revenues from excise duties on petroleum products are planned in accordance with the real GDP growth, taking into account the expected reduction in grey economy and also potential corrections to excise duties, depending

on oil prices. Thus for 2008 the planned year-on-year growth of excise duties on oil is 5.9%, for 2009 6.1%, and for 2010 6.7%. The revenue from excise duties on tobacco for the period 2008 – 2010 has been planned with an annual increase of 5.6%. This projection is based on the growth of the economy and expectations related to the consumption of tobacco products. The planned growth of revenue from excise duties on cars in the period 2008 – 2010 is in accordance with the real growth of the economy.

Table 5: Trend in revenue from excise duties in the period 2006 – 2010

000 HRK	2006	Plan 2007	2007/2006	2008p	2008/2007	2009p	2009/2008	2010p	2010/2009
Excises	11.564.709	12.208.771	105,6	12.931.742	105,9	13.723.433	106,1	14.623.334	106,6
-on cars	1.270.422	1.453.306	114,4	1.541.958	106,1	1.642.185	106,5	1.757.138	107,0
-on petroleum products	6.316.440	6.512.945	103,1	6.897.208	105,9	7.317.938	106,1	7.808.240	106,7
-on alcohol	230.178	230.978	100,3	245.067	106,1	260.997	106,5	279.266	107,0
-on beer	716.167	755.407	105,5	801.486	106,1	853.583	106,5	913.334	107,0
-on nonalcoholic beverages	140.404	145.274	103,5	154.136	106,1	164.154	106,5	175.645	107,0
-on tobacco products	2.710.348	2.921.855	107,8	3.086.158	105,6	3.259.700	105,6	3.443.000	105,6
-on coffee	156.666	163.147	104,1	177.966	109,1	195.071	109,6	214.712	110,1
-on luxury goods	24.084	25.859	107,4	27.762	107,4	29.805	107,4	31.998	107,4

Taxes on international trade

Revenue from taxes on international trade has stagnated or has been slightly decreasing over the last few years, with the exception of 2007 when a slight increase in the revenue from taxes on international trade has been projected. Due to the process of EU integration and foreign trade liberalisation and for the purpose of making projections of these revenues, it was assumed that the revenue from taxes on international trade will stagnate or decline slightly. In accordance with that, the revenue from taxes on international trade for the period 2008 – 2010 is projected to amount to HRK 1.6 billion per annum.

Social contributions

In the past years revenues from contributions have demonstrated a significant level of correlation with the growth of nominal gross salaries and growth of employment. Accordingly, the projections of revenue from contributions for the period 2008 – 2010 are based on these two factors.

The expected revenue from contributions in 2008 will amount to HRK 40.0 billion, which represents an increase of 7.9% in comparison to 2007. The projected revenue for 2009 amounts to HRK 43.3 billion (growth of 8.3%), and HRK 47.1 billion for 2010 representing a year-on-year growth of 8.7%.

Grants

After adopting the pre-accession strategy, pre-accession funds (PHARE, ISPA, SAPARD and IPA) were put at the disposal of the Republic of Croatia. Revenues from grants are to the largest extent based on the expected funds for the projects proposed under the pre-accession programmes of the European Union. In line with this, planned revenues from grants for 2008 amount to HRK 698.1 million, of which HRK 670 million is foreseen for the projects within the pre-accession programmes. Similarly, the EU grants for other years have by far the largest

share in the total grants, and it is expected that in 2009 they will amount to HRK 792.5 million, and in 2010 the grants are expected amount to HRK 1.1 billion.

It should be noted that the Guidelines do not include the funds from the structural and cohesion funds which will be at Croatia's disposal after accession to the EU as this negotiation process is under way.

Property income

The revenues from property income consist of income from interest, dividends, withdrawals from income of quasi-corporations and rent. The projections of revenues from dividends for the period 2008 – 2010 are based on average revenues from dividends in the preceding years, after the income from the withdrawals of extraordinary dividends has been excluded from the total amount and adjusted for economic growth and expectations from operations of public companies. Based on the above, the income from dividends in 2008 is projected to amount to HRK 20 million, to HRK 21.9 million in 2009, and HRK 24.1 million in 2010. The amount of withdrawals from income of quasi-corporations in the period 2008 – 2010 is projected to amount to HRK 50 million per annum.

The revenue from rent in the period 2008 – 2010 is projected on the basis of economic trends thus far and has been adjusted for the expected economic trends. Projections for the revenues from rent amount to HRK 586.4 million for 2008, HRK 642.7 million for 2009, and the HRK 707.4 million for 2010.

Other revenues

The projections of revenues from administrative fees are based on the expected economic activity. Thus for 2008 the projections for these revenues amount to HRK 5.1 billion, for 2009 HRK 1.6 billion, and for 2010 to HRK 1.7 billion.

Revenues from sales on the market which are generated by the budget beneficiaries have been projected in accordance with economic growth.

Based on the trends of revenues from fees, penalties and fines in the past period, it is expected that in the medium-term period these revenues will increase per annum in accordance with the real growth of the economy.

A very large growth was noted in 2007 on the position of miscellaneous revenue primarily due to the social security funds – Croatian Institute for Health Insurance (HZZO), Croatian Pension Insurance Fund (HZMO) and Croatian Employment Service (HZZ) – having become included in the State Treasury system, so all separate accounts of budget beneficiaries were thereupon closed and their revenues were included in the State Treasury. According to the projections for the period 2008 – 2010, this group of revenues recorded a year-on-year growth in accordance with economic growth, corrected for the expected volume of transactions which result in these revenues. Consequently, projections for revenues on this basis amount to HRK 972.9 million in 2008, HRK 1 billion in 2009, and HRK 1.1 billion in 2010.

Table 6: Trends in other revenue of the budgetary central government in the period 2006 – 2010

000 HRK	2006	Plan 2007	2007/2006	2008p	2008/2007	2009p	2009/2008	2010p	2010/2009
Other revenue	2.693.335	6.373.403	236,6	3.846.292	60,3	4.104.687	106,7	4.417.276	107,6
Property income	832.400	3.440.079	413,3	783.308	22,8	853.788	109,0	934.719	109,5
Interest	108.232	116.374	107,5	126.945	109,1	139.146	109,6	153.156	110,1
Dividends	17.835	976.938	5.477,6	20.000	2,0	21.922	109,6	24.130	110,1
Withdrawals from income of quasi-corporations	288.113	180.552	62,7	50.000	27,7	50.000	100,0	50.000	100,0
Rent	418.220	2.166.215	518,0	586.364	27,1	642.721	109,6	707.434	110,1
Sales of goods and services	1.209.296	1.527.298	126,3	1.638.404	107,3	1.748.542	106,7	1.874.877	107,2
Administrative fees	821.741	1.420.002	172,8	1.521.362	107,1	1.620.251	106,5	1.733.668	107,0
Incidental sales by nonmarket establishments	387.555	107.296	27,7	117.042	109,1	128.291	109,6	141.208	110,1
Fines, penalties and forfeits	391.616	421.307	107,6	447.007	106,1	476.062	106,5	509.387	107,0
Voluntary transfers other than grants	6.737	4.316	64,1	4.708	109,1	5.160	109,6	5.680	110,1
Miscellaneous and unidentified revenue	253.286	980.404	387,1	972.865	99,2	1.021.135	105,0	1.092.614	107,0

4.3.2. Determinants of revenue of extra-budgetary users for the period 2008 – 2010

Total revenues of extra-budgetary users for the period 2008 – 2010 are projected in accordance with the aforementioned macroeconomic projections.

The revenues of extra-budgetary users will gradually decrease from 3.8% of GDP in 2007 to 2.5% of GDP in 2010. The most significant revenues of extra-budgetary users projected to reach the level of approximately 1.1% of GDP in the observed period are road charges, which are collected by the Croatian Motorways and the Croatian Roads in the form of charges included in the price of fuel. The Croatian Motorways generate significant income from motorways, mostly from motorway tolls. Furthermore, extra-budgetary users generate significant income from grants from the budgetary central government, which will in 2007 reach the level of approximately 2.0% of GDP, while until 2010 they should gradually decline to reach the level of 1.2% of GDP. The Croatian Waters and the Fund for Environmental Protection and Energy Efficiency generate significant revenue from administrative fees.

Table 7: Key items of revenue from extra-budgetary users

% of GDP	2006	Plan 2007*	2008p	2009p	2010p
Total revenue	3,8	3,8	2,9	2,7	2,5
road fee as a part of petrol price	1,2	1,1	1,1	1,0	1,0
grants from other general government units	0,6	0,9	0,3	0,3	0,3
administrative fees for waters	0,6	0,7	0,5	0,5	0,5
administrative fees for environmental protection	0,3	0,4	0,3	0,3	0,3
revenue from the use of motorways	0,5	0,4	0,4	0,4	0,4
supplementary health insurance	0,2	0,0	0,0	0,0	0,0
other	0,5	0,4	0,2	0,2	0,2

* As of 1 January 2007, social security funds have been fully included in the state budget

4.3.3. *Determinants of revenue of local and regional self-government units for the period 2007 – 2009*

Projections for revenues of the local and regional self-government units were also based on the above-mentioned macroeconomic indicators. Projections of the total revenues of the local and regional self-government units for the medium-term period 2008 – 2010 indicate the share of GDP for 2008 to be approximately 5.3% and 5.2% of GDP in 2009 and 2010. More than half of the revenues of the local and regional self-government units are collected from income tax. The projections of the growth of revenues from income tax are in accordance with the growth of gross salaries and employment, and its share is at the level of approximately 3.0% of GDP.

Among others, the most significant revenue is collected from administrative fees and in the observed period it will reach the level of approximately 0.8% of GDP, and revenues from grants which are the level of approximately 0.7 of GDP.

It should be noted once more that pursuant to the amendments to the Act on the Financing of Self-Government and Administration Units revenue from the profit tax became budgetary central government revenue, while the revenue from income tax was assigned to the local and regional self-government units. The part of the income tax which is collected through the single account of the State Treasury, through current grants on the expenditure side of the budget, is transferred to the local units as additional balancing funds for decentralised functions. Also, part of revenue from the income tax collected in the areas of special state concern, through the item of current grants on the expenditure side of the budget, is transferred to the areas it was collected from.

Table 8: Key items of revenue of local and regional self-government units

% of GDP	2006	Plan 2007	2008p	2009p	2010p
Total revenue	5,4	5,4	5,3	5,2	5,2
taxes on income	2,1	3,0	3,0	2,9	2,9
taxes on profits	0,8	0,0	0,0	0,0	0,0
taxes on property	0,2	0,2	0,2	0,2	0,2
taxes on goods and services	0,1	0,1	0,1	0,1	0,1
grants from other general government units	0,7	0,7	0,7	0,7	0,7
concessions	0,3	0,3	0,3	0,3	0,3
administrative fees	0,9	0,8	0,8	0,8	0,8
other	0,3	0,3	0,3	0,3	0,3

Note: includes 53 largest units (32 towns, 20 counties and the City of Zagreb)

4.4. Medium-term expenditure trends

4.4.1. Determinants of budgetary central government expenditure for the period 2008 – 2010

A process of successful fiscal consolidation has been implemented since 2004. The success of consolidation process has been secured by establishing control over the process of state revenue collection on the one hand, and establishing control mechanisms on the expenditure side along with rationalising public spending. Through enforcement of a rational and stable policy in expenditure execution, close monitoring and analysis of all expense transactions, and rational channelling of expenditure transactions through a single State Treasury account, exceptional results have been achieved as have not been recorded in Croatia's recent history. With fiscal deficit of 3.0% of GDP in 2006 and the first ever recorded decline in the level of public debt expressed as the share in GDP, Croatia has positioned itself alongside the most developed European economies. With continuation of this economic and fiscal policy, there is no doubt in Croatia's further progress and ensuring all requisite criteria for successful membership of the European Union.

To facilitate these endeavours, changes were adopted in the 2007 budget whereby, as in 2006, the target level of deficit of general government was further reduced in comparison to the original plan, a practice that was thus far not encountered in the Croatian fiscal policy. What should be noted is the fact that parallel with the process of reducing general government deficit and adjustment of expenditure structure for the purpose of as fair as possible distribution of public funds and directing those funds towards development projects, socially most endangered groups, and protection of natural, cultural, sporting, religious, ethnic, and other values. The necessity to continue with the positive processes which were initiated in the preceding years is obvious in the context of welfare for all Croatian citizens, and also in the context of the forthcoming accession to the European Community. Rational policy of control of executing expenditure has an important place in these processes, and the Economic and Fiscal Policy Guidelines show determination to achieve these endeavours.

In accordance with the above, it is essential to realise the following policies and reforms:

- Ensuring a uniform development for all regions in Croatia;
- Directing the funds to science and education, education of citizens of all age groups and promoting development of the society of knowledge;
- Promoting employment and development of enterprise;
- Completing the transition process that will be reflected through the restructuring of the shipbuilding sector, and restructuring and modernisation of railways and completion of the privatisation process;
- Continuation of judiciary reform;
- Continuation of the reform of the healthcare system in order to provide quality health care for all citizens along with highly rational operations;

- Ensuring a fair pension system while securing its long-term sustainable fiscal position, and improving the social status of pensioners;
- Continuation of the policy of ensuring a high level of rights for all socially endangered groups of society;
- Continuation of investments into road and railway infrastructure, and water and gas supply;
- Strengthening of energy efficiency and energy stability;
- Completion of the reconstruction process and return of refugees;
- Maintaining stability of the tax system;
- Completion of the process of alignment of Croatia's legislation with the acquis communautaire.

Total expenditure

The total expenditure of the budgetary central government for 2008 is projected to amount to HRK 117.1 billion, which represents a nominal increase of HRK 4.3 billion or 3.8% compared to the plan for 2003, and a year-on-year increase of 6.2%. An increase in the expenditure of the budgetary central government for 2008 is lower than for other years until 2010 due to the base effect of 2007, which on the expenditure side includes an increase in expenditure for the purpose of solving the problem of arrears in the healthcare system that have been carried forward from the beginning of this decade. Also, expenditure for 2007 includes significant amounts allocated for enforcement, i.e. solving the problems of unpaid compensation of employees from 2000 and 2001, which arose due to non-compliance with collective agreements executed in that period. The third reason for the increase in expenditure in 2008 arises from the high level of material expenditure in 2007, which will record a very high year-on-year growth due to the EU pre-accession programmes which are in the larger part intended for material expenditure.

Projections for the budgetary central government expenditure for 2009 amount to HRK 124.6 billion, which represents a nominal increase of HRK 7.6 billion or 6.4% in comparison to the preceding year. Projections for the increase of the budgetary central government expenditure in 2010 again amount to 6.4% as in the previous year, so that in nominal terms the expenditure will increase by HRK 7.9 billion thus reaching the level of HRK 132.5 billion. Consequently, the total expenditure will record a constant decline of its share in GDP, and will thus reduce from 39.2% of GDP in 2008 to 36.8% in 2010.

Table 9: Trends in the budgetary central government expenditure for the period 2006 – 2010

	2006		plan 2007			2008p			2009p			2010p		
	000 HRK	% of GDP	000 HRK	% of GDP	2007/2006	000 HRK	% of GDP	2008/2007	000 HRK	% of GDP	2009/2008	000 HRK	% of GDP	2010/2009
EXPENSE, GFS 1986 (A+B+C)	98.938.791	39,5	112.798.433	41,2	114,0	117.067.238	39,2	103,8	124.577.130	38,1	106,4	132.493.867	36,8	106,4
2 EXPENSE, GFS 2001 (A)	95.949.951	38,3	108.447.435	39,6	113,0	113.117.279	37,9	104,3	120.178.593	36,7	106,2	127.995.613	35,5	106,5
21 Compensation of employees	24.313.867	9,7	27.477.952	10,0	113,0	28.994.808	9,7	105,5	31.314.393	9,6	108,0	33.819.544	9,4	108,0
22 Use of goods and services	6.069.116	2,4	7.702.325	2,8	126,9	8.619.766	2,9	111,9	9.376.692	2,9	108,8	10.299.933	2,9	109,8
24 Interest	4.713.615	1,9	4.586.817	1,7	97,3	4.965.524	1,7	108,3	5.268.271	1,6	106,1	5.490.700	1,5	104,2
25 Subsidies	5.670.789	2,3	6.017.759	2,2	106,1	5.714.081	1,9	95,0	5.976.000	1,8	104,6	6.099.718	1,7	102,1
26 Grants	6.652.994	2,7	8.513.643	3,1	128,0	6.947.337	2,3	81,6	7.411.878	2,3	106,7	7.938.114	2,2	107,1
27 Social benefits	43.444.589	17,3	48.538.710	17,7	111,7	51.686.799	17,3	106,5	54.219.903	16,6	104,9	57.320.785	15,9	105,7
28 Other expense	5.084.980	2,0	5.610.231	2,0	110,3	6.188.963	2,1	110,3	6.611.455	2,0	106,8	7.026.818	2,0	106,3
31.1 Acquisition of nonfinancial assets (B)	1.908.482	0,8	3.436.026	1,3	180,0	2.958.934	1,0	86,1	3.148.332	1,0	106,4	3.165.037	0,9	100,5
Borrowing minus repayments (C)	1.080.358	0,4	914.972	0,3	84,7	991.024	0,3	108,3	1.250.205	0,4	126,2	1.333.217	0,4	106,6

Social benefits

Social benefits have the most significant share in the structure of the total expenditure of the budgetary central government. Their share in the total expenditure of the budgetary central government for the period 2006 – 2010 is at the level of 44%. Social benefits trends in the period concerned are determined by assumptions about the trends in the most important elements such as pension expenses, healthcare expenses, child allowances, maternity benefits, war veteran benefits and others.

Pensions

In the medium-term period, development of pensions will be determined by the fairness criterion, which also includes fiscal sustainability of the pension system. In other words, development of pensions may be characterised by two factors: (1) applying pension adjustment in accordance with the expected gross salary and CPI growth; (2) securing additional funds for the purpose of equalisation of the status of the so called old and new pensioners, but without encroaching upon the determinants of the pension reform – additional expenses to be allocated for this purpose will amount to approximately 0.3% of GDP in the period until 2010.

In accordance with the assumptions which determine the development of pension expenses in the medium-term period, these expenses will on a year-on-year basis increase by 9.6%, or almost HRK 3 billion in 2008. In 2009 the growth will be lower and it will amount to 5.9% due to the impact of the base effect in 2008, while the nominal increase in comparison to the preceding year will amount to HRK 2.0 billion. In 2010 pension expenses will increase by 7.4% in comparison to the preceding year, meaning they will record a nominal increase of 2.6 billion Kuna. Thus the total expenditure on pensions, including pensions for war veterans, will amount to HRK 33.5 billion or 11.2% of GDP in 2008, HRK 35.4 billion or 10.8% of GDP in 2009, and HRK 38.0 billion or 10.6% of GDP in 2010. In the medium-term period, pensions for war veterans will stand at the level of HRK 4.9 billion in 2008, HRK 4.8 billion in 2009, and HRK 5.3 billion in 2010. War veterans' pensions include the so called translation of the war veteran's pensions for 2006, which is for 2008 planned in the amount of HRK 150 million.

Healthcare

One of the priorities in the context of allocation of public funds is the organisation of the healthcare system so that it provides quality and availability of health services to all Croatian citizens. Healthcare system is one of the systems undergoing a reform and endeavours in that direction shall continue in the medium-term period. Encumbrance of the healthcare system with the past arrears holds an important position in the framework of the plan for the 2007 budgetary central government, where through close analysis and channelling of additional funds efforts are made to solve the issue of outstanding liabilities, and to secure the basis for a successful future operation of the healthcare system without generating new debts.

In that context, healthcare expenditure comprises a significant share of the total expenditure on social benefits in the medium-term period, and successful implementation of reforms will result in a more rational operation of the healthcare system, and reduction of the share of these expenses in GDP. Projections of expenditure on healthcare in 2008 amount to HRK 20.1 billion, and due to the base effect in 2007, which includes the recovery of arrears which have

been cumulating since the beginning of this decade, records a nominal increase of only HRK 64 million, or 0.3%. Such trends in expenditure on healthcare will in 2008 reach the level of 6.7% of GDP. Nominal growth of expenditure on healthcare in 2009 will amount to HRK 1.2 billion or 5.8%, and in 2010 expenditure on healthcare will increase by 3.7% or HRK 800 million. The structure of the total expenditure on health mainly consists of expenses for social benefits under the Croatian Institute for Health Insurance that will in 2008 amount to HRK 17.9 billion, in 2009 HRK 19 billion, and HRK 19.7 billion in 2010. The remainder pertains to social welfare under the Ministry of Health and in the medium-term period it will constantly grow from 2008 to 2010 from HRK 2.2 billion to HRK more than HRK 2.3 billion respectively.

