

IPA 2008 CROATIA Project Fiche

HR2008-03-13-02

1. Basic information

1.1 CRIS Number: 2008/020-329

1.2 Title: **Strengthening the Market Component of the Croatian Fisheries Sector**

1.3 ELARG Statistical code: 03.13 -Fisheries

1.4 Location: Republic of Croatia

Implementing arrangements:

1.5 Implementing Agency:

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1.6 Beneficiary (including details of SPO):

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Financing:

1.7 Overall cost (VAT excluded)¹: 2.155.600 EUR

1.8 EU contribution: 1.616.700 EUR

1.9 Final date for contracting: two years following the date of conclusion of the Financing Agreement.

1.10 Final date for execution of contracts: two years following the end date for contracting.

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

1.11 Final date for disbursements: three years following the end date for contracting

2. Overall Objective and Project Purpose

2.1 Overall Objective:

To support Republic of Croatia in strengthening the market component of the fisheries sector

2.2 Project purpose:

To improve market infrastructure and to increase timeliness and reliability of market related data gathering system

2.3 Link with AP/NPAA/EP/SAA

Stabilisation and Association Agreement

The signing of the Stabilization and Association Agreement between the European Union and its Member States and the Republic of Croatia on 29 October 2001, in Luxemburg, was followed up by the procedure of the ratification of the Agreement in the Member States of the European Union, in the European Parliament, and in the Republic of Croatia. The Stabilization and Association Agreement entered into force after ending the ratification process in all Member States of the European Union, in the European Parliament, and in the Republic of Croatia, on 1 February 2005. Through the SAA Republic of Croatia accepted the obligation to progressively harmonize its legislation with that of the European Community, notably in key areas of the internal market.

European Partnership (date of signature 13 September 2004)

Priorities for institutional capacity building and overall development of management measures for Croatian fisheries were defined in the European Partnership (EP) as:

- **Short term.** Introduce the administrative and inspection structures required to implement fisheries policy;
- **Medium-term.** Develop administrative structures to ensure effective implementation of fisheries policy, including management of resources, inspection and control of fishing activities, market policy, structural programs, a fishing vessel register and a management plan for the fleet capacity in accordance with available fish resources.

As explained in the European Commission (EC) Opinion on the application of Croatia for membership of the European Union, the *acquis* on fisheries consists of regulations which do not require transposition into national legislation. It requires, however, creating the necessary preconditions and introduction of measures to prepare the administration and the operators for participation in the CFP (in the areas of market policy, resource and fleet management, inspection and control, structural actions and state aid).

National Plan for the Integration in the European Union (NPIEU) (February 2006)

Based on the latest Progress Report on Croatia by the EU, Croatian Government has developed National Program for Integration of the Republic of Croatia into the EU for the year 2008 (NPIEU 2008). Among other issues, NPIEU 2008 foresees short and medium terms priorities in the market related segment of the fisheries sector as follows:

Short term. Certain provisions of the *Ordinance on terms and manner of placing the fish and other marine organisms on the market* (OG 136/06, OG 133/07) which impose obligation for delivering of the Log-book, Sales Note, Take-over Declaration and Transport Declaration to the Directorate of Fisheries will enter into force on 31st May 2008. Within the course of 2008 it is planned to put in function a respective data base which will be connected to other data bases within the FMC. This interactive system will enable a cross check of data gathered through the Logbooks, Landing Declaration and Sales Notes. Furthermore, NPIEU 2008 foresees continuation of the process of organizing fish market in terms of providing the necessary infrastructure. As well, during the 2008 it is foreseen to designate a number of landing places based on the *Ordinance on the criteria for determining the purpose of certain parts of the ports open for public traffic of county and local significance, berth fee, terms of use and defining the maximum fee and income allocation* (OG 94/07) which regulates placement of fishing fleet within ports open for public use. In addition to this, continuation of the process of administrative strengthening of the fisheries inspection in charge for control of fish marketing is also envisaged in 2008.

Medium term. It is planned to continue with the organization of the market and implementation of market mechanisms, as well as to continue with administrative capacity building of the Directorate of Fisheries.

Accession Partnership

Council Decision on the Principles, Priorities and Conditions contained in the Accession Partnership with Croatia sets out priorities that Republic of Croatia should fulfil within the Chapter 13 – Fisheries, before accession and include improvement of inspection and control in fisheries as well as reinforcement of the collection and processing of statistics in relevant sector in line with EU standards and methodology. These priorities are formulated within the AP as follows:

- Strengthen administrative and, in particular, inspection structures for fisheries policy and improve the collection of catch and landing data
- Complete the computerized fishing vessel register and establish a satellite-based vessel monitoring system

Croatia Progress Report

Resulting from the *screening* process, the Progress Report 2007 for Croatia (date of release 6th November 2007) identifies key areas needing further improvement. In what concerns the market policy and overall organization of this segment of fisheries, the Progress Report says:

*“Limited progress can be reported with regard to **market policy**. Wholesale fish markets are being developed in Rijeka and Poreč. These are the first steps towards organising fish markets in Croatia. Croatia does not yet have producers' organisations and currently uses different marketing standards. Preparations in this area have only just started.”*

In this context, EU encourages Republic of Croatia to put more effort into organization of the market from the aspect of establishing marketing facilities and introduction of market mechanisms as well as implementation of respective standards.