Other social benefits

Apart from expenditure on pensions and expenditure on healthcare, expenditure on social benefits contains a series of expenses from the area of social welfare. The trends in some categories of social welfare make a significant contribution to medium-term projections of expenditure on social benefits, of which the expenses for demographic policy need to be underlined. Thus child allowance, after an increase within the 2007 budgetary central government, will increase by approximately HRK 200 million in 2008 to the amount of HRK 2.0 billion. In 2009 and 2010 expenditure on child allowance will increase by additional HRK 50 million respectively, and will amount to HRK 2.05 billion in 2009, and HRK 2.1 billion in 2010.

At the same time, maternity benefits will grow by HRK 132 million in 2008 to reach the amount of more than HRK 1.7 billion, and they will grow by an additional HRK 140 million in 2009, and HRK 97 million in 2010. This expenditure on maternity benefits pertains to the benefits for regular maternity leave and equipment for the newborn baby. In 2008 HRK 750 million will be allocated for the purpose of regular maternity leave, while the remainder pertains to additional maternity leave and equipment for the newborn baby.

Other significant social welfare expenses which determine the overall trends of expenditure on social benefits in the medium-term period include expenditure on the standing rights of the Croatian war veterans, support grants, the rights of parents of children with more severe disabilities and others.

According to these trends for the most significant categories of expenditure on social benefits, they will achieve annual growth of 6.6% or HRK 3.2 billion in 2008, 4.9% or HRK 2.5 billion in 2009, and 5.7% or HRK 3.1 billion in 2010. The share of expenditure on social benefits expressed in GDP will amount to approximately 17.3% of GDP in 2008 to 15.9% of GDP in 2010.

Unemployment benefits

Unemployment benefits in the tables and this text are presented according to the GFS 2001 methodology, where presented items include not only compensation of employees which is expressed in compliance with the laid down accounting methodology in the Republic of Croatia, but also includes part of material expenditure and compensation of employees in healthcare institutions. Compensation of employees is the second largest item of the total expenditure from the budgetary central government for which average trends in the period 2008 – 2010 are at the level of 25% of total expenditure. Compensation of employees, which includes wages and salaries, will amount the HRK 29 billion in 2008, HRK 31.3 billion in

2009, and HRK 33.8 billion in 2010. The projections were drafted based on an increase by 6% in the basic rate for each year concerned, and also taking into account the valid collective agreements in certain state/public services.

If we take a look at the nominal increase in compensations of employees in the years concerned, in 2008 this expenditure will achieve the growth of HRK 1.5 billion, in 2009 HRK 2.3 billion, and in 2010 HRK 2.5 billion. The reason for a somewhat slower nominal growth in 2008 is the previously mentioned base effect from 2007, meaning covering the liabilities under collective agreements which have been included in the 2007 budget. Until the end of 2010 compensations of employees will have a reduced share in GDP at the level of 9.4%.

Material expenditure

Material expenditure, which includes remuneration of compensation of employees, expenses for material and energy, expenses for services and other operating expenses not mentioned elsewhere, is projected on the basis of three main determinants of its development in the medium-term period: (1) projections of the level of material expenditure without the impact of using the pre-accession programmes, and in accordance with the expected overall economic activity, (2) material expenditure projections include the effects of using the above-mentioned pre-accession EU funds which have a significant impact on precisely this item of the total budgetary central government expenditure, and (3) the impact of strategic development of the Ministry of Defence in the coming years has also been included.

In accordance with these determinants and assumptions, material expenditure, or expenditure on using goods and services under the GFS methodology, will achieve the growth of HRK 917 million or 11.9% in 2008, HRK 757 million or 8.8% in 2009, and 923 million or 9.8% in 2010. In absolute terms, projections of material expenditure amount to HRK 8.6 billion in 2008, HRK 9.4 billion in 2009, and HRK 10.3 billion in 2010.

Interest

Expenditure on interest is projected on the basis of future payment obligations falling due and will stand at the level of 1.7% of GDP in 2008, to the projected 1.5% of GDP in 2010. If compared to the nominal growth, expenditure on interest will increase by HRK 380 million or 8.3% in 2008, HRK 300 million or 6.1% in 2009, and approximately 200 million or 4.2% in 2010. Thereby the expenditure on interest will reach the level of approximately HRK 5 billion in 2008, HRK 5.3 billion in 2009, and HRK 5.5 billion in 2010.

Subsidies

Expenditure on subsidies in the medium-term period will be determined by the development in the amounts of the most significant categories of subsidies. Primarily the subsidies in agriculture will record a mild increase in the period concerned from HRK 2.7 billion in 2008 up to HRK 2.9 billion in 2010. The largest share of subsidies for agriculture and the largest share of their growth in the medium-term period will be related to the promotion of agricultural production in accordance with the preparation of the agricultural sector to increase the competitiveness prior to entry on the highly developed European Union market of agricultural products.

Other subsidies which need to be underlined are those for the Croatian Railways that will in the medium-term record a mild but constant decline in both relative and absolute terms. In 2008 HRK 1.4 billion will be spent on the subsidies for railway, and in 2010 they will drop slightly and reach a little over HRK 1.3 billion. Restructuring of operation of the Croatian Railways will significantly contribute to the lowering of subsidies.

Other subsidies that need to be pointed out are subsidies for shipbuilding that will in the medium-term amount to the average level of HRK 450 million, with a tendency to decline towards the end of the period. Subsidies for water transport in the medium-term period, which include promotion of the passenger and freight transport in the inland waterway and sea transport, will stand at the level of HRK 365 million.

Pursuant to the projections for the main categories of expenditure on the budgetary central government subsidies, the share of these expenses in GDP will drop from 1.9% of GDP in 2008 to the level of 1.7% of GDP in 2010. Therefore, 5.7 billion will be allocated for subsidies in 2008, HRK 6 billion in 2009, and HRK 6.1 billion in 2010.

Grants

Developments in expenditure on grants from the budgetary central government are to a largest extent determined by the trends in current and capital transfers within general government. While capital grants are, for the most part, determined by developments in capital transfers from the budgetary central government to the Croatian Roads and the Croatian Motorways through the transfer of road charges included in the price of fuel, current transfers are mostly determined by developments in current transfers from the budgetary central government for decentralised functions, and grants to the areas of special state concern.

Accordingly, total grants in 2008 will reach the level of HRK 6.9 billion. Total grants in 2009 will record a year-on-year growth of HRK 464 or 6.7%, and in 2010 a year-on-year growth will reach HRK 526 million or 7.1%. The total expenditure on grants from the budgetary central government in 2008 will amount to HRK 6.9 billion, HRK 7.4 billion in 2009, and HRK 7.9 billion in 2010, while the share in GDP will decline from 2.3% in 2008 to 2.2% in 2010.

Other expenditure

Other expenditure in the medium-term period will stand in accordance with the projections for other current and capital expenses. Other capital expenditure in the period concerned will grow faster than other current expenditure, the main reason for such a trend being the process of stepping up modernisation and construction of the railway infrastructure, investment in water supply, strengthening of weakly developed regions in Croatia, and investment in reconstruction and protection of cultural goods. In that context, other expenditure will reach the level of 6.2 billion in 2008, accounting for a nominal increase of HRK 580 million or 10.3% in comparison to the preceding year. Other expenditure in 2009 will reach the level of HRK 6.6 billion, thus achieving a year-on-year growth of HRK 422 million or 6.8% and in 2010 the level of approximately HRK 7.0 billion, accounting for an increase of HRK 415 million or 6.3% in comparison to the preceding year. Regarding other budgetary central government expenses in terms of the share in GDP, it is evident that in the medium-term period they will stand at the average level of 2.0% of GDP.

Expenditure for the acquisition of nonfinancial assets

In the medium-term period expense for the acquisition of nonfinancial assets will stand at an approximately average level of share in GDP of 1.0%. Maintaining this expenditure at the same level in terms of the share in GDP in the medium-term period facilitates an ongoing state investments in the medium-term period. In the case of expenditure on the acquisition of nonfinancial assets in absolute terms, it will amount to HRK 3.0 billion in 2008, HRK 3.1 billion in 2009, and HRK 3.2 billion in 2010.

Table 10: Distribution of total expenditure of the budgetary central government in 2008

000 HRK	Plan 2007	2008 projection	Share in total expense	Difference 2008 - 2007
Compensation of employees	19.961.088	21.020.298	17,9	1.059.210
Material expense	8.068.548	9.016.361	7,7	947.813
Interest	4.586.817	4.965.524	4,2	378.708
Pensions (total)	30.517.240	33.458.075	28,5	2.940.835
of which: pensions for war veterans	4.106.810	4.852.000	4,1	745.190
benefits for citizens and households in health	20.038.841	20.102.906	17,1	64.065
of which: social welfare	1.981.285	2.195.350	1,9	214.065
of which: HZZO social benefits	18.057.556	17.907.556	15,3	-150.000
Subsidies	6.017.759	5.714.081	4,9	-303.678
of which: Croatian Railway	1.700.900	1.409.600	1,2	-291.300
of which: agriculture	2.647.829	2.675.178	2,3	27.349
Child allowance	1.807.906	2.000.000	1,7	192.094
Maternity benefits	1.600.000	1.732.113	1,5	132.113
Unemployment	802.847	880.000	0,7	77.153
Expense for acquisition of nonfinancial assets	3.436.026	2.958.934	2,5	-477.092
Other	16.252.496	15.504.035	13,2	-748.461
TOTAL	113.089.568	117.352.328	100,0	4.262.760

Note: Includes all sources of funding from the group of accounts 3,4,51 and 53 of economic classification

Projections for the budgetary central government expenditure within the framework of the Economic and Fiscal Guidelines for the period 2008 – 2010 do not take into account the estimates of the Republic of Croatia's liabilities as regards the European Union budget, since they are the subject-matter of pre-accession negotiations.

4.4.2. Expenditure of budgetary central government by divisions

Table 11 shows an estimate of the cap of the financial plan for the period 2008 – 2010 broken down by budgetary central government divisions. This estimate includes expenditure and expenses that are, in accordance with the economic classification, categorised into the classes as follows:

- 3 – operating expenditure
- 4 – expenditure on the acquisition of nonfinancial assets
- groups of the account 51 – expenditure on loans granted and
- groups of the account 53 – expenditure on shares and other equity

The above groups of expenditure and expenses are financed from the source of finance: general revenue and income, from the source: contributions (only for the Ministry of Health and Social Welfare and for the Ministry of the Economy, Labour and Entrepreneurship) and from the source: special purpose income from borrowings.

Sources of finance: general revenue and income are comprised of revenues from taxes (for the most part), revenues from financial assets, revenues from administrative fees, state administration revenues, revenues from fines, income from financial assets and borrowings and other.

For revenues which are classified as the source of finance: general revenue and income with no determined purpose, which beneficiaries generate by pursuing their business activities.

Expenditure planned in the budget of a budget beneficiary from the source of finance: general revenue and income are settled up to the amount of the planned expenses irrespective of revenues collected.

Table 11 does not include an estimate of expenditure and expenses to be financed from other sources, such as: own revenues; special purpose revenues; grants; donations and revenues from the sale of nonfinancial assets and insurance claims. The spending rule for these sources of finance depends on the nature of the source of finance itself.

For the purpose of developing a fiscally and socially sustainable budget in the coming period with evident further fiscal adjustment on the expenditure side, the Ministry of Finance proposes that the ministries, central government offices and agencies should follow the proposal of the Ministry of Finance in the field of the established limits by budgetary central government divisions for all sources of finance that affect the level of deficit, which is also a significant precondition for a good preparation of the budget for the period 2008 – 2010.

Table 11: Total expenditure limits by divisions of the budgetary central government for these sources of financing: general revenue and income, contributions and special purpose income from borrowing for the period 2008 – 2010

000 HRK	Plan 2007	2008 projection	2008 / 2007 indeks	2009 projection	2009 / 2008 indeks	2010 projection	2010 / 2009 indeks
TOTAL	107.444.087	112.081.631	104,3	119.259.474	106,4	126.832.462	106,4
010 CROATIAN PARLIAMENT	310.449	192.546	62,0	322.624	167,6	183.549	56,9
015 PRESIDENT OF THE REPUBLIC OF CROATIA	53.287	54.056	101,4	56.329	104,2	59.150	105,0
017 CONSTITUTIONAL COURT OF THE REPUBLIC OF CROATIA	30.235	35.236	116,5	30.837	87,5	31.978	103,7
018 AGENCY FOR THE PROTECTION OF MARKET COMPETITION	10.977	11.386	103,7	11.967	105,1	12.551	104,9
020 GOVERNMENT OF THE REPUBLIC OF CROATIA	191.187	196.384	102,7	201.383	102,5	209.238	103,9
021 CENTRAL STATE OFFICE FOR PUBLIC ADMINISTRATION	513.913	537.531	104,6	566.637	105,4	594.017	104,8
022 CENTRAL STATE OFFICE FOR E-CROATIA	46.379	47.470	102,4	50.581	106,6	52.890	104,6
023 CENTRAL STATE OFFICE FOR DEVELOPMENT STRATEGY	13.756	13.199	95,9	13.817	104,7	14.332	103,7
024 CENTRAL STATE OFFICE FOR STATE PROPERTY MANAGEMENT	33.620	45.719	136,0	36.758	80,4	39.668	107,9
025 MINISTRY OF FINANCE	11.086.032	11.991.548	108,2	12.766.384	106,5	13.477.376	105,6
027 RC – SECURITY AND INTELLIGENCE AGENCY	294.746	291.249	98,8	308.011	105,8	316.557	102,8
030 MINISTRY OF DEFENCE	4.487.721	5.374.180	119,8	6.054.347	112,7	7.204.260	119,0
040 MINISTRY OF THE INTERIOR	4.349.447	4.121.410	94,8	4.375.793	106,2	4.615.629	105,5
046 MINISTRY OF THE FAMILY, VETERANS' AFFAIRS AND INTERGENERATIONAL SOLIDARITY	7.988.330	9.080.489	113,7	9.570.152	105,4	10.060.722	105,1
048 MINISTRY OF FOREIGN AFFAIRS AND EUROPEAN INTEGRATION	686.438	696.388	101,4	726.920	104,4	763.881	105,1
050 MINISTRY OF THE ECONOMY, LABOUR AND ENTREPRENEURSHIP	29.281.264	31.622.554	108,0	33.710.666	106,6	35.887.056	106,5
055 MINISTRY OF CULTURE	1.006.746	949.087	94,3	998.526	105,2	1.035.025	103,7
060 MINISTRY OF AGRICULTURE, FORESTRY AND WATER MANAGEMENT	3.319.770	3.361.505	101,3	3.400.833	101,2	3.508.491	103,2
065 MINISTRY OF THE SEA, TOURISM, TRANSPORT AND DEVELOPMENT	7.439.172	6.336.986	85,2	6.507.603	102,7	6.799.694	104,5
075 MINISTRY OF ENVIRONMENTAL PROTECTION, PHYSICAL PLANNING AND CONSTRUCTION	732.128	676.335	92,4	747.387	110,5	777.519	104,0
080 MINISTRY OF SCIENCE, EDUCATION AND SPORTS	10.547.083	11.210.298	106,3	12.148.175	108,4	13.233.714	108,9
100 MINISTRY OF HEALTH AND SOCIAL WELFARE	21.145.864	21.169.325	100,1	22.420.871	105,9	23.495.110	104,8
106 CROATIAN ACADEMY OF SCIENCE AND ARTS	64.624	65.101	100,7	68.450	105,1	72.544	106,0
110 MINISTRY OF JUSTICE	2.352.071	2.467.549	104,9	2.562.363	103,8	2.719.917	106,1
115 DEVELOPMENT AND EMPLOYMENT FUND	352.583	351.469	99,7	338.985	96,4	337.558	99,6
116 REGIONAL DEVELOPMENT FUND	192.317	220.011	114,4	230.479	104,8	235.564	102,2
120 OMBUDSMAN'S OFFICE	5.807	6.076	104,6	6.410	105,5	6.707	104,6
121 OMBUDSMAN FOR CHILDREN	4.179	4.473	107,0	4.607	103,0	4.878	105,9
122 OMBUDSMAN FOR GENDER EQUALITY	2.612	2.704	103,5	2.829	104,6	2.965	104,8
140 METEOROLOGICAL AND HYDROLOGICAL SERVICE	54.815	56.967	103,9	59.741	104,9	62.525	104,7
150 STATE OFFICE FOR METROLOGY	30.329	30.295	99,9	31.774	104,9	32.944	103,7
151 CROATIAN STANDARDS INSTITUTE	11.409	11.678	102,4	12.215	104,6	12.685	103,9
152 CROATIAN ACCREDITATION AGENCY	6.143	6.251	101,8	6.533	104,5	6.749	103,3
156 STATE INTELLECTUAL PROPERTY OFFICE	20.782	21.371	102,8	22.449	105,0	23.525	104,8
160 CENTRAL BUREAU OF STATISTICS	72.837	74.277	102,0	77.138	103,9	81.307	105,4
175 CROATIAN HYDROGRAPHIC INSTITUTE	11.595	12.022	103,7	12.486	103,9	13.259	106,2
180 STATE GEODETIC DIRECTORATE	237.457	240.104	101,1	249.319	103,8	260.681	104,6
185 STATE ADULT OFFICE	52.561	54.723	104,1	57.668	105,4	60.455	104,8
196 STATE COMMISSION FOR THE SUPERVISION OF PUBLIC PROCUREMENT PROCEDURES	5.476	5.612	102,5	5.870	104,6	6.220	106,0
220 CROATIAN MINE ACTION CENTRE	217.520	245.136	112,7	282.688	115,3	308.096	109,0
225 STATE INSPECTOR'S OFFICE	142.954	150.333	105,2	158.426	105,4	167.264	105,6
230 COMMISSION ON RELATIONS WITH RELIGIOUS COMMUNITIES	652	667	102,3	695	104,2	733	105,5
235 CROATIAN INFORMATION AND DOCUMENTATION REFERRAL AGENCY	5.651	5.740	101,6	6.015	104,8	6.379	106,1
240 OFFICE OF THE NATIONAL SECURITY COUNCIL	12.928	13.335	103,1	14.023	105,2	14.499	103,4
250 PERSONAL DATA PROTECTION AGENCY	6.945	7.170	103,2	7.471	104,2	7.774	104,1
255 CROATIAN INSTITUTE FOR RADIATION PROTECTION	4.059	4.048	99,7	4.202	103,8	4.377	104,2
260 STATE INSTITUTE FOR NUCLEAR SAFETY	7.237	7.141	98,7	7.420	103,9	7.708	103,9
OMBUDSMAN FOR PEOPLE WITH DISABILITIES	0	2.500		2.617	104,7	2.744	104,9

Table 12: Limits on expenditure on employees by divisions of budgetary central government for these sources of financing: general revenue and income, contributions and special purpose income from borrowing for the period 2008 – 2010

000 HRK	Plan 2007	2008 projection	2008 / 2007 indeks	2009 projection	2009 / 2008 indeks	2010 projection	2010 / 2009 indeks
TOTAL	19.944.911	21.003.957	105,3	22.571.892	107,5	24.521.038	108,6
010 CROATIAN PARLIAMENT	97.362	108.151	111,1	113.559	105,0	121.372	106,9
015 PRESIDENT OF THE REPUBLIC OF CROATIA	27.099	27.912	103,0	29.590	106,0	31.809	107,5
017 CONSTITUTIONAL COURT OF THE REPUBLIC OF CROATIA	20.611	21.543	104,5	22.989	106,7	24.194	105,2
018 AGENCY FOR THE PROTECTION OF MARKET COMPETITION	7.655	8.144	106,4	8.639	106,1	9.150	105,9
020 GOVERNMENT OF THE REPUBLIC OF CROATIA	64.060	69.392	108,3	71.978	103,7	77.195	107,2
021 CENTRAL STATE OFFICE FOR PUBLIC ADMINISTRATION	386.342	409.523	106,0	434.094	106,0	458.305	105,6
022 CENTRAL STATE OFFICE FOR E-CROATIA	3.469	3.690	106,4	3.911	106,0	4.146	106,0
023 CENTRAL STATE OFFICE FOR DEVELOPMENT STRATEGY	6.120	6.496	106,1	6.947	107,0	7.254	104,4
024 CENTRAL STATE OFFICE FOR STATE PROPERTY MANAGEMENT	5.822	6.184	106,2	6.519	105,4	6.900	105,9
025 MINISTRY OF FINANCE	897.073	968.839	108,0	1.049.125	108,3	1.128.785	107,6
027 RC - SECURITY AND INTELLIGENCE AGENCY	189.881	201.274	106,0	216.350	107,5	228.039	105,4
030 MINISTRY OF DEFENCE	2.544.568	2.616.325	102,8	2.694.815	103,0	2.964.296	110,0
040 MINISTRY OF THE INTERIOR	3.229.028	3.019.969	93,5	3.221.167	106,7	3.420.000	106,2
046 MINISTRY OF THE FAMILY, VETERANS' AFFAIRS AND INTERGENERATIONAL SOLIDARITY	31.001	32.861	106,0	34.833	106,0	36.575	105,0
048 MINISTRY OF FOREIGN AFFAIRS AND EUROPEAN INTEGRATION	361.551	383.244	106,0	406.239	106,0	431.496	106,2
050 MINISTRY OF THE ECONOMY, LABOUR AND ENTREPRENEURSHIP	517.464	548.750	106,0	581.491	106,0	613.278	105,5
055 MINISTRY OF CULTURE	225.898	239.452	106,0	253.819	106,0	267.725	105,5
060 MINISTRY OF AGRICULTURE, FORESTRY AND WATER MANAGEMENT	132.947	140.924	106,0	149.571	106,1	157.563	105,3
065 MINISTRY OF THE SEA, TOURISM, TRANSPORT AND DEVELOPMENT	114.529	118.538	103,5	125.057	105,5	134.437	107,5
075 MINISTRY OF ENVIRONMENTAL PROTECTION, PHYSICAL PLANNING AND CONSTRUCTION	88.092	93.176	105,8	98.190	105,4	103.404	105,3
080 MINISTRY OF SCIENCE, EDUCATION AND SPORTS	7.980.154	8.778.367	110,0	9.650.422	109,9	10.665.036	110,5
100 MINISTRY OF HEALTH AND SOCIAL WELFARE	880.429	920.048	104,5	975.251	106,0	1.043.450	107,0
106 CROATIAN ACADEMY OF SCIENCE AND ARTS	44.024	46.005	104,5	48.536	105,5	52.176	107,5
110 MINISTRY OF JUSTICE	1.641.646	1.760.145	107,2	1.866.554	106,0	1.999.615	107,1
115 DEVELOPMENT AND EMPLOYMENT FUND	2.567	2.722	106,1	2.904	106,7	3.122	107,5
116 REGIONAL DEVELOPMENT FUND	1.952	2.040	104,5	2.152	105,5	2.313	107,5
120 OMBUDSMAN'S OFFICE	4.881	5.174	106,0	5.484	106,0	5.760	105,0
121 OMBUDSMAN FOR CHILDREN	2.890	3.110	107,6	3.250	104,5	3.500	107,7
122 OMBUDSMAN FOR GENDER EQUALITY	1.712	1.815	106,0	1.924	106,0	2.039	106,0
140 METEOROLOGICAL AND HYDROLOGICAL SERVICE	38.534	40.848	106,0	43.297	106,0	45.669	105,5
150 STATE OFFICE FOR METROLOGY	15.021	15.947	106,2	16.879	105,8	17.802	105,5
151 CROATIAN STANDARDS INSTITUTE	6.418	6.804	106,0	7.212	106,0	7.574	105,0
152 CROATIAN ACCREDITATION AGENCY	3.036	3.218	106,0	3.412	106,0	3.564	104,4
156 STATE INTELLECTUAL PROPERTY OFFICE	13.717	14.540	106,0	15.420	106,0	16.350	106,0
160 CENTRAL BUREAU OF STATISTICS	42.113	44.587	105,9	46.584	104,5	50.133	107,6
175 CROATIAN HYDROGRAPHIC INSTITUTE	8.493	8.975	105,7	9.363	104,3	10.066	107,5
180 STATE GEODETIC DIRECTORATE	100.168	105.676	105,5	111.433	105,4	119.716	107,4
185 STATE ADULT OFFICE	42.179	45.000	106,7	47.700	106,0	50.262	105,4
196 STATE COMMISSION FOR THE SUPERVISION OF PUBLIC PROCUREMENT PROCEDURES	3.758	3.927	104,5	4.143	105,5	4.454	107,5
220 CROATIAN MINE ACTION CENTRE	28.488	30.100	105,7	31.907	106,0	33.763	105,8
225 STATE INSPECTOR'S OFFICE	111.198	117.090	105,3	124.420	106,3	132.526	106,5
230 COMMISSION ON RELATIONS WITH RELIGIOUS COMMUNITIES	381	400	105,0	422	105,5	453	107,5
235 CROATIAN INFORMATION AND DOCUMENTATION REFERRAL AGENCY	4.055	4.197	103,5	4.428	105,5	4.760	107,5
240 OFFICE OF THE NATIONAL SECURITY COUNCIL	9.019	9.565	106,1	10.134	105,9	10.587	104,5
250 PERSONAL DATA PROTECTION AGENCY	3.753	4.000	106,6	4.217	105,4	4.448	105,5
255 CROATIAN INSTITUTE FOR RADIATION PROTECTION	1.438	1.503	104,5	1.586	105,5	1.704	107,5
260 STATE INSTITUTE FOR NUCLEAR SAFETY	2.313	2.417	104,5	2.550	105,5	2.741	107,5
OMBUDSMAN FOR PEOPLE WITH DISABILITIES	0	1.350		1.424	105,5	1.531	107,5

Table 13: Limits of material expenditure by divisions of the budgetary central government for these sources of financing: general revenue and income, contributions and special purpose income from borrowing for the period 2008 – 2010

000 HRK	Plan 2007	2008 projection	2008 / 2007 indeks	2009 projection	2009 / 2008 indeks	2010 projection	2010 / 2009 indeks
TOTAL	7.328.594	8.276.371	112,9	9.068.123	109,6	10.033.843	110,6
010 CROATIAN PARLIAMENT	100.754	49.750	49,4	112.368	225,9	50.357	44,8
015 PRESIDENT OF THE REPUBLIC OF CROATIA	22.797	22.797	100,0	23.253	102,0	23.834	102,5
017 CONSTITUTIONAL COURT OF THE REPUBLIC OF CROATIA	5.732	5.847	102,0	5.997	102,6	6.022	100,4
018 AGENCY FOR THE PROTECTION OF MARKET COMPETITION	2.734	2.734	100,0	2.789	102,0	2.858	102,5
020 GOVERNMENT OF THE REPUBLIC OF CROATIA	72.639	72.639	100,0	74.092	102,0	75.944	102,5
021 CENTRAL STATE OFFICE FOR PUBLIC ADMINISTRATION	121.107	123.318	101,8	126.529	102,6	129.617	102,4
022 CENTRAL STATE OFFICE FOR E-CROATIA	41.969	42.969	102,4	45.808	106,6	47.878	104,5
023 CENTRAL STATE OFFICE FOR DEVELOPMENT STRATEGY	6.236	6.236	100,0	6.361	102,0	6.520	102,5
024 CENTRAL STATE OFFICE FOR STATE PROPERTY MANAGEMENT	19.645	19.645	100,0	20.038	102,0	20.539	102,5
025 MINISTRY OF FINANCE	942.887	972.887	103,2	992.344	102,0	1.017.153	102,5
027 RC - SECURITY AND INTELLIGENCE AGENCY	61.066	61.066	100,0	62.287	102,0	63.845	102,5
030 MINISTRY OF DEFENCE	1.872.617	2.688.664	143,6	3.295.196	122,6	4.165.410	126,4
040 MINISTRY OF THE INTERIOR	745.170	774.977	104,0	798.275	103,0	825.450	103,4
046 MINISTRY OF THE FAMILY, VETERANS' AFFAIRS AND INTERGENERATIONAL SOLIDARITY	65.915	67.915	103,0	68.233	100,5	70.914	103,9
048 MINISTRY OF FOREIGN AFFAIRS AND EUROPEAN INTEGRATION	232.485	250.000	107,5	255.320	102,1	263.800	103,3
050 MINISTRY OF THE ECONOMY, LABOUR AND ENTREPRENEURSHIP	366.860	374.197	102,0	381.680	102,0	383.552	100,5
055 MINISTRY OF CULTURE	73.246	73.246	100,0	74.711	102,0	76.579	102,5
060 MINISTRY OF AGRICULTURE, FORESTRY AND WATER MANAGEMENT	177.933	177.933	100,0	181.491	102,0	186.029	102,5
065 MINISTRY OF THE SEA, TOURISM, TRANSPORT AND DEVELOPMENT	156.693	156.693	100,0	159.827	102,0	163.823	102,5
075 MINISTRY OF ENVIRONMENTAL PROTECTION, PHYSICAL PLANNING AND CONSTRUCTION	95.458	95.458	100,0	97.367	102,0	99.801	102,5
080 MINISTRY OF SCIENCE, EDUCATION AND SPORTS	790.889	812.889	102,8	820.707	101,0	846.875	103,2
100 MINISTRY OF HEALTH AND SOCIAL WELFARE	404.178	404.178	100,0	412.262	102,0	422.568	102,5
106 CROATIAN ACADEMY OF SCIENCE AND ARTS	8.787	8.787	100,0	8.963	102,0	9.187	102,5
110 MINISTRY OF JUSTICE	525.257	565.762	107,7	556.477	98,4	560.139	100,7
115 DEVELOPMENT AND EMPLOYMENT FUND	2.836	2.836	100,0	2.893	102,0	2.965	102,5
116 REGIONAL DEVELOPMENT FUND	2.076	2.076	100,0	2.118	102,0	2.170	102,5
120 OMBUDSMAN'S OFFICE	768	768	100,0	784	102,0	803	102,5
121 OMBUDSMAN FOR CHILDREN	1.061	1.130	106,5	1.150	101,8	1.170	101,7
122 OMBUDSMAN FOR GENDER EQUALITY	790	795	100,6	806	101,4	826	102,5
140 METEOROLOGICAL AND HYDROLOGICAL SERVICE	15.829	15.829	100,0	16.145	102,0	16.549	102,5
150 STATE OFFICE FOR METROLOGY	8.339	8.339	100,0	8.506	102,0	8.718	102,5
151 CROATIAN STANDARDS INSTITUTE	4.111	4.111	100,0	4.193	102,0	4.298	102,5
152 CROATIAN ACCREDITATION AGENCY	2.330	2.377	102,0	2.424	102,0	2.485	102,5
156 STATE INTELLECTUAL PROPERTY OFFICE	5.428	5.428	100,0	5.537	102,0	5.675	102,5
160 CENTRAL BUREAU OF STATISTICS	22.471	22.471	100,0	22.921	102,0	23.494	102,5
175 CROATIAN HYDROGRAPHIC INSTITUTE	2.702	2.702	100,0	2.756	102,0	2.825	102,5
180 STATE GEODETIC DIRECTORATE	116.889	116.889	100,0	119.227	102,0	122.208	102,5
185 STATE ADULT OFFICE	8.570	8.570	100,0	8.741	102,0	8.960	102,5
196 STATE COMMISSION FOR THE SUPERVISION OF PUBLIC PROCUREMENT PROCEDURES	1.495	1.495	100,0	1.525	102,0	1.563	102,5
220 CROATIAN MINE ACTION CENTRE	179.528	206.798	115,2	242.031	117,0	265.450	109,7
225 STATE INSPECTOR'S OFFICE	27.986	29.986	107,1	30.546	101,9	31.259	102,3
230 COMMISSION ON RELATIONS WITH RELIGIOUS COMMUNITIES	247	247	100,0	252	102,0	258	102,5
235 CROATIAN INFORMATION AND DOCUMENTATION REFERRAL AGENCY	1.192	1.192	100,0	1.216	102,0	1.246	102,5
240 OFFICE OF THE NATIONAL SECURITY COUNCIL	2.619	2.719	103,8	2.771	101,9	2.788	100,6
250 PERSONAL DATA PROTECTION AGENCY	2.660	2.713	102,0	2.767	102,0	2.836	102,5
255 CROATIAN INSTITUTE FOR RADIATION PROTECTION	2.077	2.077	100,0	2.119	102,0	2.172	102,5
260 STATE INSTITUTE FOR NUCLEAR SAFETY	3.537	3.537	100,0	3.608	102,0	3.698	102,5
OMBUDSMAN FOR PEOPLE WITH DISABILITIES	0	700		714	102,0	732	102,5

Table 14: Limits of financial expenditure by divisions of the budgetary central government for the following sources of financing: general revenue and income, contributions and special purpose income from borrowing for the period 2008 – 2010

000 HRK	Plan 2007	2008 projection	2008 / 2007 indeks	2009 projection	2009 / 2008 indeks	2010 projection	2010 / 2009 indeks
TOTAL	5.062.194	5.531.918	109,3	5.785.383	104,6	6.064.125	104,8
010 CROATIAN PARLIAMENT	267	133	50,0	137	102,5	140	102,3
015 PRESIDENT OF THE REPUBLIC OF CROATIA	1.041	1.041	100,0	1.041	100,0	1.041	100,0
017 CONSTITUTIONAL COURT OF THE REPUBLIC OF CROATIA	13	7	50,0	7	100,0	7	100,0
018 AGENCY FOR THE PROTECTION OF MARKET COMPETITION	8	8	100,0	8	100,0	8	100,0
020 GOVERNMENT OF THE REPUBLIC OF CROATIA	549	450	82,0	380	84,4	440	115,8
021 CENTRAL STATE OFFICE FOR PUBLIC ADMINISTRATION	559	559	100,0	559	100,0	559	100,0
022 CENTRAL STATE OFFICE FOR E-CROATIA	10	10	100,0	10	100,0	10	100,0
023 CENTRAL STATE OFFICE FOR DEVELOPMENT STRATEGY	18	9	50,0	9	100,0	9	100,0
024 CENTRAL STATE OFFICE FOR STATE PROPERTY MANAGEMENT	45	23	50,0	23	100,0	23	100,0
025 MINISTRY OF FINANCE	4.656.039	5.132.643	110,2	5.389.275	105,0	5.650.954	104,9
027 RC - SECURITY AND INTELLIGENCE AGENCY	270	270	100,0	270	100,0	270	100,0
030 MINISTRY OF DEFENCE	56.311	55.420	98,4	50.320	90,8	60.321	119,9
040 MINISTRY OF THE INTERIOR	8.715	8.715	100,0	8.715	100,0	8.715	100,0
046 MINISTRY OF THE FAMILY, VETERANS' AFFAIRS AND INTERGENERATIONAL SOLIDARITY	1.671	1.671	100,0	1.671	100,0	1.671	100,0
048 MINISTRY OF FOREIGN AFFAIRS AND EUROPEAN INTEGRATION	1.840	1.840	100,0	1.840	100,0	1.840	100,0
050 MINISTRY OF THE ECONOMY, LABOUR AND ENTREPRENEURSHIP	170.440	170.440	100,0	170.440	100,0	170.440	100,0
055 MINISTRY OF CULTURE	360	360	100,0	360	100,0	360	100,0
060 MINISTRY OF AGRICULTURE, FORESTRY AND WATER MANAGEMENT	5.792	2.896	50,0	2.896	100,0	2.896	100,0
065 MINISTRY OF THE SEA, TOURISM, TRANSPORT AND DEVELOPMENT	1.740	870	50,0	870	100,0	870	100,0
075 MINISTRY OF ENVIRONMENTAL PROTECTION, PHYSICAL PLANNING AND CONSTRUCTION	599	599	100,0	599	100,0	599	100,0
080 MINISTRY OF SCIENCE, EDUCATION AND SPORTS	49.976	49.976	100,0	49.976	100,0	49.976	100,0
100 MINISTRY OF HEALTH AND SOCIAL WELFARE	75.174	75.174	100,0	75.174	100,0	75.174	100,0
106 CROATIAN ACADEMY OF SCIENCE AND ARTS	53	27	50,0	27	100,0	27	100,0
110 MINISTRY OF JUSTICE	23.319	21.660	92,9	23.660	102,2	30.660	129,6
115 DEVELOPMENT AND EMPLOYMENT FUND	5.936	5.936	100,0	5.936	100,0	5.936	100,0
116 REGIONAL DEVELOPMENT FUND	662	662	100,0	662	100,0	662	100,0
120 OMBUDSMAN'S OFFICE	5	3	50,0	3	100,0	3	100,0
121 OMBUDSMAN FOR CHILDREN	5	3	50,0	3	100,0	3	100,0
122 OMBUDSMAN FOR GENDER EQUALITY	2	1	50,0	1	100,0	1	100,0
140 METEOROLOGICAL AND HYDROLOGICAL SERVICE	292	146	50,0	146	100,0	146	100,0
150 STATE OFFICE FOR METROLOGY	64	64	100,0	64	100,0	64	100,0
151 CROATIAN STANDARDS INSTITUTE	38	38	100,0	38	100,0	38	100,0
152 CROATIAN ACCREDITATION AGENCY	37	19	50,0	19	100,0	19	100,0
156 STATE INTELLECTUAL PROPERTY OFFICE	18	9	50,0	9	100,0	9	100,0
160 CENTRAL BUREAU OF STATISTICS	60	60	100,0	60	100,0	60	100,0
175 CROATIAN HYDROGRAPHIC INSTITUTE	0	0		0		0	
180 STATE GEODETIC DIRECTORATE	70	35	50,0	35	100,0	35	100,0
185 STATE ADULT OFFICE	7	4	50,0	4	100,0	4	100,0
196 STATE COMMISSION FOR THE SUPERVISION OF PUBLIC PROCUREMENT PROCEDURES	5	3	50,0	3	100,0	3	100,0
220 CROATIAN MINE ACTION CENTRE	65	33	50,0	33	100,0	33	100,0
225 STATE INSPECTOR'S OFFICE	83	83	100,0	83	100,0	83	100,0
230 COMMISSION ON RELATIONS WITH RELIGIOUS COMMUNITIES	2	1	50,0	1	100,0	1	100,0
235 CROATIAN INFORMATION AND DOCUMENTATION REFERRAL AGENCY	6	3	50,0	3	100,0	3	100,0
240 OFFICE OF THE NATIONAL SECURITY COUNCIL	5	5	100,0	5	100,0	5	100,0
250 PERSONAL DATA PROTECTION AGENCY	2	1	50,0	1	100,0	1	100,0
255 CROATIAN INSTITUTE FOR RADIATION PROTECTION	2	2	100,0	2	100,0	2	100,0
260 STATE INSTITUTE FOR NUCLEAR SAFETY	20	10	50,0	10	100,0	10	100,0
OMBUDSMAN FOR PEOPLE WITH DISABILITIES	0	0		0		0	

Table 10: Limits of expenditure on subsidies by divisions of the budgetary central government for the sources of financing: general revenue and income, contributions and special purpose income from borrowing for 2008 – 2010