2.4 Link with MIPD

The project is in line with the third strategic objective of the MIPD 2008-2010 under IPA component I that aims at further enhancing Croatia's ability to assume the obligations of membership by supporting the institutional capacity building for *acquis* transposition and implementation according to the priorities identified in the Accession Partnership, the screening reports and subsequent negotiations in the different chapters of the *acquis*, including *inter alia* chapter 13.

2.5 Link with national development plans

N/A

2.6 Link with national sectoral investment plans

Two strategic documents (*Strategy of Agriculture and Fisheries* (OG 89/02) and the *National program for increasing of fish consumption, 2003*) have indicated that the Republic of Croatia is lacking an organized market of fish and fishery products. These documents have also suggested associating producers in cooperatives and establishing the distribution centres thus trying to find a systematic solution for the market issue, and at the same time trying to improve work conditions for fishermen. Dispersion of fishing and farming activities in Croatia with huge differences in production intensity during the year, as well as weak connection of small fishing units in capture fisheries underline the need for a systematic approach to the problems of the sector. National program lists a number of critical issues: unsafe ports and docking facilities, unorganized fish buy off, insufficient vessel supply (fuel, consumables, food, service and maintenance – dry dock and repair); insufficient storage and cooling capacities and lack of other service activities and institutions.

3. Description of project

3.1 Background and justification:

Overview of the market related issues of the fisheries sector

Market of fish and fisheries products in Croatia is not fully developed due to the lack of larger distributive centres which could provide supply to inland areas. Main market for larger quantities of caught and processed fish today is Italy. Fish and other marine organisms are mostly sold through individual wholesalers, processing factories, hotels and directly to consumers. A quick look at the prices on the fish market in Croatia today shows that the fishermen, mainly due to the lack of organized channels, get the minimal price for their fish, while the price for the final consumer is unreasonably high.

Act on maritime demesne and Sea Ports (OG 158/03) and *Ordinance on ports open for public traffic and terms for categorising ports for special purposes* (OG 110/04), define that a special port – fishing port is considered to be equipped with instruments and equipment for loading/unloading of fishing vessels, space for handling the catch and equipment for fishing vessels. Furthermore, the *Ordinance on the criteria for determining the purpose of certain parts of the ports open for public traffic of county and local significance, berth fee, terms of use and defining the maximum fee and income allocation* (OG 94/07) defines that each of the listed ports for public transport must have a designated area for berthing of fishing vessels and landing activities. However, so far these provisions are not adequately implemented in practice and regardless of the existing legal obligation, the capacities of the ports are far from satisfactory in terms of space and logistical support. Taking into account the Article 22 of the Council Regulation (EC) 1967/2006 concerning management measures for the sustainable exploitation of fishery resources in the Mediterranean Sea, which says:

“Catches of bottom trawlers, pelagic trawlers, purse seiners, surface longliners, boat dredges and hydraulic dredges shall be landed and marketed for the first time only at any of the ports designated by the Member States.”

Republic of Croatia has to put a great effort into establishing a system of designated fishing ports. This requires careful planning, efficient implementing mechanisms and substantial financial means together with active collaboration and support from the local and county government. Based upon several relevant documents (*Strategy of Agriculture and Fisheries, National Program for increase of consumption and production of fish, Feasibility Study of construction and adaptation of fishery infrastructure according to the acquis* and *Study on the criteria for defining and managing fishery infrastructure according to the acquis*) a process of spatial planning on county and local level is taking place in order to, among other subjects, define suitable position for fishing ports. So far, several locations along the Croatian coast line have already been identified and included into the respective master plans.

Regarding the market related data gathering system, the Market Information System in Agriculture (MISA) has been set up within the MAFRD. MISA has structured a system of monitoring and reporting of prices, based on the direct contact with a larger number of subjects directly participating on the market. When collecting the prices, particular importance was paid to the relative importance the subject has on the market.

To get a correct insight into the state of resources and to implement an efficient fisheries management system, the main precondition is to have a reliable statistics on every aspect of the sector. In order to create a reliable base for structuring appropriate management measures that would ensure implementation of the main idea behind the Common Fisheries Policy (CFP) – the sustainable exploitation of marine resources – Directorate of Fisheries has established a Fisheries Monitoring Centre (FMC) within its premises which comprises several data bases for collection of fishery related data. Data bases for collection of data related to catch and electronic Fishing Fleet Register are already established and are being filled with data from respective documented sources, while the electronic base for market related data (including data on prices) is currently in a testing phase with expectation to become fully functional in the second part of the 2008. Mentioned data bases are going to be connected with each other thus allowing the cross check of data from various sources (data from Logbooks are going to be compared with data from Sales Notes, Take-over Declarations and Transport Declarations). This represents a crucial precondition for achieving reliable statistics, and it would as well significantly facilitate inspection and control of marketing segment of the sector. As stated above, MISA was responsible for monitoring and reporting of prices. After the reorganization of DF, the Sector for structural and market policy shall collect the prices and shall be responsible for reporting to the EU. Market data gathering system organized in such manner shall be fully in line with the EU requirements.

Market infrastructure

Due to unfavourable situation where fishermen lack organized landing places and markets for the first sale of fish and fishery products, and thus lack of efficient and systematic control of the market, significant quantities of fish are being sold through “grey” channels. This situation aggravates the insight into the real state of resources, distorts the statistics and presents a direct financial loss for the State Budget. The current situation shows that fish marketing is underdeveloped and conducted in such manner that fishermen individually sell their fish thus exposing themselves to high transport costs in order to get the fish to distant buyers, which also has negative effect to the fish quality due to inadequate conditions of transport and storage. Fish and fishery products are also being sold through number of retailers

which eventually results with the high fish price for the consumer and low for the fishermen. Organizing the market from the aspect of providing the necessary infrastructure as well as enabling an efficient data cross checking system, facilitates inspection and control of the marketing segment, enables implementation of a hygienic and sanitary standards and ensures the quality of the fish and fishery products for the final consumer and as well creates adequate working conditions and fair prices of the products to fishermen.

Thanks to specific characteristics of the Croatian coast line with numerous islands, peninsulas, bays and channel areas, fishing communities are extremely dispersed. Following that fact, the Croatian fishing fleet can be divided in two segments – migratory and stationary (local). Migratory fleet includes vessels that fish in all Adriatic, and are always in need for appropriate infrastructure and logistics in all coastal counties. Stationary fleet, however, includes vessels and boats that fish mainly in inner waters and use their home port for landing of their catches as well.

Finding an adequate solution to the problem of underdeveloped fish market asks for a systematic approach. Therefore, it is crucial to place relevant activities within the appropriate geographical context having in mind financial gains as well as ensuring sustainability of fishing communities in terms of finding landing and marketing site convenient for both, local and migratory fleet.

Following the obligation to meet the requirements set by the *acquis*, currently undergoing planning process and, based on findings of mentioned studies, this particular project aims at establishing two markets for the first sale in already identified sites for a fishing port, thus providing support to Croatia in order to reach organizational and logistic related EU standards. This project proposal is supported by the existing relevant statistical data and evident practical importance, whilst direct and indirect project beneficiaries are: fisheries administration, fishermen, fishing cooperatives, fish traders and, finally, the consumers. The establishment of a system for fish marketing and trading provides for the possibility of systematic strengthening of fisheries sector in general.

According to the actual state on the field confirmed by statistical data, there is a need for establishing **a market for the first sale (including auction sales) in the region of middle Dalmatia** with the capacity of minimum 5.000 t per year. It is foreseen that this market shall be placed within the area envisaged for the fishing port in **Tribunj** which has been identified as a significant landing site for the large local and migratory fleet, and confirmed by the logbook data on catch originating from this area. Furthermore, the economic justification for establishing a market for first sale with auction in that area is confirmed by the respective Feasibility Study made in 2007. For the purpose of this project proposal, the revision of a preliminary design has been requested and shall be presented as a supportive documentation to this project proposal by the end of May 2008 at latest. It will as such reflect the current prices, and shall include not only preliminary design of the building itself, but suggestive technical specifications of the equipment as well.

The other **market for the first sale** foreseen to be established through this project framework, shall be placed **in the region of north Dalmatia** where there is a high concentration of pelagic and trawling fleet and where the highest quantity of catches are reported. The location for the second market for the first sale to be established through this Project Fiche is the port of **Kali** on the island of Ugljan. The corresponding Preliminary design is under preparation and shall be presented as a supportive document by the end of May 2008, and it shall as well include as well the suggestive technical specification of the equipment.

Market related data gathering system

As mentioned earlier, the FMC within the Directorate of Fisheries, Ministry of Agriculture, Fisheries and Rural Development, foresees collection of market related data, i.e. data base to gather information through Sales Notes, Transport Declarations and Take over Declarations. It is planned to form a system where these documents will be sent in electronic format directly to the central data base of the FMC, by the registered first buyers who participate in trading activities on registered markets for the first sale. This would facilitate data transmission and increase the timeliness of receiving market related data, thus, improve inspection and control of the fish market. In order to achieve such a background which is ultimately going to ensure creation of a sound statistical base, it is necessary to purchase the adequate **IT equipment** to the markets of the first sale, i.e. first buyers.

Justification based in *acquis*

Apart from the mentioned EC Regulation 1967/2006 and the quoted Article 22, the justification for this Project proposal has a basis in the other parts of the *acquis* as follows: improving statistics (in line with the EC Council Regulations 1921/2006 and 2807/83), and COM standards (in line with the EC Council Regulation 104/2000) and the control and inspection (in line with EC Council Regulation 2371 /2002 – Article 2, paragraph 2, and EC Council regulation 2847/93).

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

Project impact

The main idea behind the project proposal aims at improvement of transparency of fish marketing in Republic of Croatia and the way of its realization is foreseen through establishing facilities for organized trading of fish and equipping markets of the first sale with IT equipment for the purpose of creating necessary preconditions for establishing efficient system of control of fish trade and increase timeliness of market related data flow as well as improve reliability of the gathered data. The mentioned activities will have a direct impact on enhancing and facilitating the overall inspection of the fisheries sector and creating the necessary preconditions for applying the required marketing standards which, most importantly include sanitary and hygienic standards that guarantee the safety of the food stuff for the consumers.

Catalytic effect

Organizing the market in order to eliminate the “grey” channels, establishing the efficient inspection and control of the fish market and create preconditions for appliance of hygienic and sanitary standards together with creating accurate and reliable statistics, is considered to be one of the priorities in overall setting up of the EU aligned sector in general. Financial support to this project will have a direct impact on catalyzing the pre-accession process and enable RC to speed up preparations and create conditions for adopting the relevant parts of the *acquis*. Having in mind the fact that new reorganization of the market within the fisheries sector in the Republic of Croatia to be in line with the *acquis* has only started to be addressed, it is evident that a financial support through the IPA is highly welcome and will have a direct effect on shortening the time needed for adaptation and start of the full implementation of the relevant standards. Although Republic of Croatia ensures a budget line within the Sate Budget for construction of market infrastructure, the amount of work to be done in what concerns market organization is far too large to be completed on a short-term basis.