000 HRK	Plan 2007	2008 projection	2008 / 2007 indeks	2009 projection	2009 / 2008 indeks	2010 projection	2010 / 2009 indeks
TOTAL	5.935.229	5.540.997	93,4	5.582.622	100,8	5.705.154	102,2
010 CROATIAN PARLIAMENT	0	0		0		0	
015 PRESIDENT OF THE REPUBLIC OF CROATIA	0	0		0		0	
017 CONSTITUTIONAL COURT OF THE REPUBLIC OF CROATIA	0	0		0		0	
018 AGENCY FOR THE PROTECTION OF MARKET COMPETITION	0	0		0		0	
020 GOVERNMENT OF THE REPUBLIC OF CROATIA	0	0		0		0	
021 CENTRAL STATE OFFICE FOR PUBLIC ADMINISTRATION	0	0		0		0	
022 CENTRAL STATE OFFICE FOR E-CROATIA	0	0		0		0	
023 CENTRAL STATE OFFICE FOR DEVELOPMENT STRATEGY	0	0		0		0	
024 CENTRAL STATE OFFICE FOR STATE PROPERTY MANAGEMENT	0	0		0		0	
025 MINISTRY OF FINANCE	340.664	180.000	52,8	190.000	105,6	210.000	110,5
027 RC - SECURITY AND INTELLIGENCE AGENCY	0	0		0		0	
030 MINISTRY OF DEFENCE	0	0		0		0	
040 MINISTRY OF THE INTERIOR	0	0		0		0	
046 MINISTRY OF THE FAMILY, VETERANS' AFFAIRS AND INTERGENERATIONAL SOLIDARITY	9.000	8.100	90,0	8.424	104,0	8.929	106,0
048 MINISTRY OF FOREIGN AFFAIRS AND EUROPEAN INTEGRATION	0	0		0		0	
050 MINISTRY OF THE ECONOMY, LABOUR AND ENTREPRENEURSHIP	664.761	668.000	100,5	622.217	93,1	635.000	102,1
055 MINISTRY OF CULTURE	13.200	13.200	100,0	12.355	93,6	12.097	97,9
060 MINISTRY OF AGRICULTURE, FORESTRY AND WATER MANAGEMENT	2.504.999	2.565.348	102,4	2.600.788	101,4	2.655.360	102,1
065 MINISTRY OF THE SEA, TOURISM, TRANSPORT AND DEVELOPMENT	2.353.048	2.061.748	87,6	2.102.453	102,0	2.134.600	101,5
075 MINISTRY OF ENVIRONMENTAL PROTECTION, PHYSICAL PLANNING AND CONSTRUCTION	0	0		0		0	
080 MINISTRY OF SCIENCE, EDUCATION AND SPORTS	45.756	41.181	90,0	42.828	104,0	45.398	106,0
100 MINISTRY OF HEALTH AND SOCIAL WELFARE	3.000	2.700	90,0	2.808	104,0	2.976	106,0
106 CROATIAN ACADEMY OF SCIENCE AND ARTS	0	0		0		0	
110 MINISTRY OF JUSTICE	0	0		0		0	
115 DEVELOPMENT AND EMPLOYMENT FUND	800	720	90,0	749	104,0	794	106,0
116 REGIONAL DEVELOPMENT FUND	0	0		0		0	
120 OMBUDSMAN'S OFFICE	0	0		0		0	
121 OMBUDSMAN FOR CHILDREN	0	0		0		0	
122 OMBUDSMAN FOR GENDER EQUALITY	0	0		0		0	
140 METEOROLOGICAL AND HYDROLOGICAL SERVICE	0	0		0		0	
150 STATE OFFICE FOR METROLOGY	0	0		0		0	
151 CROATIAN STANDARDS INSTITUTE	0	0		0		0	
152 CROATIAN ACCREDITATION AGENCY	0	0		0		0	
156 STATE INTELLECTUAL PROPERTY OFFICE	0	0		0		0	
160 CENTRAL BUREAU OF STATISTICS	0	0		0		0	
175 CROATIAN HYDROGRAPHIC INSTITUTE	0	0		0		0	
180 STATE GEODETIC DIRECTORATE	0	0		0		0	
185 STATE ADULT OFFICE	0	0		0		0	
196 STATE COMMISSION FOR THE SUPERVISION OF PUBLIC PROCUREMENT PROCEDURES	0	0		0		0	
220 CROATIAN MINE ACTION CENTRE	0	0		0		0	
225 STATE INSPECTOR'S OFFICE	0	0		0		0	
230 COMMISSION ON RELATIONS WITH RELIGIOUS COMMUNITIES	0	0		0		0	
235 CROATIAN INFORMATION AND DOCUMENTATION REFERRAL AGENCY	0	0		0		0	
240 OFFICE OF THE NATIONAL SECURITY COUNCIL	0	0		0		0	
250 PERSONAL DATA PROTECTION AGENCY	0	0		0		0	
255 CROATIAN INSTITUTE FOR RADIATION PROTECTION	0	0		0		0	
260 STATE INSTITUTE FOR NUCLEAR SAFETY	0	0		0		0	
OMBUDSMAN FOR PEOPLE WITH DISABILITIES	0	0		0		0	

Table 16: Limits of expenditure on benefits for citizens and households by divisions of the budgetary central government for the following sources of financing: general revenue and income, contributions and special purpose income from borrowing for the period 2008 – 2010

000 HRK	Plan 2007	2008 projection	2008 / 2007 indeks	2009 projection	2009 / 2008 indeks	2010 projection	2010 / 2009 indeks
TOTAL	54.496.044	57.964.566	106,4	61.676.596	106,4	65.236.341	105,8
010 CROATIAN PARLIAMENT	120	130	108,3	125	96,2	126	100,8
015 PRESIDENT OF THE REPUBLIC OF CROATIA	20	300	1.500,0	310	103,3	320	103,2
017 CONSTITUTIONAL COURT OF THE REPUBLIC OF CROATIA	0	0		0		0	
018 AGENCY FOR THE PROTECTION OF MARKET COMPETITION	0	0		0		0	
020 GOVERNMENT OF THE REPUBLIC OF CROATIA	6.221	6.350	102,1	6.420	101,1	6.500	101,2
021 CENTRAL STATE OFFICE FOR PUBLIC ADMINISTRATION	0	0		0		0	
022 CENTRAL STATE OFFICE FOR E-CROATIA	5	3	60,0	2	76,7	2	87,0
023 CENTRAL STATE OFFICE FOR DEVELOPMENT STRATEGY	20	0	0,0	0		0	
024 CENTRAL STATE OFFICE FOR STATE PROPERTY MANAGEMENT	0	0		0		0	
025 MINISTRY OF FINANCE	0	0		0		0	
027 RC - SECURITY AND INTELLIGENCE AGENCY	678	1.100	162,2	1.200	109,1	1.200	100,0
030 MINISTRY OF DEFENCE	9.681	9.681	100,0	9.681	100,0	9.681	100,0
040 MINISTRY OF THE INTERIOR	4.377	4.377	100,0	4.377	100,0	4.377	100,0
046 MINISTRY OF THE FAMILY, VETERANS' AFFAIRS AND INTERGENERATIONAL SOLIDARITY	7.684.879	8.779.034	114,2	9.254.961	105,4	9.735.999	105,2
048 MINISTRY OF FOREIGN AFFAIRS AND EUROPEAN INTEGRATION	10.844	10.844	100,0	10.844	100,0	10.844	100,0
050 MINISTRY OF THE ECONOMY, LABOUR AND ENTREPRENEURSHIP	27.312.986	29.625.764	108,5	31.710.329	107,0	33.815.069	106,6
055 MINISTRY OF CULTURE	49.377	49.377	100,0	49.377	100,0	49.377	100,0
060 MINISTRY OF AGRICULTURE, FORESTRY AND WATER MANAGEMENT	71	71	100,0	71	100,0	71	100,0
065 MINISTRY OF THE SEA, TOURISM, TRANSPORT AND DEVELOPMENT	103.498	90.743	87,7	85.280	94,0	70.257	82,4
075 MINISTRY OF ENVIRONMENTAL PROTECTION, PHYSICAL PLANNING AND CONSTRUCTION	0	0		0		0	
080 MINISTRY OF SCIENCE, EDUCATION AND SPORTS	96.544	106.544	110,4	106.900	100,3	108.800	101,8
100 MINISTRY OF HEALTH AND SOCIAL WELFARE	19.194.466	19.258.530	100,3	20.415.000	106,0	21.402.000	104,8
106 CROATIAN ACADEMY OF SCIENCE AND ARTS	0	0		0		0	
110 MINISTRY OF JUSTICE	4.112	4.112	100,0	4.112	100,0	4.112	100,0
115 DEVELOPMENT AND EMPLOYMENT FUND	16.783	16.783	100,0	16.783	100,0	16.783	100,0
116 REGIONAL DEVELOPMENT FUND	0	0		0		0	
120 OMBUDSMAN'S OFFICE	0	0		0		0	
121 OMBUDSMAN FOR CHILDREN	0	0		0		0	
122 OMBUDSMAN FOR GENDER EQUALITY	0	0		0		0	
140 METEOROLOGICAL AND HYDROLOGICAL SERVICE	0	0		0		0	
150 STATE OFFICE FOR METROLOGY	0	0		0		0	
151 CROATIAN STANDARDS INSTITUTE	0	0		0		0	
152 CROATIAN ACCREDITATION AGENCY	0	0		0		0	
156 STATE INTELLECTUAL PROPERTY OFFICE	0	0		0		0	
160 CENTRAL BUREAU OF STATISTICS	680	680	100,0	680	100,0	680	100,0
175 CROATIAN HYDROGRAPHIC INSTITUTE	0	0		0		0	
180 STATE GEODETIC DIRECTORATE	0	0		0		0	
185 STATE ADULT OFFICE	470	0	0,0	0		0	
196 STATE COMMISSION FOR THE SUPERVISION OF PUBLIC PROCUREMENT PROCEDURES	0	0		0		0	
220 CROATIAN MINE ACTION CENTRE	103	103	100,0	103	100,0	103	100,0
225 STATE INSPECTOR'S OFFICE	0	0		0		0	
230 COMMISSION ON RELATIONS WITH RELIGIOUS COMMUNITIES	0	0		0		0	
235 CROATIAN INFORMATION AND DOCUMENTATION REFERRAL AGENCY	40	40	100,0	40	100,0	40	100,0
240 OFFICE OF THE NATIONAL SECURITY COUNCIL	70	0	0,0	0		0	
250 PERSONAL DATA PROTECTION AGENCY	0	0		0		0	
255 CROATIAN INSTITUTE FOR RADIATION PROTECTION	0	0		0		0	
260 STATE INSTITUTE FOR NUCLEAR SAFETY	0	0		0		0	
OMBUDSMAN FOR PEOPLE WITH DISABILITIES	0	0		0		0	

Table 17: Limits of other expenditure by divisions of the budgetary central government for the sources of finance: general revenue and income, contributions and special purpose income from borrowing for the period 2008 – 2010

000 HRK	Plan 2007	2008 projection	2008 / 2007 indeks	2009 projection	2009 / 2008 indeks	2010 projection	2010 / 2009 indeks
TOTAL	14.677.114	13.763.822	93,8	14.574.858	105,9	15.271.961	104,8
010 CROATIAN PARLIAMENT	111.946	34.381	30,7	96.435	280,5	11.554	12,0
015 PRESIDENT OF THE REPUBLIC OF CROATIA	2.330	2.006	86,1	2.135	106,4	2.146	100,5
017 CONSTITUTIONAL COURT OF THE REPUBLIC OF CROATIA	3.879	7.840	202,1	1.845	23,5	1.755	95,1
018 AGENCY FOR THE PROTECTION OF MARKET COMPETITION	580	499	86,1	531	106,4	534	100,5
020 GOVERNMENT OF THE REPUBLIC OF CROATIA	47.718	47.552	99,7	48.513	102,0	49.159	101,3
021 CENTRAL STATE OFFICE FOR PUBLIC ADMINISTRATION	5.905	4.131	70,0	5.455	132,1	5.535	101,5
022 CENTRAL STATE OFFICE FOR E-CROATIA	927	798	86,1	849	106,4	854	100,5
023 CENTRAL STATE OFFICE FOR DEVELOPMENT STRATEGY CENTRAL STATE OFFICE FOR STATE PROPERTY MANAGEMENT	1.362	458	33,6	500	109,2	550	110,0
024	8.108	19.867	245,0	10.179	51,2	12.206	119,9
025 MINISTRY OF FINANCE	4.249.369	4.737.179	111,5	5.145.639	108,6	5.470.485	106,3
027 RC - SECURITY AND INTELLIGENCE AGENCY	42.851	27.539	64,3	27.903	101,3	23.203	83,2
030 MINISTRY OF DEFENCE	4.545	4.091	90,0	4.336	106,0	4.553	105,0
040 MINISTRY OF THE INTERIOR MINISTRY OF THE FAMILY, VETERANS' AFFAIRS AND INTERGENERATIONAL SOLIDARITY	362.157	313.373	86,5	343.259	109,5	357.087	104,0
046	195.864	190.908	97,5	202.030	105,8	206.634	102,3
048 MINISTRY OF FOREIGN AFFAIRS AND EUROPEAN INTEGRATION	79.718	50.460	63,3	52.677	104,4	55.901	106,1
050 ENTREPRENEURSHIP	248.753	235.403	94,6	244.509	103,9	269.717	110,3
055 MINISTRY OF CULTURE	644.665	573.452	89,0	607.904	106,0	628.888	103,5
060 MINISTRY OF AGRICULTURE, FORESTRY AND WATER MANAGEMENT	498.029	474.334	95,2	466.016	98,2	506.572	108,7
065 MINISTRY OF THE SEA, TOURISM, TRANSPORT AND DEVELOPMENT	4.709.663	3.908.394	83,0	4.034.116	103,2	4.295.708	106,5
075 MINISTRY OF ENVIRONMENTAL PROTECTION, PHYSICAL PLANNING AND CONSTRUCTION	547.979	487.102	88,9	551.231	113,2	573.715	104,1
080 MINISTRY OF SCIENCE, EDUCATION AND SPORTS	1.583.764	1.421.340	89,7	1.477.342	103,9	1.517.629	102,7
100 MINISTRY OF HEALTH AND SOCIAL WELFARE	588.617	508.694	86,4	540.376	106,2	548.941	101,6
106 CROATIAN ACADEMY OF SCIENCE AND ARTS	11.759	10.281	87,4	10.925	106,3	11.154	102,1
110 MINISTRY OF JUSTICE	157.736	115.870	73,5	111.560	96,3	125.391	112,4
115 DEVELOPMENT AND EMPLOYMENT FUND	323.661	322.471	99,6	309.720	96,0	307.958	99,4
116 REGIONAL DEVELOPMENT FUND	187.627	215.233	114,7	225.548	104,8	230.418	102,2
120 OMBUDSMAN'S OFFICE	153	132	86,1	140	106,4	141	100,5
121 OMBUDSMAN FOR CHILDREN	223	230	103,1	204	88,8	205	100,5
122 OMBUDSMAN FOR GENDER EQUALITY	108	93	86,1	99	106,4	99	100,5
140 METEOROLOGICAL AND HYDROLOGICAL SERVICE	160	144	90,0	153	106,0	161	105,0
150 STATE OFFICE FOR METROLOGY	6.905	5.945	86,1	6.326	106,4	6.359	100,5
151 CROATIAN STANDARDS INSTITUTE	842	725	86,1	772	106,4	776	100,6
152 CROATIAN ACCREDITATION AGENCY	740	637	86,1	678	106,4	682	100,5
156 STATE INTELLECTUAL PROPERTY OFFICE	1.619	1.394	86,1	1.483	106,4	1.491	100,5
160 CENTRAL BUREAU OF STATISTICS	7.513	6.479	86,2	6.893	106,4	6.941	100,7
175 CROATIAN HYDROGRAPHIC INSTITUTE	400	344	86,1	366	106,4	368	100,5
180 STATE GEODETIC DIRECTORATE	20.330	17.504	86,1	18.624	106,4	18.723	100,5
185 STATE ADULT OFFICE	1.335	1.149	86,1	1.223	106,4	1.229	100,5
STATE COMMISSION FOR THE SUPERVISION OF PUBLIC PROCUREMENT PROCEDURES	218	187	86,1	199	106,4	200	100,5
220 CROATIAN MINE ACTION CENTRE	9.336	8.102	86,8	8.614	106,3	8.747	101,6
225 STATE INSPECTOR'S OFFICE	3.687	3.175	86,1	3.378	106,4	3.396	100,5
COMMISSION ON RELATIONS WITH RELIGIOUS COMMUNITIES	22	19	86,1	20	106,4	20	100,5
230 CROATIAN INFORMATION AND DOCUMENTATION							
235 REFERRAL AGENCY	358	308	86,1	328	106,4	330	100,5
240 OFFICE OF THE NATIONAL SECURITY COUNCIL	1.216	1.047	86,1	1.114	106,4	1.120	100,5
250 PERSONAL DATA PROTECTION AGENCY	530	456	86,1	486	106,4	488	100,5
255 CROATIAN INSTITUTE FOR RADIATION PROTECTION	541	466	86,1	496	106,4	498	100,5
260 STATE INSTITUTE FOR NUCLEAR SAFETY	1.367	1.177	86,1	1.252	106,4	1.259	100,5
OMBUDSMAN FOR PEOPLE WITH DISABILITIES	0	450		479	106,4	481	100,5

4.4.3 Determinants of expenditure on extra-budgetary users for the period 2008 – 2010

Total expenditure of extra-budgetary users in the medium-term period will shift from the level of 3.6% of GDP in 2008, down to 2.8% of GDP in 2010. Decline in the share of expenditure on extra-budgetary users, expressed as the share of GDP in the medium-term period, will be determined by the dynamics of investment in the construction of roads and motorways, for whose construction and maintenance 1.4% of GDP will be allocated in 2008, and 1.0% in 2010. Out of other expenditure, investment in water supply and environment will on average jointly account for 0.6% of GDP, or on average 18.8% of the total expenditure on extra-budgetary users. Expenditure on interest of extra-budgetary users in the period concerned will stand at the level of 0.3% of GDP, while 0.2% of GDP will be allocated for compensation of employees. The share of material expenditure will follow investment trends and will subsequently decline from 1.0% of GDP in 2008 to the level of 0.7% of GDP in 2010.

Table 11: Key items of expenditure of extra-budgetary users

% of GDP	2006	Plan 2007*	2008p	2009p	2010p
Total expense	4,8	4,8	3,6	3,2	2,8
compensation of employees	0,5	0,2	0,2	0,2	0,2
material expense	1,2	1,2	1,0	0,9	0,7
interest	0,3	0,3	0,3	0,3	0,3
investments in roads and motorways	2,1	2,3	1,4	1,1	1,0
investments in water	0,3	0,4	0,5	0,5	0,4
investments in environmental protection	0,0	0,1	0,1	0,1	0,1
other	0,4	0,3	0,2	0,1	0,1

** As of 1 January 2007, social security funds have been fully included in the state budget*

4.4.4 Determinants of expenditure of the local and regional self-government units for the period 2008 – 2010

Total expenditure of the local and regional self-government units will on average amount to 5.5% of GDP in the medium-term period, while material expenditure in the medium-term period will stand at the level of 1.6% of GDP. Reflecting the level of the carrying out of projects and investment, expenditure on investment of the local units in the medium-term period will be at an average level of 1.7% of GDP. Among other expenditure, 1.0% of GDP will cover compensation of employees, while expenditure on subsidies and social benefits will jointly account for approximately 0.6% of GDP.

Table 12: Key items of expenditure of the local and regional self-government units

% of GDP	2006	Plan 2007	2008p	2009p	2010p
Total expense	5,6	5,7	5,7	5,5	5,4
compensation of employees	1,1	1,1	1,1	1,0	1,0
material expense	1,6	1,6	1,6	1,6	1,6
subsidies	0,4	0,3	0,3	0,3	0,3
social benefits	0,3	0,3	0,3	0,3	0,2
expense on investment	1,7	1,8	1,8	1,7	1,7
other	0,6	0,6	0,6	0,6	0,6

Note: includes 53 largest units (32 towns, 20 counties and the City of Zagreb)

4.5. Consolidated general government in the period 2008 – 2010

The main feature of fiscal policy in the past several years has been fiscal adjustment which is carried out by improving the processes of collecting state revenues, and through the rational and prudent expenditure management. This policy resulted in the reduction of deficit level from 6.2% of GDP in 2003 to just 3.0% of GDP in 2006. The budget for 2007 secures the conditions for an even stronger fiscal adjustment that will additionally decrease state deficit in to 2007 to the level of 2.6% of GDP.

Table 20: Consolidated general government budget, GFS 2001

	2006		2007p			2008p			2009p			2010p		
	000 HRK	% of GDP	000 HRK	% of GDP	2007/2006	000 HRK	% of GDP	2008/2007	000 HRK	% of GDP	2009/2008	000 HRK	% of GDP	2010/2009
1 REVENUES	112.237.278	44,8	126.510.665	46,2	112,7	131.954.211	44,2	104,3	142.142.572	43,4	107,7	153.260.332	42,5	107,8
11 Taxes	66.768.246	26,6	73.268.591	26,8	109,7	78.804.438	26,4	107,6	84.695.152	25,9	107,5	91.162.410	25,3	107,6
111 Taxes on income and profits and capital gains	15.972.291	6,4	18.288.658	6,7	114,5	19.851.356	6,6	108,5	21.511.402	6,6	108,4	23.372.330	6,5	108,7
1111 Payable by individuals	8.812.855	3,5	9.860.870	3,6	111,9	10.646.201	3,6	108,0	11.470.133	3,5	107,7	12.365.969	3,4	107,8
1112 Payable by corporations and other enterprises	7.159.436	2,9	8.427.788	3,1	117,7	9.205.154	3,1	109,2	10.041.269	3,1	109,1	11.006.361	3,1	109,6
112 Taxes on property	961.823	0,4	1.057.405	0,4	109,9	1.153.451	0,4	109,1	1.264.312	0,4	109,6	1.391.611	0,4	110,1
114 Taxes on goods and services	47.894.481	19,1	51.954.716	19,0	108,5	55.855.338	18,7	107,5	59.942.273	18,3	107,3	64.399.164	17,9	107,4
1141 General taxes on goods and services	35.143.439	14,0	38.443.986	14,0	109,4	41.512.745	13,9	108,0	44.682.752	13,7	107,6	48.095.966	13,4	107,6
11411 Value-added tax	34.931.750	13,9	38.212.839	14,0	109,4	41.263.767	13,8	108,0	44.414.780	13,6	107,6	47.807.548	13,3	107,6
1142 Excises	11.564.709	4,6	12.208.771	4,5	105,6	12.931.742	4,3	105,9	13.723.433	4,2	106,1	14.623.334	4,1	106,6
115 Taxes on international trade and transactions	1.588.456	0,6	1.615.059	0,6	101,7	1.611.311	0,5	99,8	1.607.572	0,5	99,8	1.603.841	0,4	99,8
116 Other taxes	351.194	0,1	352.753	0,1	100,4	332.982	0,1	94,4	369.593	0,1	111,0	395.464	0,1	107,0
12 Social contributions	33.877.148	13,5	37.115.946	13,6	109,6	40.035.129	13,4	107,9	43.338.742	13,2	108,3	47.091.239	13,1	108,7
13 Grants	200.133	0,1	904.676	0,3	452,0	704.848	0,2	77,9	979.846	0,3	139,0	1.145.476	0,3	116,9
14 Other revenue	11.391.752	4,5	15.221.452	5,6	133,6	12.409.795	4,2	81,5	13.128.834	4,0	105,8	13.861.207	3,8	105,6
2 EXPENSE	108.126.530	43,1	118.488.148	43,3	109,6	126.182.097	42,3	106,5	133.849.057	40,9	106,1	141.954.208	39,4	106,1
21 Compensation of employees	28.210.976	11,3	31.073.822	11,4	110,1	32.837.015	11,0	105,7	35.366.337	10,8	107,7	38.156.656	10,6	107,9
22 Use of goods and services	13.713.342	5,5	14.587.867	5,3	106,4	16.417.618	5,5	112,5	17.474.321	5,3	106,4	18.357.608	5,1	105,1
24 Interest	5.495.496	2,2	5.599.388	2,0	101,9	5.932.669	2,0	106,0	6.287.435	1,9	106,0	6.548.196	1,8	104,1
25 Subsidies	6.561.952	2,6	6.963.059	2,5	106,1	6.775.041	2,3	97,3	7.090.849	2,2	104,7	7.261.469	2,0	102,4
26 Grants	1.429.054	0,6	2.111.672	0,8	147,8	1.892.871	0,6	89,6	2.038.693	0,6	107,7	2.236.876	0,6	109,7
27 Social benefits	44.828.003	17,9	49.246.570	18,0	109,9	52.553.395	17,6	106,7	55.147.265	16,9	104,9	58.308.944	16,2	105,7
28 Other expense	7.887.708	3,1	8.905.771	3,3	112,9	9.773.487	3,3	109,7	10.444.158	3,2	106,9	11.084.459	3,1	106,1
31.1 Acquisition of nonfinancial assets	10.363.757	4,1	13.625.574	5,0	131,5	11.280.709	3,8	82,8	11.301.728	3,5	100,2	11.642.328	3,2	103,0
Borrowing minus repayments	1.204.670	0,5	1.493.706	0,5	124,0	1.232.695	0,4	82,5	1.461.873	0,4	118,6	1.560.561	0,4	106,8
DEFICIT	-7.457.679	-3,0	-7.096.763	-2,6	95,2	-6.741.289	-2,3	95,0	-4.470.086	-1,4	66,3	-1.899.765	-0,5	42,4

The process of fiscal adjustment will continue in the medium-term period by further decreasing general government deficit throughout the period, which is without any doubt an important factor for securing economic and fiscal stability by means of various direct and indirect effects. Consolidated general government deficit in 2008 will decrease by 0.3 percentage points in comparison to the preceding year and its projections are at the level of 2.3% of GDP. Further positive trends at both the income and expenditure side of the consolidated general government budget will ensure further reduction in the level of general government deficit by 0.9 percentage points, i.e. 1.4% of GDP in 2009. In 2010 consolidated general government deficit will reach the level of 0.5% of GDP, meaning a further 0.9 percentage points decrease. The total revenue of consolidated general government will demonstrate decline of its share expressed in the percentage of GDP from 44.2% in 2008

down to 42.5% in 2010. At the same time, expressed in the percentage of GDP, the level of the total expenditure will record an even stronger decrease from 45.6% in 2008 to 43.1% in 2010.

In terms of state authority levels, it can be noticed that the decline of the consolidated general government deficit will be influenced by the reduction in the level of budgetary central government deficit and the deficit of extra-budgetary users. Budgetary central government deficit will stand at the level of 1.2% of GDP in 2008 until the level of the total revenue and expenditure stabilizes in 2010. Under the influence of these trends on the revenue and expenditure sides, extra-budgetary users will reduce the level of their deficit from 0.8% of GDP in 2008 to 0.2% of GDP in 2010. Deficit of the local and regional self-government units in the entire medium-term period will stand at the level of 0.3% of GDP.

Table 131: Revenue, expense and deficit of consolidated general government in the period 2006 – 2010

000 HRK	2006	Plan 2007	2008p	2009p	2010p
Budgetary central government					
Revenue	95.235.557	108.501.515	113.536.302	122.504.068	132.378.215
% of GDP	38,0	39,6	38,0	37,4	36,7
Expense (GFS 1986)	99.393.391	111.998.433	117.067.238	124.577.130	132.493.867
% of GDP	39,7	40,9	39,2	38,1	36,8
Deficit/surplus (GFS 1986)	-4.157.834	-3.496.918	-3.530.936	-2.073.062	-115.652
% of GDP	-1,7	-1,3	-1,2	-0,6	0,0
Extrabudgetary funds and agencies					
Revenue	9.414.767	10.416.722	8.517.624	8.845.214	9.070.350
% of GDP	3,8	3,8	2,9	2,7	2,5
Expense (GFS 1986)	12.103.569	13.230.393	10.791.454	10.318.610	9.913.644
% of GDP	4,8	4,8	3,6	3,2	2,8
Deficit/surplus (GFS 1986)	-2.688.802	-2.813.670	-2.273.830	-1.473.396	-843.294
% of GDP	-1,1	-1,0	-0,8	-0,5	-0,2
Local government					
Revenue	13.560.211	14.777.754	15.932.481	17.180.489	18.564.469
% of GDP	5,4	5,4	5,3	5,2	5,2
Expense (GFS 1986)	14.171.314	15.564.140	16.869.004	18.104.117	19.502.288
% of GDP	5,7	5,7	5,7	5,5	5,4
Deficit/surplus (GFS 1986)	-611.044	-786.174	-936.524	-923.628	-937.820
% of GDP	-0,2	-0,3	-0,3	-0,3	-0,3
Consolidated general government					
Revenue	112.237.278	126.510.665	131.954.211	142.142.572	153.260.332
% of GDP	44,8	46,2	44,2	43,4	42,5
Expense (GFS 1986)	119.694.957	133.607.428	138.695.500	146.612.659	155.157.097
% of GDP	47,8	48,8	46,5	44,8	43,1
Deficit/surplus (GFS 1986)	-7.457.679	-7.096.763	-6.741.289	-4.470.086	-1.896.765
% of GDP	-3,0	-2,6	-2,3	-1,4	-0,5

Consolidated general government deficits are calculated in accordance with the modified accounting principle, that is including the positive and negative changes in outstanding liabilities according to certain periods.

5. GUIDELINES OF PUBLIC DEBT MANAGEMENT STRATEGY

5.1. Public debt in the period until 2010

The chapter on public debt in the period until 2010 describes the institutional framework and major features of borrowing policy and public debt management of the Republic of Croatia in the period in question. The end of the chapter brings public debt sensitivity tests which demonstrate the changes in some key macroeconomic and fiscal indicators as one of the models of quantifying risks of public debt management.

The Budget Act lays down the institutional framework of borrowing and public debt management so as to secure meeting financial requirements of the state with the lowest possible costs and a prudent level of risk. The decisions on the volume of debt and government guarantees are passed by the Croatian Parliament, while the Government acts on proposals by the Ministry of Finance and makes decisions on sources of financing and modalities of borrowing (types of loans and collateral instruments). The Ministry of Finance is responsible for the operational management of public debt.

Public debt management strategy in the period until 2010 builds upon the public debt management policy from the preceding years, and closely follows the fiscal policy planned for the next three-year period. The main characteristic of public debt trends in the medium-term period will be further reduction thereof measured by the share in GDP. The process of fiscal consolidation which started in 2004 had positive effect on public debt development. Thus in 2006, the public debt for the first time declined in comparison to the preceding year, and from the level of 49.1% of GDP in 2005 it was reduced to 46.4% of GDP, or by as many as 2.7 percentage points in 2006.

Continuation of fiscal adjustment in the medium-term period will lead to further decline of public debt in the share of GDP, while settling liabilities from the previous periods in terms of their maturity. Strong orientation on domestic sources of finance will continue for the purpose of financing fiscal deficit in the medium-term. Complementary goals that will be achieved by means of such public debt management policy need to be underlined, in particular further development of the domestic finance market, increase in transparency and security of borrowing operations of the Ministry of Finance and improving the function of public debt management, in particular management of risks.

Table 22: Financing the deficit of consolidated general government

000 HRK	2006	2007 plan	2008p	2009p	2010p
FINANCING	6.975.556	7.896.763	6.741.289	4.470.086	1.896.765
Domestic	5.363.674	5.278.646	6.727.548	6.972.376	3.958.393
<i>Borrowing</i>	<i>10.082.869</i>	<i>10.610.565</i>	<i>10.957.793</i>	<i>10.375.330</i>	<i>10.174.138</i>
Loans	3.763.050	1.474.031	3.218.997	2.705.376	2.496.423
Bonds	6.120.026	8.636.534	7.238.796	7.169.953	7.177.714
Treasury bills (net)	199.793	500.000	500.000	500.000	500.000
<i>Repayments</i>	<i>4.719.194</i>	<i>5.331.918</i>	<i>4.230.245</i>	<i>3.402.954</i>	<i>6.215.745</i>
Loans	1.002.730	1.766.125	1.267.630	3.112.600	2.912.745
Bonds	3.716.465	3.565.794	2.962.615	290.354	3.303.000
Foreign	-3.482.648	61.658	-1.827.140	-3.842.348	-2.955.782
<i>Borrowing</i>	<i>2.724.409</i>	<i>4.733.579</i>	<i>2.327.560</i>	<i>4.025.563</i>	<i>3.251.752</i>
Loans	2.724.409	4.733.579	2.327.560	1.225.563	1.251.752
Bonds	0	0	0	2.800.000	2.000.000
<i>Repayments</i>	<i>6.207.057</i>	<i>4.671.921</i>	<i>4.154.700</i>	<i>7.867.911</i>	<i>6.207.534</i>
Loans	2.726.277	2.821.921	2.829.700	2.842.911	2.507.534
Bonds	3.480.781	1.850.000	1.325.000	5.025.000	3.700.000
Revenue from selling nonfinancial assets	1.282.768	1.218.007	984.216	1.027.586	1.073.700
Privatisation	2.819.921	1.833.500	1.361.500	643.500	124.500
Currency and deposits	-991.842	495.049	504.834	331.028	304.045

The financing plan shows that the financing will for the larger part be oriented towards domestic sources. Taking into account how stable the Kuna is and the medium-term prospect of joining the European Union, part of borrowing through treasury securities until 2010 will be realised in Euros on the international market.

Borrowing will be directed at instruments with a longer payment term, primarily at bonds with a 5 or 10-year payment term. Efforts will be made to adjust due date of new borrowings in order to level off the dynamics of maturity and uniformly allocate the refinancing burden.

In the 2007 – 2010 period 4 issues of domestic bonds in the total amount of HRK 4 billion and EUR 600 million fall due (EUR 400 million fall due in July 2007, HRK 1 billion in May 2008, EUR 200 million in December 2008, and HRK 3 billion fall due in March 2010).

In the same period, 5 issues of international bonds in the total amount of 90 billion JPY fall due (40 billion JPY fall due in July 2007, 25 billion JPY in June 2008, and 25 billion JPY fall due in June 2009), and one billion Euro (EUR 500 million fall due in February 2009 and EUR 500 million fall due in February 2010).

Table 23: Overview of the bonds of the Republic of Croatia falling due in the period 2007 – 2010

Bond	Date of issue	Currency	Amount (million)	Interest rate	Maturity
DOMESTIC BONDS					
Series 06 D-07	07.07.2004.	EUR	400	3,88%	07.07.2007.
Series 04 D-08	28.05.2003.	HRK	1.000	6,13%	28.05.2008.
Series 02 D-08	14.12.2001.	EUR	200	6,88%	14.12.2008.
Series 08 D-10	08.03.2005.	HRK	3.000	6,75%	08.03.2010.
INTERNATIONAL BONDS					
Samurai II 2007.	11.07.2000.	JPY	40.000	3,00%	11.07.2007.
Samurai IV 2008.	26.06.2002.	JPY	25.000	2,15%	26.06.2008.
Euro - EUR IV 2009.	11.02.2002.	EUR	500	6,25%	11.02.2009.
Samurai V 2009.	26.06.2003.	JPY	25.000	1,23%	26.06.2009.
Euro - EUR V 2010.	24.02.2003.	EUR	500	4,63%	24.02.2010.

Slower growth of consolidated general government deficit in absolute terms and reduction of its share in GDP is expected due to the developments in the budget deficit and repayments. Apart from the general government trends, public debt will be determined by the development in issued government guarantees. Thus consolidated general government debt will reduce its share in GDP from 37.3% in 2008 to 31.9% of GDP in 2010. In the same period, public debt will be reduced from 42.8% of GDP to 37.1% of GDP.

Table 24: Projection of development and structure of general government debt and public debt

% of GDP	2006	2007	2008	2009	2010
Deficit	-3,0	-2,6	-2,3	-1,4	-0,5
General government debt	40,7	39,1	37,3	34,9	31,9
Foreign	16,6	15,2	13,3	11,0	9,2
Domestic	24,2	23,9	24,0	23,9	22,7
Public debt	46,4	44,7	42,8	40,3	37,1
Foreign	19,8	18,4	16,5	14,1	12,2
Domestic	26,6	26,2	26,3	26,2	25,0

5.2. Testing public debt sensitivity

Public debt sensitivity testing is directly related to macroeconomic conditions and the conditions and results, i.e. assumptions for the implementation of fiscal policy. That is the reason why it is highly important to continuously carry out public debt sensitivity tests on different factors in order to realistically analyse all implications of potential changes in the assumptions which determine the projections for public debt trends in the medium-term period. Moreover, these tests reveal the highest risk factors whose changed conditions or assumptions generate the most significant changes to public debt, and which need to be identified in order to ensure the conditions for their evasion or alleviation of their effects. The test is carried out by setting a baseline scenario on the basis of medium-term macroeconomic

projections. Afterwards, a series of alternative scenarios is carried out, where assumed variables are kept at a certain (historic) level or subjected to various shocks. The shocks are usually linked to historic values of the observed variables and their variability, but they can also be arbitrary.

Of all public debt sensitivity tests that were carried out, depreciation of domestic currency, primarily to the Euro, had the greatest influence on public debt development, i.e. growth. The reason for this is a large share of debt denominated in foreign currency (around 80%), of which 60% accounts for debt in Euros. Depreciation of Kuna in the amount of 30% increases the amount of public debt to over 59% of GDP. Due to this great sensitivity of debt to domestic currency trends, reduction of the share denominated in foreign currency is a priority of public debt management strategy. The debt also demonstrates higher sensitivity to changes in conditional obligations (guarantees), which indicates that there is a need to contain their growth and eliminate the need to issue such guarantees, i.e. restructuring certain sectors of the economy. Likewise, public debt demonstrates a highly unfavourable medium-term development in respect of changes to primary deficit since it is the main generator of debt, even more so as the impact of the initial shock subsides slowly and extends until the end of the period concerned.

Another type of impact is shown in the tests where the assumptions are maintained at the existing or historic (average) quantities. In this case, debt development trend changes and the share of public debt in GDP is characterized by increasing values. This fact indicates to the importance of continuing the process of fiscal adjustment in the medium-term period that will result in the reduction of fiscal deficit, meaning less need for borrowings, then implementing the key structural reforms, and ensuring the conditions for good collection of state revenues.