Sustainability

The investment into the establishing the markets of the first sale and provision of IT equipment for market related data transmission is considered to be a short-term investment for the long term sustainability. The sustainability of the investment is not questionable and the justification for the investment will remain beyond the date of accession and in full compliance with the EU standards and procedures. After the construction of facilities and purchase of the required equipment, the national funding channels will be ensured for the purpose of maintenance and covering the operational costs. Considering the fact that sites foreseen for the construction of the market related infrastructure facilities are “hot spots” of fisheries activities with strong associations being formed (with an interest of outgrowing into the Producer Organizations) it is beyond doubt that there is a core that represents entailment from the aspect of ensuring sufficient capacity and resources to manage the outcomes of the project over a long term period and in cooperation with local authorities (model of public-private partnership).

Cross border impact

N/A

3.3 Results and measurable indicators:

Result and measurable indicators in relation with Activities 1.1 – 1.4.

R1 Two markets for first sale in landing areas established and functioning according to the principles of the *acquis*

- Two markets for the first sale are built established
- Equipment procured and installed
- Supervision reports submitted confirming that the outcome of the project is in line with the backup documentation
- Functioning of the market is being proved by the quantity of fish and fish like organisms sold through the established markets and number of fishermen selling their products through the market
- Inspection reports confirm that EU standards are applied

R2 An operational system for gathering market related data is in place

- Equipment purchased and installed
- Number of Sales Notes transmitted directly from first sales places to Fisheries Monitoring Centre (FMC) in electronic format
- Reports on cross checks of market related data with data on catches within the FMC

3.4 Activities:

Activity 1.1. Establishing (construction and equipping) of one market of first sale with auction in region of middle Dalmatia

- Works contract for construction of a new facility to be a market for first sale of fish and fishery products with auction, which would include civil engineering,, electricity and water supply related works – **Works 1**
- Supply contract for purchasing equipment for the market for the first sale including: equipment for the office, gates, set of professional scales, forklift trucks, cooler trucks, equipment fro the cooling storage chambers, containers for the waste, ice maker, freezing tunnel, etc. – **Supply 1**

Activity 1.2. Technical Assistance for supervision of Works contracts under the activity 1.1.

- Service contract - **Service 1**

Activity 1.3. Establishing (constructing and equipping) of one market of first sale in region of north Dalmatia

- Works contract for construction of a new facility to be a market for first sale of fish and fishery products which would include civil engineering,, electricity and water supply related works **Works 2**
- Supply contract for purchasing equipment for the market for the first sale including: equipment for the office, gates, set of professional scales, forklift trucks, cooler trucks, equipment for the cooling storage chambers, containers for the waste, ice maker, freezing tunnel, etc. – **Supply 2**

Activity 1.4. Technical Assistance for supervision of Works contract under the activity1.3.

- Service Contract – **Service 2**

Activity 2 Acquisition of IT equipment to buyers/places registered for the first sale for the purpose of electronic transmission of market related data

- Supply contract for acquisition of the equipment including: Personal Digital Assistants (PDAs), Notebooks and portable printers – **Supply 3**

For works/supervision of works contracts, the FIDIC conditions shall be followed.

Project and tendering documentation will be coordinated by the Directorate of Fisheries and drafted in collaboration with the Croatian Agricultural Extension Institute (CAEI) and the stakeholders (representative fisheries cooperatives). Furthermore, it should be stressed here that it is planned to strengthen the administrative capacity of the DF from the aspect of increasing the number of employees in charge for drafting the project and tendering documentation.

3.5 Conditionality and sequencing:

Architectural design including the bill of quantities as well as necessary permits and approvals needed for the construction of the markets for the first sale of fish and fishery products are preconditions to be met prior to tendering procedure. The administrative procedure which should result with obtaining the concessions and necessary permits as prerequisites for the establishment of two sales markets as envisaged by this Project Fiche, should be finalized at latest by the time of signature of the Financial Agreement for IPA 2008, i.e. November 2008. All actions mentioned here are a responsibility of respective fisheries cooperatives as stakeholders and important partners on the project, and shall be finalized no later then the signing of the Financial Agreement (Table 1).

Tendering documentation for the works contracts and respective Service contracts regarding the supervision will be drafted within the Directorate of Fisheries and this will be the case with the Supply contracts as well. Having in mind the plan for strengthening the DF administrative capacity as previously mentioned, it is expected that the number and competency of the DF staff will be in line with the requirements of the project preparation and implementation. During that process, strong cooperation with the CAEI and stakeholders will be maintained.

It is foreseen that the tendering procedure for the Supply 3 starts upon signing of the FA for IPA 2008, i.e. 1Q 2009. As for the works contract, the tendering and contracting procedure, as well as duration of the contracts are simultaneous to respective service contracts. Regarding the schedule of Supply contracts, it is foreseen to start tendering procedure in such manner that the delivery of equipment corresponds to the end of the implementation period of respective works contracts.