Chart 15: Development of public debt share in GDP according to various scenarios (%)

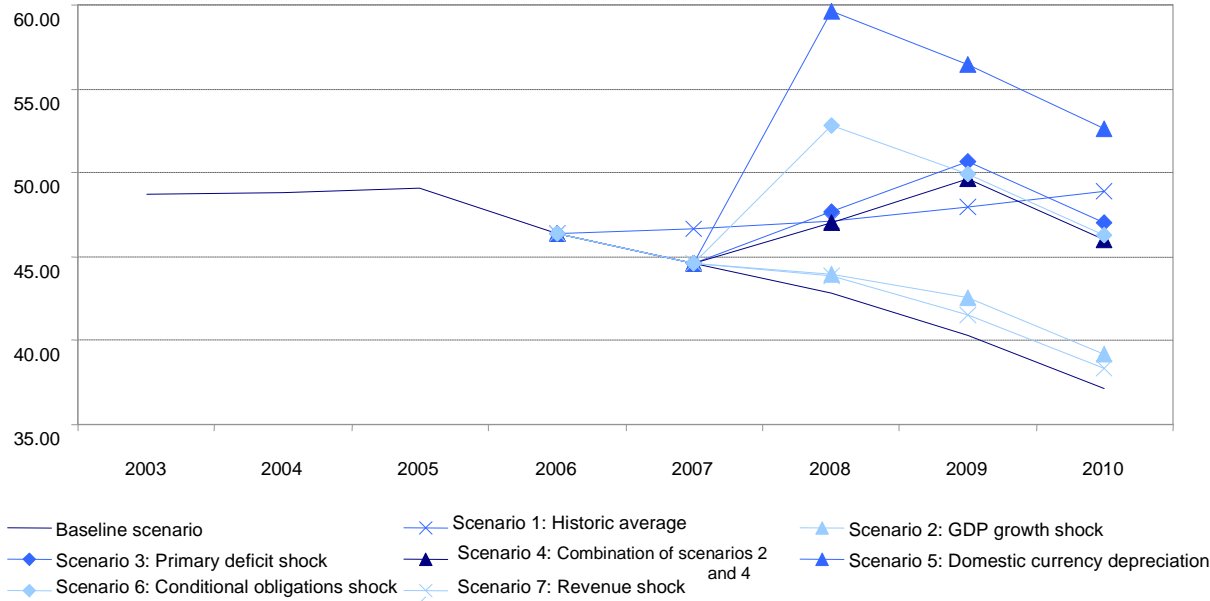


Table 14: Results of public debt sensitivity testing

	2006	2007	2008	2009	2010
I. Baseline medium-term projection					
Public debt	46,4	44,7	42,8	40,3	37,1
Of which: debt denominated in foreign currency	37,1	35,7	34,2	32,2	29,7
Change of public debt	-2,7	-1,7	-1,8	-2,5	-3,2
Identified debt-creating flows	-2,5	-1,9	-2,0	-2,6	-3,2
Primary deficit	0,6	0,8	0,3	-0,5	-1,2
Revenue and grants	44,8	46,2	44,2	43,4	42,5
Primary (noninterest) expenditure	45,4	47,0	44,5	43,0	41,3
Automatic debt dynamics	-1,5	-1,6	-1,5	-1,7	-1,7
Contribution from interest rate and growth differential	-1,3	-1,6	-1,5	-1,7	-1,7
of which: contribution from real interest rate	0,8	1,0	1,0	0,9	0,9
of which: contribution from real GDP growth rate	-2,2	-2,5	-2,5	-2,5	-2,6
Contribution from exchange rate depreciation	-0,2	0,0	0,0	0,0	0,0
Other debt-creating deficit flows	-1,6	-1,1	-0,8	-0,5	-0,3
Privatisation revenue (negative)	-1,6	-1,1	-0,8	-0,5	-0,3
Recognized implicit or contingent liabilities	0,0	0,0	0,0	0,0	0,0
Other (eg. bank recapitalization)	0,0	0,0	0,0	0,0	0,0
Residual, including change in assets	-0,2	0,2	0,1	0,1	0,1
Key macroeconomic and fiscal assumptions					
Nominal GDP (in HRK million)	250.590,0	273.705,1	298.566,1	327.262,0	360.212,9
Real GDP growth rate (%)	4,8	6,0	6,1	6,5	7,0
Average nominal interest rate on public debt (%)	5,4	5,5	5,3	5,3	5,5
Average real interest rate (nominal rate minus change of GDP deflator, in %)	2,0	2,4	2,5	2,4	2,6
Nominal appreciation (rise in the value of domestic currency expressed in Euro, in %)	0,4	0,0	0,0	0,0	0,0
Inflation rate (GDP deflator, in %)	3,4	3,0	2,8	2,9	2,9
Growth of real primary consumption (deflated by the GDP deflator, in %)	3,2	9,9	0,4	2,8	2,9
II. Analysis of sensitivity of public debt share in GDP					
1. Real GDP growth rate, real interest rate and primary deficit in the period 2008 – 2010 at the level of historical average	46,4	46,6	47,2	48,0	48,9
2. Real interest rate in 2008 and 2009 at the level of historical average increased by two standard deviations	46,4	44,4	42,5	40,0	36,9
3. Real GDP growth rate in 2008 and 2009 at the level of historical average reduced by two standard deviations	46,4	44,7	43,9	42,6	39,2
4. Primary deficit in 2008 and 2009 at the level of historical average reduced by two standard deviations	46,4	44,7	47,7	50,7	47,1
5. Combination of scenarios 2 and 4 with a shock amounting to one standard deviation in 2008 and 2009	46,4	44,7	47,0	49,6	46,0
6. One-off depreciation of 30% in 2008	46,4	44,7	59,7	56,5	52,6
7. Increase of other flows causing debt increase (guarantees) in the amount of 10% of GDP in 2008	46,4	44,7	52,8	49,9	46,3
8. Share of GDP in 2008 and 2009 at the level of historical average reduced by two standard deviations	46,4	44,7	43,8	41,5	38,3
Historical values of key variables (last 6 years)					
	Historical average	Standard deviation			
Primary deficit	2,4	1,4			
Real GDP growth rate (in %)	4,7	0,7			
Nominal interest rate (in %) /6	5,6	0,2			
Real interest rate (in %)	2,0	0,2			
Inflation rate (GDP deflator, in %)	3,6	0,3			
Share of public revenue in GDP	45,5	1,1			

ANNEX

Annex1: Budgetary central government, GFS 2001

	2006		Plan 2007		2008p		2009p		2010p	
	000 HRK	% GDP	000 HRK	% GDP	000 HRK	% GDP	000 HRK	% GDP	000 HRK	% GDP
1 REVENUES	95.235.557	38,0	108.501.515	39,6	113.536.302	38,0	122.504.068	37,4	132.378.215	36,7
1 Taxes	58.469.091	23,3	64.148.605	23,4	68.956.762	23,1	74.088.171	22,6	79.732.344	22,1
111 Taxes on income and profits and capital gains	8.515.615	3,4	10.078.339	3,7	10.985.521	3,7	11.968.549	3,7	13.100.515	3,6
1111 Payable by individuals	3.459.649	1,4	1.650.551	0,6	1.780.367	0,6	1.927.279	0,6	2.094.153	0,6
1112 Payable by corporations and other enterprises	5.055.966	2,0	8.427.788	3,1	9.205.154	3,1	10.041.269	3,1	11.006.361	3,1
113 Taxes on property	482.331	0,2	533.685	0,2	582.161	0,2	638.114	0,2	702.363	0,2
114 Taxes on goods and services	47.546.223	19,0	51.584.380	18,8	55.461.350	18,6	59.521.984	18,2	63.949.037	17,8
1141 General taxes on goods and services	35.091.381	14,0	38.387.622	14,0	41.451.881	13,9	44.617.241	13,6	48.025.450	13,3
11411 Value-added tax	34.931.750	13,9	38.212.839	14,0	41.263.767	13,8	44.414.780	13,6	47.807.548	13,3
11412 Sales taxes	159.631	0,1	174.784	0,1	188.114	0,1	202.461	0,1	217.902	0,1
1142 Excises	11.564.709	4,6	12.208.771	4,5	12.931.742	4,3	13.723.433	4,2	14.623.334	4,1
115 Taxes on international trade and transactions	1.588.456	0,6	1.615.059	0,6	1.611.311	0,5	1.607.572	0,5	1.603.841	0,4
116 Other taxes	336.466	0,1	337.141	0,1	316.418	0,1	351.952	0,1	376.589	0,1
12 Social contributions	33.877.148	13,5	37.115.946	13,6	40.035.129	13,4	43.338.742	13,2	47.091.239	13,1
13 Grants	195.984	0,1	863.561	0,3	698.118	0,2	972.469	0,3	1.137.356	0,3
14 Other revenue	2.693.335	1,1	6.373.403	2,3	3.846.292	1,3	4.104.687	1,3	4.417.276	1,2
141 Property income	832.400	0,3	3.440.079	1,3	783.308	0,3	853.788	0,3	934.719	0,3
142 Sales of goods and services	1.209.296	0,5	1.527.298	0,6	1.638.404	0,5	1.748.542	0,5	1.874.877	0,5
143 Fines, penalties and forfeits	391.616	0,2	421.307	0,2	447.007	0,1	476.062	0,1	509.387	0,1
144 Voluntary transfers other than grants	6.737	0,0	4.316	0,0	4.708	0,0	5.160	0,0	5.680	0,0
145 Miscellaneous and unidentified revenue	253.286	0,1	980.404	0,4	972.865	0,3	1.021.135	0,3	1.092.614	0,3
2 EXPENSE	95.949.951	38,3	108.447.435	39,6	113.117.279	37,9	120.178.593	36,7	127.995.613	35,5
21 Compensation of employees	24.313.867	9,7	27.477.952	10,0	28.994.808	9,7	31.314.393	9,6	33.819.544	9,4
211 Wages and salaries	20.663.890	8,2	23.113.401	8,4	24.324.739	8,1	26.270.719	8,0	28.372.376	7,9
212 Social contributions	3.649.977	1,5	4.364.550	1,6	4.670.069	1,6	5.043.674	1,5	5.447.168	1,5
22 Use of goods and services	6.069.116	2,4	7.702.325	2,8	8.619.766	2,9	9.376.692	2,9	10.299.933	2,9
24 Interest	4.713.615	1,9	4.586.817	1,7	4.965.524	1,7	5.268.271	1,6	5.490.700	1,5
241 To nonresidents	1.863.999	0,7	1.686.209	0,6	1.620.721	0,5	1.536.436	0,5	1.258.101	0,3
242 To residents other than general government	2.849.616	1,1	2.900.608	1,1	3.344.803	1,1	3.731.835	1,1	4.232.599	1,2
25 Subsidies	5.670.789	2,3	6.017.759	2,2	5.714.081	1,9	5.976.000	1,8	6.099.718	1,7
251 To public corporations	2.692.785	1,1	2.827.516	1,0	2.531.533	0,8	2.557.121	0,8	2.591.574	0,7
252 To private enterprises	2.978.004	1,2	3.190.243	1,2	3.182.548	1,1	3.418.879	1,0	3.508.145	1,0
26 Grants	6.652.994	2,7	8.513.643	3,1	6.947.337	2,3	7.411.878	2,3	7.938.114	2,2
261 To foreign governments	64.795	0,0	93.950	0,0	69.301	0,0	77.822	0,0	86.624	0,0
262 To international organizations	89.619	0,0	73.440	0,0	74.391	0,0	76.850	0,0	79.354	0,0
263 To other general government units	6.498.581	2,6	8.346.253	3,0	6.803.646	2,3	7.257.206	2,2	7.772.136	2,2
27 Social benefits	43.444.589	17,3	48.538.710	17,7	51.686.799	17,3	54.219.903	16,6	57.320.785	15,9
271 Social security benefits	30.535.396	12,2	34.499.553	12,6	36.718.598	12,3	38.518.129	11,8	40.721.014	11,3
272 Social assistance benefits	12.786.632	5,1	13.919.090	5,1	14.840.188	5,0	15.567.487	4,8	16.457.805	4,6
273 Employer social benefits	122.561	0,0	120.067	0,0	128.013	0,0	134.287	0,0	141.966	0,0
28 Other expense	5.084.980	2,0	5.610.231	2,0	6.188.963	2,1	6.611.455	2,0	7.026.818	2,0
282 Miscellaneous other expense	5.077.381	2,0	5.610.231	2,0	6.188.963	2,1	6.611.455	2,0	7.026.818	2,0
2821 Current	2.304.214	0,9	2.618.498	1,0	2.647.121	0,9	2.747.652	0,8	2.959.873	0,8
2822 Capital	2.773.167	1,1	2.991.733	1,1	3.541.842	1,2	3.863.803	1,2	4.066.945	1,1
31 NET ACQUISITION OF NONFINANCIAL ASSETS	1.555.792	0,6	2.954.080	1,1	2.691.518	0,9	2.902.546	0,9	2.923.137	0,8
31.1 Acquisition of nonfinancial assets (total)	1.908.482	0,8	3.436.026	1,3	2.958.934	1,0	3.148.332	1,0	3.165.037	0,9
31.2 Disposal of nonfinancial assets (total)	352.690	0,1	481.947	0,2	267.416	0,1	245.786	0,1	241.900	0,1
311 Fixed assets	1.595.121	0,6	2.999.099	1,1	2.594.207	0,9	2.781.303	0,8	2.794.771	0,8
3111 Buildings and structures	831.377	0,3	1.385.069	0,5	1.377.171	0,5	1.421.917	0,4	1.475.271	0,4
3112 Machinery and equipment	656.733	0,3	1.395.879	0,5	1.036.139	0,3	1.181.280	0,4	1.139.500	0,3
3113 Other fixed assets	107.011	0,0	218.151	0,1	180.896	0,1	178.106	0,1	180.000	0,0
312 Inventories	-80.226	0,0	-168.139	-0,1	-17.932	0,0	769	0,0	0	0,0
313 Valuables	7.826	0,0	7.704	0,0	6.748	0,0	7.146	0,0	7.000	0,0
314 Nonproduced assets	33.072	0,0	115.416	0,0	108.495	0,0	113.329	0,0	121.366	0,0
3141 Land	-21.650	0,0	-16.310	0,0	-15.600	0,0	-18.300	0,0	-18.300	0,0
3144 Intangible nonproduced assets	54.744	0,0	131.726	0,0	124.095	0,0	131.629	0,0	139.666	0,0
32 NET ACQUISITION OF FINANCIAL ASSETS	-3.047.174	-1,2	-595.028	-0,2	-18.976	0,0	740.205	0,2	1.333.217	0,4
321 Domestic	-3.063.855	-1,2	-608.456	-0,2	-31.481	0,0	739.090	0,2	1.332.217	0,4
3212 Currency and deposits	-1.449.670	-0,6	0	0,0	0	0,0	0	0,0	0	0,0
3214 Loans	832.321	0,3	675.244	0,2	819.519	0,3	1.030.090	0,3	1.113.217	0,3
3215 Shares and other equity	-2.446.505	-1,0	-1.283.700	-0,5	-851.000	-0,3	-291.000	-0,1	219.000	0,1
322 Foreign	16.681	0,0	13.428	0,0	12.505	0,0	1.115	0,0	1.000	0,0
3225 Shares and other equity	16.681	0,0	13.428	0,0	12.505	0,0	1.115	0,0	1.000	0,0
33 LIABILITIES	-776.988	-0,3	2.304.972	0,8	2.253.520	0,8	1.317.276	0,4	-126.248	0,0
331 Domestic	3.166.260	1,3	4.245.541	1,6	3.932.544	1,3	4.835.260	1,5	2.156.000	0,6
3313 Securities other than shares	5.648.934	2,3	5.430.740	2,0	4.636.181	1,6	7.224.646	2,2	4.212.000	1,2
3314 Loans	-2.482.674	-1,0	-1.185.199	-0,4	-703.637	-0,2	-2.389.386	-0,7	-2.056.000	-0,6
332 Foreign	-3.943.248	-1,6	-1.940.569	-0,7	-1.679.024	-0,6	-3.517.984	-1,1	-2.282.248	-0,6
3323 Securities other than shares	-3.480.781	-1,4	-1.850.000	-0,7	-1.325.000	-0,4	-2.225.000	-0,7	-1.700.000	-0,5
3324 Loans	-462.468	-0,2	-90.569	0,0	-354.024	-0,1	-1.292.984	-0,4	-582.248	-0,2
DEFICIT	-4.157.834	-1,7	-3.496.918	-1,3	-3.530.936	-1,2	-2.073.062	-0,6	-115.652	0,0

Annex 2: Croatian Motorways (accounting principle), GFS 2001

	2006		Plan 2007		2008p		2009p		2010p	
	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP
1 REVENUES	2.678.204	1,1	4.304.065	1,6	2.883.018	1,0	2.999.029	0,9	3.132.705	0,9
11 Taxes	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
12 Social contributions	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
13 Grants	1.465.998	0,6	3.025.107	1,1	1.578.018	0,5	1.649.029	0,5	1.722.705	0,5
133 Grants from other general government units	1.465.998	0,6	3.025.107	1,1	1.578.018	0,5	1.649.029	0,5	1.722.705	0,5
14 Other revenue	1.212.206	0,5	1.278.958	0,5	1.305.000	0,4	1.350.000	0,4	1.410.000	0,4
141 Property income	80.648	0,0	87.711	0,0	107.670	0,0	112.352	0,0	93.626	0,0
142 Sales of goods and services	9	0,0	5.720	0,0	7.022	0,0	7.327	0,0	6.106	0,0
144 Voluntary transfers other than grants	0	0,0	251	0,0	308	0,0	322	0,0	268	0,0
145 Miscellaneous and unidentified revenue	1.131.549	0,5	1.185.276	0,4	1.190.000	0,4	1.230.000	0,4	1.310.000	0,4
2 EXPENSE	1.547.911	0,6	1.793.580	0,7	1.700.000	0,6	1.773.479	0,5	1.842.565	0,5
21 Compensation of employees	323.970	0,1	363.418	0,1	376.121	0,1	377.514	0,1	385.986	0,1
211 Wages and salaries	279.712	0,1	314.257	0,1	326.947	0,1	327.258	0,1	333.772	0,1
212 Social contributions	44.258	0,0	49.161	0,0	49.174	0,0	50.256	0,0	52.214	0,0
22 Use of goods and services	233.006	0,1	266.109	0,1	259.986	0,1	271.224	0,1	281.789	0,1
24 Interest	614.183	0,2	811.028	0,3	766.950	0,3	814.965	0,2	852.945	0,2
241 To nonresidents	438.951	0,2	577.051	0,2	423.327	0,1	441.624	0,1	458.828	0,1
242 To residents other than general government	175.232	0,1	233.976	0,1	343.624	0,1	373.340	0,1	394.118	0,1
25 Subsidies	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
26 Grants	306.985	0,1	282.555	0,1	272.419	0,1	284.193	0,1	295.264	0,1
261 To foreign governments	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
262 To international organizations	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
263 To other general government units	306.985	0,1	282.555	0,1	272.419	0,1	284.193	0,1	295.264	0,1
27 Social benefits	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
28 Other expense	69.767	0,0	70.471	0,0	24.524	0,0	25.584	0,0	26.580	0,0
282 Miscellaneous other expense	69.767	0,0	70.471	0,0	24.524	0,0	25.584	0,0	26.580	0,0
2821 Current	6.863	0,0	3.026	0,0	2.965	0,0	3.093	0,0	3.214	0,0
2822 Capital	62.904	0,0	67.445	0,0	21.558	0,0	22.490	0,0	23.366	0,0
31 NET ACQUISITION OF NONFINANCIAL ASSETS	2.958.593	1,2	4.547.325	1,7	2.564.842	0,9	1.870.515	0,6	1.290.140	0,4
31.1 Acquisition of nonfinancial assets (total)	3.271.845	1,3	4.547.325	1,7	2.564.842	0,9	1.870.515	0,6	1.290.140	0,4
31.2 Disposal of nonfinancial assets (total)	313.252	0,1	0	0,0	0	0,0	0	0,0	0	0,0
311 Fixed assets	2.709.166	1,1	4.217.962	1,5	2.489.242	0,8	1.791.135	0,5	1.206.791	0,3
3111 Buildings and structures	2.661.865	1,1	4.163.238	1,5	2.420.730	0,8	1.719.197	0,5	1.131.256	0,3
3112 Machinery and equipment	40.462	0,0	39.898	0,0	47.513	0,0	49.888	0,0	52.383	0,0
3113 Other fixed assets	6.839	0,0	14.826	0,0	21.000	0,0	22.050	0,0	23.153	0,0
312 Inventories	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
313 Valuables	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
314 Nonproduced assets	249.427	0,1	329.363	0,1	75.600	0,0	79.380	0,0	83.349	0,0
3141 Land	243.241	0,1	325.937	0,1	68.250	0,0	71.663	0,0	75.246	0,0
3144 Intangible nonproduced assets	6.186	0,0	3.426	0,0	7.350	0,0	7.718	0,0	8.103	0,0
32 NET ACQUISITION OF FINANCIAL ASSETS	222.834	0,1	9.880	0,0	9.880	0,0	0	0,0	0	0,0
321 Domestic	222.834	0,1	9.880	0,0	9.880	0,0	0	0,0	0	0,0
3212 Currency and deposits	209.902	0,1	0	0,0	0	0,0	0	0,0	0	0,0
3214 Loans	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3215 Shares and other equity	12.932	0,0	9.880	0,0	9.880	0,0	0	0,0	0	0,0
322 Foreign	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3225 Shares and other equity	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
33 LIABILITIES	2.051.134	0,8	2.046.720	0,7	1.391.704	0,5	644.965	0,2	0	0,0
331 Domestic	1.758.422	0,7	325.256	0,1	1.960.759	0,7	1.266.241	0,4	809.716	0,2
3313 Securities other than shares	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3314 Loans	1.758.422	0,7	325.256	0,1	1.960.759	0,7	1.266.241	0,4	809.716	0,2
332 Foreign	292.712	0,1	1.721.464	0,6	-569.055	-0,2	-621.276	-0,2	-809.716	-0,2
3323 Securities other than shares	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3324 Loans	292.712	0,1	1.721.464	0,6	-569.055	-0,2	-621.276	-0,2	-809.716	-0,2
DEFICIT	-2.154.484	-0,9	-2.046.720	-0,7	-1.391.704	-0,5	-644.965	-0,2	0	0,0