Table 1. Important milestones of the proposed project

IMPORTANT MILESTONES								
	Location permit	Concession	Preliminary design	Resolution on terms of building	Technical project including bill of quantities	Public tendering	Contract	Building
TRIBUNJ	4 MONTHS (by November 2008)	TO BE REQUESTED (to be obtained by November 2008)	ONGOING (to be completed by 31 st May 2008)	DURATION 4 MONTHS (by November 2008)	To be contracted and completed within the month upon issuing location permit.	DURATION 3MONTHS	DURATION 1 MONTH	DURATION 12 MONTHS
KALI	4 MONTHS (by November 2008)	TO BE REQUESTED (to be obtained by November 2008)	ONGOING (to be completed by 31. May 2008)	DURATION 4 MONTHS (by November 2008)	To be contracted and completed within the month upon issuing location permit.	DURATION 3 MONTHS	DURATION 1 MONTH	DURATION 6 MONTHS

3.6 Linked activities

The relevant projects funded by the EU (CARDS 2002 and PHARE 2005) that took place or are still in the implementation phase have mainly targeted on the institutional capacity building of the Directorate of Fisheries. However, some components of the PHARE 2005 program for fisheries have tackled issues regarding the provision of the equipment for the DF, establishment of the Vessels Monitoring System (VMS), creating the preconditions for establishing the Producer Organizations (PO) and establishment of landing places. A brief overview of done and undergoing projects within the sector is given in the following text.

CARDS 2002

The purpose of the Community Assistance for Reconstruction, Development and Stabilization (CARDS) 2002 Project “Operational Capacity Building within the MAFWM” (project number 87 691) was to enhance the operational and administrative effectiveness of MAFWM to fulfil its obligations under the Stabilization and Association Agreement (SAA). The objectives of the project were: to improve the operational capacity, efficiency and effectiveness of MAFWM for developing and implementing new policies and legislation in relation to the SAA process aimed at increasing the competitiveness of Croatian agriculture in the context of gradual market opening; and to strengthen policy development, technical and administrative capacity in the area of rural development as well as administration and control of subsidies and to support the DF in the EU integration process and in adopting the *acquis* in fishery related areas. The project was contracted for 1 MEUR, with Germany and Greece as the junior partner. Implementation of the project started in October 2004 and finished in September 2006.

PHARE 2005

Although the mentioned project under the CARDS program targeted at institutional and operational capacity building of the DF, along with providing help and support in legislation

harmonization in the context of approaching the EU membership, the purpose of the PHARE program has been envisaged as a follow-up to the process based on the results of CARDS program. Furthermore, some of the components of the PHARE 2005 program target at strengthening of the FMC department within the DF through acquisition of IT equipment, strengthening of the inspection service through provision of the equipment, establishing the VMS system, creating preconditions for establishing the POs and establishing a landing site in Istria region. The closed contracts are listed further in the text:

- twinning contract “*Institutional Capacity Building and Support to the Directorate of Fisheries in Administering and Control of Common Fisheries Policy (CFP)*” Contract Number 2005-0505-020101 – financial allocation: € 926.898,72;
- service contract 1 titled “*Designing and implementing National Fisheries Management Strategy and delivery mechanisms for organization of market in fisheries*” – Contract Number 2005-0505-020201 – financial allocation: € 576.200,00;
- service Contract 2 titled “*Assessment of demersal fish and shellfish stocks commercially exploited in Croatia*” - Contract Number 2005-0505-020301 – financial allocation: € 300.000,00;
- Supply Contract 1 titled “*Supplying the IT equipment to the Directorate of Fisheries*” – Contract Number 2005-0505-02040(2-4) – total financial allocation: €136.156,93;
- Supply Contract 2 titled “*Supply of vessels for fisheries inspection and introduction of Vessel Monitoring System on Croatian fishing fleet*” Contract Number 2005-0505-020501 – provision of 3 inspection vessels financial allocation: € 538.800,00; Contract Number 2005-0505-020502 establishing the system for monitoring the fishing fleet € 878.080,00;
- Supply Contract 3 titled “*Supplying pre-PO (Producer Organization) with processing, freezing and production control equipment*” Contract Number 2005-0505-02060(1-4) – total financial allocation: € 398.412,00;
- Works Contract titled “*Establishment of two fishing ports in Umag and Biograd n/m*” Contract Number 2005-0505-020701 – construction of a new fishing pier in Umag € 1.399.706,35.

The mentioned Service component of the project titled “*Designing and implementing National Fisheries Management Strategy and delivery mechanisms for organization of market in fisheries* and contracted under the number 2005-0505-020201 foresees the development of the National Fisheries Strategy as well as the implementing delivery mechanisms to promote the fisheries infrastructure, and as such, presents support to this project proposal. As the market component of this particular project is in focus, the support to this project proposal manifests through both, institutional building in the market segment of CFP as well as through developing a Strategy which would surely point out the need for strengthening this segment of CFP.

3.7 Lessons learned

Previous projects and those that are still undergoing have resulted in administrative capacity strengthening of the Directorate of Fisheries from various aspects. Currently undergoing process of restructuring the administrative unit supporting the fisheries sector – the Directorate of Fisheries – can be pointed out as an indirect result of the mentioned projects. The new organizational scheme of the Directorate is going to support all the aspects of the CFP and will be able to provide efficient and systematic support to the sector.