Annex 3: Croatian Roads (accounting principle), GFS 2001

	2006		Plan 2007		2008p		2009p		2010p	
	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP
1 REVENUES	1.832.982	0,7	1.883.282	0,7	1.659.697	0,6	1.734.226	0,5	1.824.905	0,5
11 Taxes	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
12 Social contributions	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
13 Grants	1.765.813	0,7	1.805.107	0,7	1.578.018	0,5	1.649.029	0,5	1.722.705	0,5
133 Grants from other general government units	1.765.813	0,7	1.805.107	0,7	1.578.018	0,5	1.649.029	0,5	1.722.705	0,5
14 Other revenue	67.169	0,0	78.175	0,0	81.679	0,0	85.197	0,0	102.200	0,0
141 Property income	1.325	0,0	16.200	0,0	14.900	0,0	15.390	0,0	18.461	0,0
142 Sales of goods and services	28.039	0,0	40.000	0,0	42.400	0,0	43.410	0,0	52.073	0,0
145 Miscellaneous and unidentified revenue	37.805	0,0	21.975	0,0	24.379	0,0	26.397	0,0	31.665	0,0
2 EXPENSE	1.218.363	0,5	1.446.960	0,5	1.601.060	0,5	1.553.465	0,5	1.124.200	0,3
21 Compensation of employees	69.676	0,0	81.511	0,0	89.500	0,0	99.700	0,0	114.000	0,0
211 Wages and salaries	59.836	0,0	70.107	0,0	77.021	0,0	85.834	0,0	98.146	0,0
212 Social contributions	9.840	0,0	11.404	0,0	12.479	0,0	13.866	0,0	15.854	0,0
22 Use of goods and services	848.009	0,3	1.038.521	0,4	1.195.210	0,4	1.133.815	0,3	690.250	0,2
24 Interest	45.265	0,0	70.868	0,0	74.600	0,0	78.200	0,0	78.200	0,0
241 To nonresidents	12.943	0,0	16.984	0,0	21.500	0,0	27.300	0,0	27.300	0,0
242 To residents other than general government	32.322	0,0	53.884	0,0	53.100	0,0	50.900	0,0	50.900	0,0
25 Subsidies	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
26 Grants	0	0,0	9.300	0,0	0	0,0	0	0,0	0	0,0
27 Social benefits	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
28 Other expense	255.413	0,1	246.760	0,1	241.750	0,1	241.750	0,1	241.750	0,1
282 Miscellaneous other expense	255.413	0,1	246.760	0,1	241.750	0,1	241.750	0,1	241.750	0,1
2821 Current	15.413	0,0	6.760	0,0	1.750	0,0	1.750	0,0	1.750	0,0
2822 Capital	240.000	0,1	240.000	0,1	240.000	0,1	240.000	0,1	240.000	0,1
31 NET ACQUISITION OF NONFINANCIAL ASSETS	1.340.050	0,5	1.278.246	0,5	999.051	0,3	1.149.452	0,4	1.698.705	0,5
31.1 Acquisition of nonfinancial assets (total)	1.343.044	0,5	1.278.506	0,5	999.051	0,3	1.149.452	0,4	1.698.705	0,5
31.2 Disposal of nonfinancial assets (total)	2.994	0,0	260	0,0	0	0,0	0	0,0	0	0,0
311 Fixed assets	1.222.544	0,5	1.164.842	0,4	894.751	0,3	1.045.152	0,3	1.543.000	0,4
3111 Buildings and structures	1.200.168	0,5	1.154.912	0,4	884.821	0,3	1.026.922	0,3	1.520.000	0,4
3112 Machinery and equipment	20.946	0,0	5.630	0,0	7.830	0,0	16.130	0,0	20.000	0,0
3113 Other fixed assets	1.430	0,0	4.300	0,0	2.100	0,0	2.100	0,0	3.000	0,0
312 Inventories	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
313 Valuables	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
314 Nonproduced assets	117.506	0,0	113.404	0,0	104.300	0,0	104.300	0,0	155.705	0,0
3141 Land	115.947	0,0	111.304	0,0	100.000	0,0	100.000	0,0	150.000	0,0
3144 Intangible nonproduced assets	1.559	0,0	2.100	0,0	4.300	0,0	4.300	0,0	5.705	0,0
32 NET ACQUISITION OF FINANCIAL ASSETS	19.235	0,0	0	0,0	0	0,0	0	0,0	0	0,0
321 Domestic	19.235	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3212 Currency and deposits	19.235	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3214 Loans	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3215 Shares and other equity	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
322 Foreign	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3225 Shares and other equity	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
33 LIABILITIES	744.666	0,3	841.924	0,3	940.414	0,3	968.691	0,3	998.000	0,3
331 Domestic	471.685	0,2	526.454	0,2	537.124	0,2	641.701	0,2	828.470	0,2
3313 Securities other than shares	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3314 Loans	471.685	0,2	526.454	0,2	537.124	0,2	641.701	0,2	828.470	0,2
332 Foreign	272.981	0,1	315.470	0,1	403.290	0,1	326.990	0,1	169.530	0,0
3323 Securities other than shares	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3324 Loans	272.981	0,1	315.470	0,1	403.290	0,1	326.990	0,1	169.530	0,0
DEFICIT	-728.425	-0,3	-842.184	-0,3	-940.414	-0,3	-968.691	-0,3	-998.000	-0,3

Annex 4: Extra-budgetary users, GFS 2001

	2006		Plan 2007		2008p		2009p		2010p	
	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP
1 REVENUES	9,414.767	3,8	10,416.722	3,8	8,517.624	2,9	8,845.214	2,7	9,070.350	2,5
11 Taxes	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
115 Taxes on international trade and transactions	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
12 Social contributions	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
13 Grants	4,312.718	1,7	5,408.204	2,0	4,055.536	1,4	4,220.558	1,3	4,367.910	1,2
133 Grants from other general government units	4,312.718	1,7	5,368.704	2,0	4,055.536	1,4	4,220.558	1,3	4,367.910	1,2
14 Other revenue	5,102.049	2,0	5,008.518	1,8	4,462.088	1,5	4,624.656	1,4	4,702.440	1,3
141 Property income	772.127	0,3	510.851	0,2	513.985	0,2	564.427	0,2	550.728	0,2
142 Sales of goods and services	2,449.773	1,0	2,795.620	1,0	2,595.422	0,9	2,665.517	0,8	2,671.629	0,7
143 Fines, penalties and forfeits	316	0,0	0	0,0	0	0,0	0	0,0	0	0,0
144 Voluntary transfers other than grants	1	0,0	30.251	0,0	16.308	0,0	16.322	0,0	16.268	0,0
145 Miscellaneous and unidentified revenue	1,879.832	0,8	1,671.796	0,6	1,336.373	0,4	1,378.391	0,4	1,463.815	0,4
2 EXPENSE	7,038.342	2,8	6,411.600	2,3	6,617.082	2,2	6,677.062	2,0	6,307.524	1,8
21 Compensation of employees	1,201.858	0,5	631.095	0,2	661.068	0,2	681.944	0,2	707.112	0,2
211 Wages and salaries	1,038.415	0,4	544.957	0,2	572.717	0,2	589.870	0,2	610.787	0,2
212 Social contributions	163.443	0,1	86.138	0,0	88.351	0,0	92.074	0,0	96.324	0,0
22 Use of goods and services	3,053.156	1,2	3,227.999	1,2	2,983.056	1,0	2,897.650	0,9	2,441.698	0,7
24 Interest	710.332	0,3	929.472	0,3	879.050	0,3	926.164	0,3	964.496	0,3
241 To nonresidents	466.120	0,2	611.181	0,2	458.685	0,2	480.783	0,1	498.177	0,1
242 To residents other than general government	244.212	0,1	318.290	0,1	420.364	0,1	445.381	0,1	466.319	0,1
25 Subsidies	13.803	0,0	45.300	0,0	120.960	0,0	138.648	0,0	148.102	0,0
251 To public corporations	0	0,0	3.000	0,0	74.429	0,0	87.984	0,0	94.101	0,0
252 To private enterprises	13.803	0,0	42.300	0,0	46.531	0,0	50.664	0,0	54.002	0,0
26 Grants	463.091	0,2	473.255	0,2	646.303	0,2	650.901	0,2	661.364	0,2
263 To other general government units	463.091	0,2	473.255	0,2	646.303	0,2	650.901	0,2	661.364	0,2
27 Social benefits	748.262	0,3	2.000	0,0	100.000	0,0	100.000	0,0	100.000	0,0
28 Other expense	847.840	0,3	1,103.080	0,4	1,226.645	0,4	1,281.755	0,4	1,284.752	0,4
282 Miscellaneous other expense	847.840	0,3	1,103.080	0,4	1,226.645	0,4	1,281.755	0,4	1,284.752	0,4
2821 Current	37.049	0,0	48.657	0,0	14.086	0,0	16.264	0,0	18.386	0,0
2822 Capital	810.791	0,3	1,054.423	0,4	1,212.558	0,4	1,265.490	0,4	1,266.366	0,4
31 NET ACQUISITION OF NONFINANCIAL ASSETS	4,550.883	1,8	6,101.787	2,2	3,853.901	1,3	3,366.080	1,0	3,334.975	0,9
31.1 Acquisition of nonfinancial assets (total)	4,941.395	2,0	6,224.847	2,3	3,927.701	1,3	3,439.880	1,1	3,408.775	0,9
31.2 Disposal of nonfinancial assets (total)	390.512	0,2	123.060	0,0	73.800	0,0	73.800	0,0	73.800	0,0
311 Fixed assets	4,149.271	1,7	5,659.007	2,1	3,665.726	1,2	3,174.120	1,0	3,087.635	0,9
3111 Buildings and structures	4,025.570	1,6	5,559.557	2,0	3,572.594	1,2	3,069.162	0,9	2,974.299	0,8
3112 Machinery and equipment	99.765	0,0	73.323	0,0	69.533	0,0	80.308	0,0	86.684	0,0
3113 Other fixed assets	23.936	0,0	26.126	0,0	23.600	0,0	24.650	0,0	26.653	0,0
312 Inventories	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
313 Valuables	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
314 Nonproduced assets	401.612	0,2	442.780	0,2	188.175	0,1	191.960	0,1	247.340	0,1
3141 Land	362.595	0,1	425.241	0,2	176.250	0,1	179.663	0,1	233.246	0,1
3144 Intangible nonproduced assets	39.017	0,0	17.539	0,0	11.925	0,0	12.298	0,0	14.094	0,0
32 NET ACQUISITION OF FINANCIAL ASSETS	493.271	0,2	785.494	0,3	420.005	0,1	419.196	0,1	396.890	0,1
321 Domestic	493.271	0,2	785.494	0,3	420.005	0,1	419.196	0,1	396.890	0,1
3212 Currency and deposits	500.288	0,2	495.049	0,2	504.834	0,2	331.028	0,1	304.045	0,1
3214 Loans	107.880	0,0	184.066	0,1	236.791	0,1	201.668	0,1	197.344	0,1
3215 Shares and other equity	-114.897	0,0	106.380	0,0	-321.620	-0,1	-113.500	0,0	-104.500	0,0
322 Foreign	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3225 Shares and other equity	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
33 LIABILITIES	2,667.729	1,1	2,882.159	1,1	2,373.364	0,8	1,617.124	0,5	969.039	0,3
331 Domestic	2,116.532	0,8	784.932	0,3	2,431.480	0,8	1,851.488	0,6	1,552.573	0,4
3313 Securities other than shares	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3314 Loans	2,116.532	0,8	784.932	0,3	2,431.480	0,8	1,851.488	0,6	1,552.573	0,4
332 Foreign	551.197	0,2	2,097.227	0,8	-58.116	0,0	-234.364	-0,1	-583.534	-0,2
3323 Securities other than shares	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3324 Loans	551.197	0,2	2,097.227	0,8	-58.116	0,0	-234.364	-0,1	-583.534	-0,2
DEFICIT	-2,688.802	-1,1	-2,813.670	-1,0	-2,273.830	-0,8	-1,473.396	-0,5	-843.294	-0,2

Annex 5: Consolidated central government, GFS 2001

	2006		Plan 2007		2008p		2009p		2010p	
	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP
1 REVENUES	100.336.106	40,0	113.587.978	41,5	117.998.389	39,5	127.128.724	38,8	137.080.655	38,1
11 Taxes	58.469.091	23,3	64.148.605	23,4	68.956.762	23,1	74.088.171	22,6	79.732.344	22,1
111 Taxes on income and profits and capital gains	8.515.615	3,4	10.078.339	3,7	10.985.521	3,7	11.968.549	3,7	13.100.515	3,6
1111 Payable by individuals	3.459.649	1,4	1.650.551	0,6	1.780.367	0,6	1.927.729	0,6	2.094.153	0,6
1112 Payable by corporations and other enterprises	5.055.966	2,0	8.427.788	3,1	9.205.154	3,1	10.041.269	3,1	11.006.361	3,1
113 Taxes on property	482.331	0,2	533.685	0,2	582.161	0,2	638.114	0,2	702.363	0,2
114 Taxes on goods and services	47.546.223	19,0	51.584.380	18,8	55.461.350	18,6	59.521.984	18,2	63.949.037	17,8
1141 General taxes on goods and services	35.091.381	14,0	38.387.622	14,0	41.451.881	13,9	44.617.241	13,6	48.025.540	13,3
11411 Value-added tax	34.931.750	13,9	38.212.839	14,0	41.263.767	13,8	44.414.780	13,6	47.807.548	13,3
11412 Sales taxes	159.631	0,1	174.784	0,1	188.114	0,1	202.461	0,1	217.902	0,1
1142 Excises	11.564.709	4,6	12.208.771	4,5	12.931.742	4,3	13.723.433	4,2	14.623.334	4,1
115 Taxes on international trade and transactions	1.588.456	0,6	1.615.059	0,6	1.611.311	0,5	1.607.572	0,5	1.603.841	0,4
116 Other taxes	336.466	0,1	337.141	0,1	316.418	0,1	351.952	0,1	376.589	0,1
12 Social contributions	33.877.148	13,5	37.115.946	13,6	40.035.129	13,4	43.338.742	13,2	47.091.239	13,1
13 Grants	194.484	0,1	941.506	0,3	698.118	0,2	972.460	0,3	1.137.356	0,3
14 Other revenue	7.795.384	3,1	11.381.921	4,2	8.308.380	2,8	8.729.343	2,7	9.119.716	2,5
141 Property income	1.604.527	0,6	3.950.929	1,4	1.297.294	0,4	1.418.215	0,4	1.485.447	0,4
142 Sales of goods and services	3.659.069	1,5	4.322.918	1,6	4.233.826	1,4	4.414.059	1,3	4.546.506	1,3
143 Fines, penalties and forfeits	391.932	0,2	421.307	0,2	447.007	0,1	476.062	0,1	509.387	0,1
144 Voluntary transfers other than grants	6.738	0,0	34.567	0,0	21.016	0,0	21.482	0,0	21.948	0,0
145 Miscellaneous and unidentified revenue	2.133.118	0,9	2.652.200	1,0	2.309.238	0,8	2.399.526	0,7	2.556.429	0,7
2 EXPENSE	98.674.075	39,4	109.528.777	40,0	115.678.825	38,7	122.635.097	37,5	129.935.227	36,1
21 Compensation of employees	25.515.725	10,2	28.109.406	10,3	29.655.876	9,9	31.996.337	9,8	34.526.656	9,6
211 Wages and salaries	21.702.305	8,7	23.658.358	8,6	24.897.457	8,3	26.860.589	8,2	28.983.163	8,0
212 Social contributions	3.813.420	1,5	4.450.688	1,6	4.758.420	1,6	5.135.748	1,6	5.543.493	1,5
22 Use of goods and services	9.122.272	3,6	10.929.724	4,0	11.602.823	3,9	12.274.343	3,8	12.741.631	3,5
24 Interest	5.423.947	2,2	5.516.288	2,0	5.844.574	2,0	6.194.435	1,9	6.455.196	1,8
241 To nonresidents	2.330.119	0,9	2.297.390	0,8	2.079.406	0,7	2.017.219	0,6	1.756.278	0,5
242 To residents other than general government	3.093.828	1,2	3.218.898	1,2	3.765.168	1,3	4.177.216	1,3	4.698.918	1,3
25 Subsidies	5.684.592	2,3	6.063.059	2,2	5.835.041	2,0	6.114.649	1,9	6.247.821	1,7
251 To public corporations	2.692.785	1,1	2.830.516	1,0	2.605.962	0,9	2.645.105	0,8	2.685.675	0,7
252 To private enterprises	2.991.807	1,2	3.232.543	1,2	3.229.079	1,1	3.469.543	1,1	3.562.146	1,0
26 Grants	2.801.867	1,1	3.656.639	1,3	3.538.104	1,2	3.842.221	1,2	4.231.568	1,2
261 To foreign governments	64.795	0,0	93.950	0,0	69.301	0,0	77.822	0,0	86.624	0,0
262 To international organizations	89.619	0,0	73.440	0,0	74.391	0,0	76.850	0,0	79.354	0,0
263 To other general government units	2.647.454	1,1	3.489.249	1,3	3.394.412	1,1	3.687.549	1,1	4.065.590	1,1
27 Social benefits	44.192.851	17,6	48.540.710	17,7	51.786.799	17,3	54.319.903	16,6	57.420.785	15,9
271 Social security benefits	31.276.694	12,5	34.501.553	12,6	36.818.598	12,3	38.618.129	11,8	40.821.014	11,3
272 Social assistance benefits	12.793.596	5,1	13.919.090	5,1	14.840.188	5,0	15.567.487	4,8	16.457.805	4,6
273 Employer social benefits	122.561	0,0	120.067	0,0	128.013	0,0	134.287	0,0	141.966	0,0
28 Other expense	5.932.820	2,4	6.713.311	2,5	7.415.608	2,5	7.893.209	2,4	8.311.570	2,3
282 Miscellaneous other expense	5.925.221	2,4	6.713.311	2,5	7.415.608	2,5	7.893.209	2,4	8.311.570	2,3
2821 Current	2.341.263	0,9	2.667.155	1,0	2.661.207	0,9	2.763.916	0,8	2.978.258	0,8
2822 Capital	3.583.958	1,4	4.046.156	1,5	4.754.400	1,6	5.129.293	1,6	5.333.311	1,5
31 NET ACQUISITION OF NONFINANCIAL ASSETS	6.106.675	2,4	9.055.866	3,3	6.545.420	2,2	6.268.626	1,9	6.258.112	1,7
31.1 Acquisition of nonfinancial assets (total)	6.849.877	2,7	9.660.873	3,5	6.886.635	2,3	6.588.213	2,0	6.573.812	1,8
31.2 Disposal of nonfinancial assets (total)	743.202	0,3	605.007	0,2	341.216	0,1	319.586	0,1	315.700	0,1
311 Fixed assets	5.744.392	2,3	8.658.105	3,2	6.259.933	2,1	5.955.423	1,8	5.882.406	1,6
3111 Buildings and structures	4.856.947	1,9	6.944.626	2,5	4.949.765	1,7	4.491.079	1,4	4.449.570	1,2
3112 Machinery and equipment	756.498	0,3	1.469.202	0,5	1.105.672	0,4	1.261.588	0,4	1.226.184	0,3
3113 Other fixed assets	130.947	0,1	244.277	0,1	204.496	0,1	202.756	0,1	206.653	0,1
312 Inventories	-80.226	0,0	-168.139	-0,1	-17.932	0,0	769	0,0	0	0,0
313 Valuables	7.826	0,0	7.704	0,0	6.748	0,0	7.146	0,0	7.000	0,0
314 Nonproduced assets	434.684	0,2	558.196	0,2	296.670	0,1	305.289	0,1	368.706	0,1
3141 Land	340.945	0,1	408.931	0,1	160.650	0,1	161.363	0,0	214.946	0,1
3144 Intangible nonproduced assets	93.761	0,0	149.265	0,1	136.020	0,0	143.927	0,0	153.761	0,0
32 NET ACQUISITION OF FINANCIAL ASSETS	-2.553.903	-1,0	190.466	0,1	401.029	0,1	1.159.401	0,4	1.730.107	0,5
321 Domestic	-2.570.584	-1,0	177.039	0,1	388.524	0,1	1.158.286	0,4	1.729.107	0,5
3212 Currency and deposits	-949.382	-0,4	495.049	0,2	504.834	0,2	331.028	0,1	304.045	0,1
3214 Loans	940.201	0,4	859.310	0,3	1.056.310	0,4	1.231.758	0,4	1.310.561	0,4
3215 Shares and other equity	-2.561.402	-1,0	-1.177.320	-0,4	-1.172.620	-0,4	-404.500	-0,1	114.500	0,0
322 Foreign	16.681	0,0	13.428	0,0	12.505	0,0	1.115	0,0	1.000	0,0
3225 Shares and other equity	16.681	0,0	13.428	0,0	12.505	0,0	1.115	0,0	1.000	0,0
33 LIABILITIES	1.890.741	0,8	5.187.131	1,9	4.626.884	1,5	2.934.400	0,9	842.791	0,2
331 Domestic	5.282.792	2,1	5.030.473	1,8	6.364.024	2,1	6.686.748	2,0	3.708.573	1,0
3313 Securities other than shares	5.648.934	2,3	5.430.740	2,0	4.636.181	1,6	7.224.646	2,2	4.212.000	1,2
3314 Loans	-366.142	-0,1	-400.268	-0,1	1.727.843	0,6	-537.898	-0,2	-503.427	-0,1
332 Foreign	-3.392.051	-1,4	156.658	0,1	-1.737.140	-0,6	-3.752.348	-1,1	-2.865.782	-0,8
3323 Securities other than shares	-3.480.781	-1,4	-1.850.000	-0,7	-1.325.000	-0,4	-2.225.000	-0,7	-1.700.000	-0,5
3324 Loans	88.729	0,0	2.006.658	0,7	-412.140	-0,1	-1.527.348	-0,5	-1.165.782	-0,3
DEFICIT	-6.846.636	-2,7	-6.310.589	-2,3	-5.804.766	-1,9	-3.546.458	-1,1	-958.945	-0,3