Having in mind that the undergoing activities within the program PHARE 2005 which address the issues of market organization from the aspect of supporting the development and implementation of market mechanisms in line with the *acquis*, it can be stated that this segment of the fisheries sector has already been subjected to and achieved certain improvement. Strengthening of one of the strongest fisheries cooperatives in Istria region proved to be well targeted and that this association presents a firm base for establishment of a Producer Organization in the area. The implementation of this pilot project has echoed beyond the borders of a region and other strong and promising cores of association of fishermen have been identified along the Croatian coast. Therefore, the currently undergoing activities of the PHARE 2005 program have had a catalytic effect on the wider area than initially foreseen through the respective Project fiche, which creates a productive ground that justifies the proposal of this particular project. It is beyond doubt that the fisheries community is ready and supportive to change in order to organize the sector in general, and create better conditions for their work from the aspect of protecting the resources and ensuring the sustainable exploitation of marine living organisms, as well as from the aspect of increasing the living standards of the stakeholders.

Furthermore, PHARE 2005 program targets at strengthening the administrative capacity of the FMC through the Service 1 contract (2005-0505-020201) while the Supply 1 contracts (2005-0505-02040(2-4)) aim at acquisition of the adequate and up to date IT equipment to increase the technological capacity of the FMC. Having that in mind, it can be concluded that the FMC shall achieve the required level of readiness for the new challenges that will be placed in front of it upon provision of equipment envisaged through this project (Activity 2).

4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING										
			TOTAL EXP.RE	TOTAL PUBLIC EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION						PRIVATE CONTRIBUTION
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	% (2)	Total EUR (d)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (e)	% (3)
Activity 1.1. Establishing (constructing and equipping) of a market of first sale including auction in region of middle Dalmatia													
Works 1		X	246.000	246.000	184.500	75	61.500,00	25	61.500,00				–
Supply 1		X	893.500	893.500	670.125,00	75	223.375,00	25	223.375,00				–
Activity 1.2. Supervision of works contract 1													
Service 1		X	24.600	24.600	18.450,00	75	6.150,00	25	6.150,00				
Activity 1.3. Establishing (constructing and equipping) of a market of first sale in region of north Dalmatia													
Works 2		X	180.000	180.000	135.000	75	45.000	25	45.000				
Supply 2		X	543.500	543.500	407.625,00	75	135.875,00	25	135.875,00				–
Activity 1.4. Supervision of works contract 2													
Service 2		X	18.000	18.000	13.500	75	4.500	25	4.500				–
Activity 2 Supply of IT equipment to buyers/places registered for the first sale													
Supply 3		X	250.000	250.000	187.500	75	62.500	25	62.500				
TOTAL IB													
TOTAL INV			2.155.600,00	2.155.600	1.616.700,00	75	538.900,00	25	538.900,00				
TOTAL PROJECT			2.155.600,00	2.155.600	1.616.700,00	75	538.900,00	25	538.900,00				

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the Public Expenditure (column (b))

(3) Expressed in % of the Total Expenditure (column (a))

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Works 1	2Q 2009	3Q 2009	2Q 2012
Supply 1	3Q 2009	1Q 2010	2Q 2011
Service 1	2Q 2009	3Q 2009	2Q 2012
Works 2	2Q 2009	3Q 2009	2Q 2012
Supply 2	3Q 2009	1Q 2010	2Q 2011
Service 2	2Q 2009	3Q 2009	2Q 2012
Supply 3	1Q 2009	2Q 2009	3Q 2010

All projects should in principle be ready for tendering in the 1ST Quarter following the signature of the FA.

6. Cross cutting issues (where applicable)

6.1 Equal Opportunity

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Specifically in relation to the issue of equality between men and women, Croatia's population (2001 census) constitutes 51.87% women and 48.13% men, with those in active employment (based on Labour Force Survey statistics, conducted in accordance with ILO methodology, for the second half of 2002) divided 45.31% women and 54.69% men. All contractors shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs (in days) and of trainees benefiting under the project (in days) as an integral component of all project progress reports."

6.2 Environment

The procedures for environmental impact assessment as set down in the EIA-directive will fully apply to the establishment of the two markets of first sale.

6.3 Minorities

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3- Description of Institutional Framework
- 4 - Reference to laws, regulations and strategic documents:
- 5- Details per EU funded contract

ANNEX 1: Logical framework matrix in standard format

STRENGTHENING THE MARKET COMPONENT OF THE CROATIAN FISHERIES SECTOR	Programme name and number	
Ministry of Agriculture, Fisheries and Rural Development (MAFRD), Directorate of Fisheries (DF)	Contracting period expires: two years following the date of conclusion of the Financing Agreement	Disbursement period expires: three years following the end date for contracting
	Total budget: €2.155.600,00	IPA budget: € 1.616.700,00