Annex 6: Units of local and regional self-government, GFS 2001

	2006		Plan 2007		2008p		2009p		2010p	
	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP
1 REVENUES	13.560.211	5,4	14.777.754	5,4	15.932.481	5,3	17.180.489	5,2	18.564.469	5,2
11 Taxes	8.299.155	3,3	9.119.986	3,3	9.847.677	3,3	10.606.981	3,2	11.430.067	3,2
111 Taxes on income and profits and capital gains	7.456.676	3,0	8.210.319	3,0	8.865.834	3,0	9.542.853	2,9	10.271.815	2,9
1111 Payable by individuals	5.353.205	2,1	8.210.319	3,0	8.865.834	3,0	9.542.853	2,9	10.271.815	2,9
1112 Payable by corporations and other enterprises	2.103.470	0,8	0	0,0	0	0,0	0	0,0	0	0,0
113 Taxes on property	479.492	0,2	523.720	0,2	571.290	0,2	626.198	0,2	689.248	0,2
114 Taxes on goods and services	348.259	0,1	370.336	0,1	393.988	0,1	420.289	0,1	450.128	0,1
1141 General taxes on goods and services	52.059	0,0	56.364	0,0	60.864	0,0	65.512	0,0	70.516	0,0
11412 Sales taxes	52.059	0,0	56.364	0,0	60.864	0,0	65.512	0,0	70.516	0,0
1144 Voluntary transfers other than grants	16.079	0,0	17.044	0,0	18.084	0,0	19.259	0,0	20.607	0,0
1145 Taxes on use of goods, permission to use goods	275.384	0,1	291.907	0,1	309.713	0,1	329.844	0,1	352.933	0,1
1146 Other taxes on goods and services	4.737	0,0	5.022	0,0	5.328	0,0	5.674	0,0	6.071	0,0
116 Other taxes	14.728	0,0	15.612	0,0	16.564	0,0	17.641	0,0	18.876	0,0
12 Social contributions	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
13 Grants	1.664.688	0,7	1.818.236	0,7	1.983.389	0,7	2.174.018	0,7	2.392.911	0,7
14 Other revenue	3.596.368	1,4	3.839.531	1,4	4.101.415	1,4	4.399.490	1,3	4.741.491	1,3
141 Property income	794.431	0,3	867.708	0,3	946.523	0,3	1.037.496	0,3	1.141.957	0,3
142 Sales of goods and services	2.224.625	0,9	2.358.102	0,9	2.501.946	0,8	2.664.573	0,8	2.851.093	0,8
143 Fines, penalties and forfeits	4.790	0,0	5.078	0,0	5.388	0,0	5.738	0,0	6.139	0,0
144 Voluntary transfers other than grants	54.881	0,0	59.943	0,0	65.387	0,0	71.672	0,0	78.888	0,0
145 Miscellaneous and unidentified revenue	517.642	0,2	548.700	0,2	582.171	0,2	620.012	0,2	663.413	0,2
2 EXPENSE	10.629.313	4,2	11.614.438	4,2	12.479.931	4,2	13.380.601	4,1	14.403.772	4,0
21 Compensation of employees	2.695.250	1,1	2.964.775	1,1	3.181.139	1,1	3.370.000	1,0	3.630.000	1,0
211 Wages and salaries	2.335.943	0,9	2.569.537	0,9	2.750.000	0,9	2.920.000	0,9	3.150.000	0,9
212 Social contributions	359.308	0,1	395.239	0,1	431.139	0,1	450.000	0,1	480.000	0,1
22 Use of goods and services	4.108.888	1,6	4.458.143	1,6	4.814.795	1,6	5.199.978	1,6	5.615.977	1,6
24 Interest	71.548	0,0	83.100	0,0	88.095	0,0	93.000	0,0	93.000	0,0
241 To nonresidents	6.817	0,0	8.000	0,0	8.000	0,0	8.000	0,0	8.000	0,0
242 To residents other than general government	64.560	0,0	75.100	0,0	80.095	0,0	85.000	0,0	85.000	0,0
25 Subsidies	877.361	0,4	900.000	0,3	940.000	0,3	976.200	0,3	1.013.648	0,3
251 To public corporations	714.296	0,3	750.000	0,3	780.000	0,3	811.200	0,2	843.648	0,2
252 To private enterprises	163.065	0,1	150.000	0,1	160.000	0,1	165.000	0,1	170.000	0,1
26 Grants	286.226	0,1	310.100	0,1	331.427	0,1	363.112	0,1	390.100	0,1
261 To foreign governments	118	0,0	100	0,0	100	0,0	100	0,0	100	0,0
262 To international organizations	102	0,0	0	0,0	0	0,0	0	0,0	0	0,0
263 To other general government units	286.006	0,1	310.000	0,1	331.327	0,1	363.012	0,1	390.000	0,1
27 Social benefits	635.152	0,3	705.860	0,3	766.596	0,3	827.362	0,3	888.159	0,2
271 Social security benefits	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
272 Social assistance benefits	617.449	0,2	687.449	0,3	747.449	0,3	807.449	0,2	867.449	0,2
273 Employer social benefits	17.703	0,0	18.411	0,0	19.148	0,0	19.913	0,0	20.710	0,0
28 Other expense	1.954.887	0,8	2.192.460	0,8	2.357.880	0,8	2.550.949	0,8	2.772.889	0,8
282 Miscellaneous other expense	1.954.887	0,8	2.192.460	0,8	2.357.880	0,8	2.550.949	0,8	2.772.889	0,8
2821 Current	1.294.903	0,5	1.499.476	0,5	1.630.247	0,5	1.786.934	0,5	1.966.854	0,5
2822 Capital	659.985	0,3	692.984	0,3	727.633	0,2	764.015	0,2	806.035	0,2
31 NET ACQUISITION OF NONFINANCIAL ASSETS	2.974.314	1,2	3.351.701	1,2	3.751.073	1,3	4.005.516	1,2	4.310.516	1,2
31.1 Acquisition of nonfinancial assets (total)	3.513.880	1,4	3.964.701	1,4	4.394.073	1,5	4.713.516	1,4	5.068.516	1,4
31.2 Disposal of nonfinancial assets (total)	539.565	0,2	613.000	0,2	643.000	0,2	708.000	0,2	758.000	0,2
311 Fixed assets	2.963.175	1,2	3.310.401	1,2	3.703.401	1,2	3.990.516	1,2	4.305.516	1,2
3111 Buildings and structures	2.482.141	1,0	2.812.756	1,0	3.201.401	1,1	3.458.516	1,1	3.758.516	1,0
3112 Machinery and equipment	377.107	0,2	377.000	0,1	377.000	0,1	397.000	0,1	407.000	0,1
3113 Other fixed assets	103.928	0,0	120.646	0,0	125.000	0,0	135.000	0,0	140.000	0,0
312 Inventories	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
313 Valuables	436	0,0	0	0,0	0	0,0	0	0,0	0	0,0
314 Nonproduced assets	10.704	0,0	41.300	0,0	47.673	0,0	15.000	0,0	5.000	0,0
3141 Land	-11.472	0,0	10.000	0,0	7.673	0,0	-25.000	0,0	-35.000	0,0
3144 Intangible nonproduced assets	22.176	0,0	31.300	0,0	40.000	0,0	40.000	0,0	40.000	0,0
32 NET ACQUISITION OF FINANCIAL ASSETS	-53.130	0,0	-35.000	0,0	-25.000	0,0	-10.000	0,0	10.000	0,0
321 Domestic	-53.130	0,0	-35.000	0,0	-25.000	0,0	-10.000	0,0	10.000	0,0
3212 Currency and deposits	-42.460	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3214 Loans	-57.989	0,0	-60.000	0,0	-50.000	0,0	-40.000	0,0	-30.000	0,0
3215 Shares and other equity	26.944	0,0	15.000	0,0	15.000	0,0	20.000	0,0	30.000	0,0
322 Foreign	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3225 Shares and other equity	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
33 LIABILITIES	-9.714	0,0	153.386	0,1	273.524	0,1	195.628	0,1	159.820	0,0
331 Domestic	80.882	0,0	248.386	0,1	363.524	0,1	285.628	0,1	249.820	0,1
3313 Securities other than shares	102.886	0,0	140.000	0,1	140.000	0,0	154.953	0,0	162.714	0,0
3314 Loans	-22.004	0,0	108.386	0,0	223.524	0,1	130.674	0,0	87.105	0,0
332 Foreign	-90.597	0,0	-95.000	0,0	-90.000	0,0	-90.000	0,0	-90.000	0,0
3323 Securities other than shares	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
3324 Loans	-90.597	0,0	-95.000	0,0	-90.000	0,0	-90.000	0,0	-90.000	0,0
DEFICIT	-611.044	-0,2	-786.174	-0,3	-936.524	-0,3	-923.628	-0,3	-937.820	-0,3

Annex 7: Consolidated general government, GFS 2001

	2006		Plan 2007		2008p		2009p		2010p	
	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP	000 HRK	% of GDP
1 REVENUES	112.237.278	44,8	126.510.665	46,2	131.954.211	44,2	142.142.572	43,4	153.260.332	42,5
11 Taxes	66.768.246	26,6	73.268.591	26,8	78.804.438	26,4	84.695.152	25,9	91.162.410	25,3
111 Taxes on income and profits and capital gains	15.972.291	6,4	18.288.658	6,7	19.851.356	6,6	21.511.402	6,6	23.372.330	6,5
1111 Payable by individuals	8.812.855	3,5	9.860.870	3,6	10.646.201	3,6	11.470.133	3,5	12.365.969	3,4
1112 Payable by corporations and other enterprises	7.159.436	2,9	8.427.788	3,1	9.205.154	3,1	10.041.269	3,1	11.006.361	3,1
113 Taxes on property	961.823	0,4	1.057.405	0,4	1.153.451	0,4	1.264.312	0,4	1.391.611	0,4
114 Taxes on goods and services	47.894.481	19,1	51.954.716	19,0	55.855.338	18,7	59.942.273	18,3	64.399.164	17,9
1141 General taxes on goods and services	35.143.439	14,0	38.443.986	14,0	41.512.745	13,9	44.682.752	13,7	48.095.966	13,4
11411 Value-added tax	34.931.750	13,9	38.212.839	14,0	41.263.767	13,8	44.414.780	13,6	47.807.548	13,3
11412 Sales taxes	211.690	0,1	231.147	0,1	248.978	0,1	267.972	0,1	288.418	0,1
1142 Excises	11.564.709	4,6	12.208.771	4,5	12.931.742	4,3	13.723.433	4,2	14.623.334	4,1
115 Taxes on international trade and transactions	1.588.456	0,6	1.615.059	0,6	1.611.311	0,5	1.607.572	0,5	1.603.841	0,4
116 Other taxes	351.194	0,1	352.753	0,1	332.982	0,1	369.593	0,1	395.464	0,1
12 Social contributions	33.877.148	13,5	37.115.946	13,6	40.035.129	13,4	43.338.742	13,2	47.091.239	13,1
13 Grants	200.133	0,1	904.676	0,3	704.848	0,2	979.846	0,3	1.145.476	0,3
14 Other revenue	11.391.752	4,5	15.221.452	5,6	12.409.795	4,2	13.128.834	4,0	13.861.207	3,8
141 Property income	2.398.958	1,0	4.818.637	1,8	2.243.817	0,8	2.455.711	0,8	2.627.404	0,7
142 Sales of goods and services	5.883.693	2,3	6.681.020	2,4	6.735.772	2,3	7.078.631	2,2	7.397.599	2,1
143 Fines, penalties and forfeits	396.722	0,2	426.385	0,2	452.394	0,2	481.800	0,1	515.526	0,1
144 Voluntary transfers other than grants	61.619	0,0	94.510	0,0	86.403	0,0	93.154	0,0	100.836	0,0
145 Miscellaneous and unidentified revenue	2.650.760	1,1	3.200.901	1,2	2.891.409	1,0	3.019.538	0,9	3.219.842	0,9
2 EXPENSE	107.644.348	43,0	119.288.148	43,6	126.182.097	42,3	133.849.057	40,9	141.954.208	39,4
21 Compensation of employees	28.210.976	11,3	31.073.822	11,4	32.837.015	11,0	35.266.337	10,8	38.156.656	10,6
211 Wages and salaries	24.038.248	9,6	26.227.895	9,6	27.647.457	9,3	29.780.589	9,1	32.133.163	8,9
212 Social contributions	4.172.728	1,7	4.845.927	1,8	5.189.558	1,7	5.585.748	1,7	6.023.493	1,7
22 Use of goods and services	13.231.160	5,3	15.387.867	5,6	16.417.618	5,5	17.474.321	5,3	18.357.608	5,1
24 Interest	5.495.496	2,2	5.599.388	2,0	5.932.669	2,0	6.287.435	1,9	6.548.196	1,8
241 To nonresidents	2.336.936	0,9	2.305.390	0,8	2.087.406	0,7	2.025.219	0,6	1.764.278	0,5
242 To residents other than general government	3.158.388	1,3	3.293.998	1,2	3.845.263	1,3	4.262.216	1,3	4.783.918	1,3
25 Subsidies	6.561.952	2,6	6.963.059	2,5	6.775.041	2,3	7.090.849	2,2	7.261.469	2,0
251 To public corporations	3.407.081	1,4	3.580.516	1,3	3.385.962	1,1	3.456.305	1,1	3.529.323	1,0
252 To private enterprises	3.154.872	1,3	3.382.543	1,2	3.389.079	1,1	3.634.543	1,1	3.732.146	1,0
26 Grants	1.429.054	0,6	2.111.672	0,8	1.892.871	0,6	2.038.693	0,6	2.236.876	0,6
261 To foreign governments	64.913	0,0	94.050	0,0	69.401	0,0	77.922	0,0	86.724	0,0
262 To international organizations	89.720	0,0	73.440	0,0	74.391	0,0	76.850	0,0	79.354	0,0
263 To other general government units	1.274.420	0,5	1.944.182	0,7	1.749.080	0,6	1.883.920	0,6	2.070.798	0,6
27 Social benefits	44.828.003	17,9	49.246.570	18,0	52.553.395	17,6	55.147.265	16,9	58.308.944	16,2
271 Social security benefits	31.276.694	12,5	34.501.553	12,6	36.818.598	12,3	38.618.129	11,8	40.821.014	11,3
272 Social assistance benefits	13.411.045	5,4	14.606.538	5,3	15.587.637	5,2	16.374.936	5,0	17.325.253	4,8
273 Employer social benefits	140.264	0,1	138.478	0,1	147.160	0,0	154.200	0,0	162.676	0,0
28 Other expense	7.887.708	3,1	8.905.771	3,3	9.773.487	3,3	10.444.158	3,2	11.084.459	3,1
282 Miscellaneous other expense	7.880.108	3,1	8.905.771	3,3	9.773.487	3,3	10.444.158	3,2	11.084.459	3,1
2821 Current	3.636.165	1,5	4.166.631	1,5	4.291.454	1,4	4.550.850	1,4	4.945.112	1,4
2822 Capital	4.243.943	1,7	4.739.140	1,7	5.482.033	1,8	5.893.307	1,8	6.139.347	1,7
31 NET ACQUISITION OF NONFINANCIAL ASSETS	9.080.989	3,6	12.407.567	4,5	10.296.493	3,4	10.274.142	3,1	10.568.628	2,9
31.1 Acquisition of nonfinancial assets (total)	10.363.757	4,1	13.625.574	5,0	11.280.709	3,8	11.301.728	3,5	11.642.328	3,2
31.2 Disposal of nonfinancial assets (total)	1.282.768	0,5	1.218.007	0,4	984.216	0,3	1.027.586	0,3	1.073.700	0,3
311 Fixed assets	8.707.566	3,5	11.968.506	4,4	9.963.333	3,3	9.945.939	3,0	10.187.922	2,8
3111 Buildings and structures	7.339.087	2,9	9.757.382	3,6	8.151.166	2,7	7.949.594	2,4	8.208.086	2,3
3112 Machinery and equipment	1.133.604	0,5	1.846.202	0,7	1.482.672	0,5	1.658.588	0,5	1.633.184	0,5
3113 Other fixed assets	234.875	0,1	364.923	0,1	329.496	0,1	337.756	0,1	346.653	0,1
312 Inventories	-80.226	0,0	-168.139	-0,1	-17.932	0,0	769	0,0	0	0,0
313 Valuables	8.262	0,0	7.704	0,0	6.748	0,0	7.146	0,0	7.000	0,0
314 Nonproduced assets	445.388	0,2	599.496	0,2	344.343	0,1	320.289	0,1	373.706	0,1
3141 Land	329.473	0,1	418.931	0,2	168.323	0,1	136.363	0,0	179.946	0,0
3144 Intangible nonproduced assets	115.937	0,0	180.565	0,1	176.020	0,1	183.927	0,1	193.761	0,1
32 NET ACQUISITION OF FINANCIAL ASSETS	-2.607.092	-1,0	155.254	0,1	376.029	0,1	1.149.401	0,4	1.740.107	0,5
321 Domestic	-2.623.773	-1,0	141.827	0,1	363.524	0,1	1.148.286	0,4	1.739.107	0,5
3212 Currency and deposits	-991.842	-0,4	495.049	0,2	504.834	0,2	331.028	0,1	304.045	0,1
3214 Loans	882.152	0,4	799.098	0,3	1.006.310	0,3	1.191.758	0,4	1.280.561	0,4
3215 Shares and other equity	-2.534.458	-1,0	-1.162.320	-0,4	-1.157.620	-0,4	-384.500	-0,1	144.500	0,0
322 Foreign	16.681	0,0	13.428	0,0	12.505	0,0	1.115	0,0	1.000	0,0
3225 Shares and other equity	16.681	0,0	13.428	0,0	12.505	0,0	1.115	0,0	1.000	0,0
33 LIABILITIES	1.880.967	0,8	5.340.305	2,0	4.900.407	1,6	3.130.028	1,0	1.002.610	0,3
331 Domestic	5.363.615	2,1	5.278.647	1,9	6.727.548	2,3	6.972.376	2,1	3.958.393	1,1
3313 Securities other than shares	5.751.820	2,3	5.570.740	2,0	4.776.181	1,6	7.379.599	2,3	4.374.714	1,2
3314 Loans	-388.205	-0,2	-292.094	-0,1	1.951.366	0,7	-407.223	-0,1	-416.322	-0,1
332 Foreign	-3.482.648	-1,4	61.658	0,0	-1.827.140	-0,6	-3.842.348	-1,2	-2.955.782	-0,8
3323 Securities other than shares	-3.480.781	-1,4	-1.850.000	-0,7	-1.325.000	-0,4	-2.225.000	-0,7	-1.700.000	-0,5
3324 Loans	-1.867	0,0	1.911.658	0,7	-502.140	-0,2	-1.617.348	-0,5	-1.255.782	-0,3
DEFICIT	-7.457.679	-3,0	-7.096.763	-2,6	-6.741.289	-2,3	-4.470.086	-1,4	-1.896.765	-0,5