Overall objective	Objectively verifiable indicators	Sources of Verification	
To support Republic of Croatia in strengthening the market component of the fisheries sector	Increased level of market organization by setting up of channels for transparent fish trade Application of marketing standards and consumer protection improved	European Commission (EC) progress report on Croatia National Plan for Accession to the European Union (EU) DF reports	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To improve market infrastructure and to increase timeliness and reliability of market related data gathering system	Fish trading activities through transparent trade channels by the beginning of 2012 Traceability principle applied and control of fish and fish like products within the newly built trading facilities implemented Number of sales notes transmitted directly from newly established first sales places to Fisheries Monitoring Centre (FMC) in electronic format by 2012	Cadastre Registry for location Registry of the first sales fish markets within the DF Fisheries statistics reports	DF initiatives are supported by other parts of the Croatian Government. Support to the proposed program by the local government. Links with organized cooperatives exist
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
R1 Two markets for first sale in landing area established and functioning according to the principles of the acquis R2 An operational system for gathering market related data is in place	R1 Two markets for the first sale are built Equipment procured and installed Report on supervision of works submitted Functioning of the markets is being proved by the quantity of fish and fish-like organisms sold through the markets and number of fishermen selling their products through the established facilities Inspection reports confirm that EU standards are applied R2 Equipment purchased and installed Reports on cross checks of market related data with data on catches within the FMC	Final Report of the Supervision of works contract Sales notes Registry within the FMC Sale markets' trade books, Invoice registry First sale markets' inventory FMC reports	Master plans or authorisation for sites for market for first sale in landing area in place First buyers skilled to use new Information Technologies (IT)
Activities	Means	Costs	Assumptions
A1.1. Establishing (construction and equipping) of one market of first sale with auction in region of middle Dalmatia	A 1.1. Works/Supply A.1.2. Service	Works 1 246.000,00 EUR (co-financing 61.500,00 EUR) Supply 1 893.500,00 EUR (co-financing 223.375,00 EUR) Service 1 24.600,00 EUR (co-financing 6.150,00 EUR) Works 2 180.000,00 EUR (co-financing 45.000,00 EUR)	Construction company able to perform contracted activities Stakeholders are willing to cooperate

<p>A1.2. Technical Assistance for supervision of Works contracts under the activity A 1.1.</p> <p>A.1.3. Establishing (constructing and equipping) of one market for first sale in region of north Dalmatia</p> <p>A1.4. Technical Assistance for supervision of Works contract under the activity A 1.3.</p> <p>A2 Acquisition of IT equipment buyers/places registered for the first sale for the purpose of electronic transmission of market related data</p>	<p>A1.3. Works/Supply</p> <p>A.1.4. Service</p> <p>A.2 Supply</p>	<p>Supply 2 543.500 EUR (co-financing 135.875,00 EUR)</p> <p>Service 2 18.000 EUR (co-financing 4.500,00 EUR)</p> <p>Supply 3 250.000,00 EUR (co-financing 62.500,00 EUR)</p>	<p>Sufficient qualified human resources exist in the DF</p> <p>Preliminary authorisation from Veterinary Directorate on location for market for first sale</p> <p>Concession for the foreseen establishments (constructions) in the area of maritime estate (port)</p>
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Pre conditions

There is a political decision to support development of the fisheries sector.

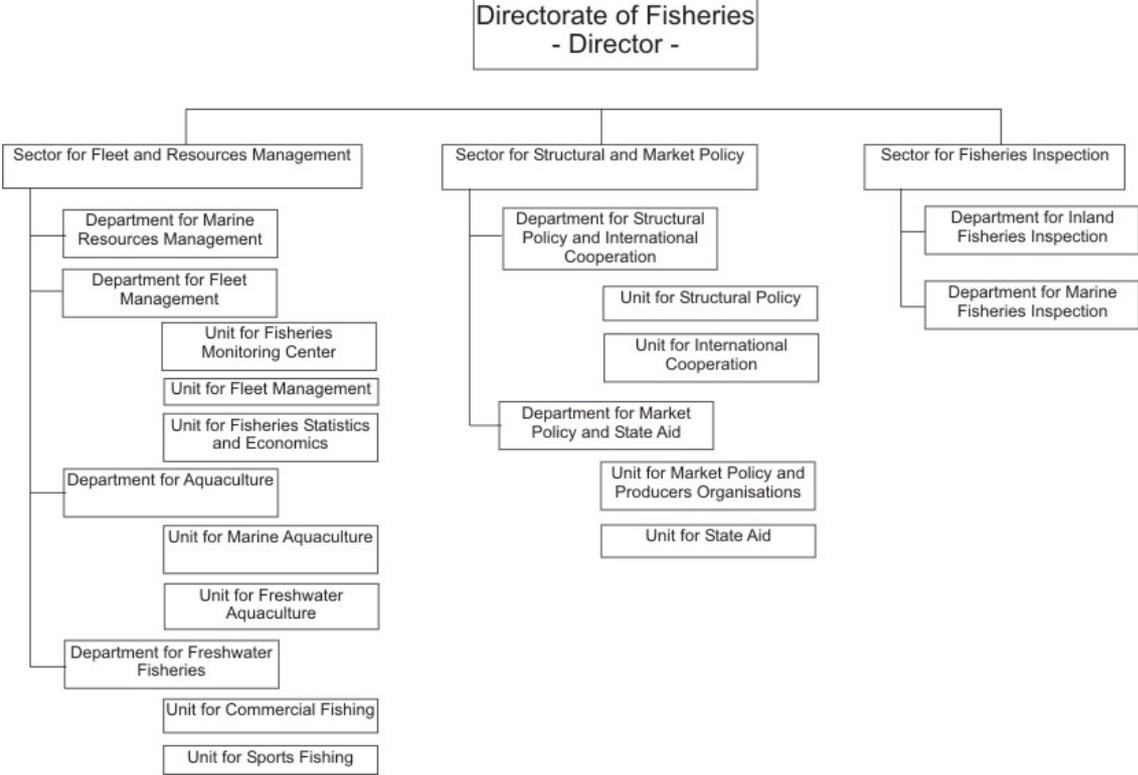
The EU supports Croatian initiatives.

Project documentation (including necessary permits) for markets for first sale.

ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project

Contracted	I/09	II/09	III/09	IV/09	I/10	II/10	III/10	IV/10	I/11	II/11	III/11	IV/11	I/12	II/12
Works 1	246.000													
Supply 1					893.500									
Service 1	24.600													
Works 2	180.000													
Supply 2					543.500									
Service 2	18.000													
Supply 3	250.000													
Cumulated	250.000	250.000	718.600	718.600	2.155.600									
Disbursed														
Works 1				24.600		98.400			123.000					
Supply 1						536.100					357.400			
Service 1				14.760							9.840			
Works 2						18.000			72.000		90.000			
Supply 2						326.100					217.400			
Service 2				10.800							7.200			
Supply 3	150.000										100.000			
Cumulated	150.000			200.160	200.160	1.178.660	1.178.660	1.178.660	1.373.660	1.373.660	2.155.600			

ANNEX III: Description of Institutional Framework



ANNEX IV: Reference to laws, regulations and strategic documents

EU *acquis*

- Council Regulation (EC) No 2371/2002 of 20 December 2002 on the conservation and sustainable exploitation of fisheries resources under the Common Fisheries Policy
- Council Regulation (EC) No 1543/2000 of 29 June 2000 establishing a Community framework for the collection and management of the data needed to conduct the common fisheries policy
- Commission Regulation (EC) No 1639/2001 of 25 July 2001 establishing the minimum and extended Community programmes for the collection of data in the fisheries sector and laying down detailed rules for the application of Council Regulation (EC) No 1543 /2000
- Regulation (EC) No 1921/2006 of the European Parliament and of the Council of 18 December 2006 on the submission of statistical data on landings of fishery products in Member States and repealing Council Regulation (EEC) No 1382/91
- Council Regulation (EC) No 2597/95 of 23 October 1995 on the submission of nominal catch statistics by Member States fishing in certain areas other than those of the North Atlantic
- Commission Regulation (EEC) No 2807/83 of 22 September 1983 laying down detailed rules for recording information on Member States' catches of fish
- Council Regulation (EC) No 1966/2006 of 21 December 2006 on electronic recording and reporting of fishing activities and on means of remote sensing
- Commission Regulation (EC) No 1303/2007 of 5 November 2007 laying down detailed rules for the implementation of Council Regulation (EC) No 1966/2006 on electronic recording and reporting of fishing activities and on means of remote sensing
- Council Regulation (EEC) No 2847/93 of 12 October 1993 establishing a control system applicable to the common fisheries policy
- Council Regulation (EC) No 1967/2006 of 21 December 2006 concerning management measures for the sustainable exploitation of fishery resources in the Mediterranean Sea, amending Regulation (EEC) No 2847/93 and repealing Regulation (EC) No 1626/94

- Commission Regulation (EC) No 2244/2003 of 18 December 2003 laying down detailed provisions regarding satellite-based Vessel Monitoring Systems
- Council Regulation (EC) No 104/2000 of 17 December 1999 on the common organisation of the markets in fishery and aquaculture products (OJ L 17, 21.1.2000)
- COMMISSION REGULATION (EC) No 80/2001 of 16 January 2001 laying down detailed rules for the application of Council Regulation (EC) No 104/2000 as regards notifications concerning recognition of producer organisations, the fixing of prices and intervention within the scope of the common organisation of the market in fishery and aquaculture products
- COMMISSION REGULATION (EC) No 2065/2001 of 22 October 2001 laying down detailed rules for the application of Council Regulation (EC) No 104/2000 as regards informing consumers about fishery and aquaculture products

National legislation

- Regulation (EC) No 852/2004 of the European Parliament and of the Council of 29 April 2004 on the hygiene of foodstuffs
- Regulation (EC) No 853/2004 of the European Parliament and of the Council of 29 April 2004 laying down specific hygiene rules for food of animal origin
- Marine Fisheries Act (consolidated text) (OG 46/97, 48/05)
- Ordinance on Commercial Fishing at Sea (OG 6/06, 46/06, 66/07)
- Ordinance on Logbook, Catch Report and Submission of Data on Commercial Fishing at Sea (OG 95/07)
- Ordinance on System for Surveillance and Monitoring of Fishing Vessels (OG 62/06, 135/06)
- Ordinance on Conditions and Method for Placement of Fish and Other Marine Organisms on the Market (OG 136/06)
- Ordinance on the Criteria for Determining the Purpose of Certain Parts of the Ports Open for Public Traffic of County and Local Significance, Berth Fee, Terms of Use and Defining the Maximum Fee and Income Allocation (OG 94/07)

- Act on maritime demesne and Sea Ports (OG 158/03)
- Ordinance on Ports Open for Public Traffic and Terms for Categorising Ports for Special Purposes (OG 110/04)
- Strategy of Agriculture and Fisheries (OG 89/02)
- National programme for Increasing Fish Production and Consumption in Croatia, Ministry of Agriculture, Forestry and Water Management, Directorate of Fisheries, 2003
- Feasibility Study of Construction and Adaptation of Fishery Infrastructure According to the Acquis (2006)
- Study on the Criteria for Defining and Managing Fishery Infrastructure According to the Acquis (2007)

Strategic documents

- Stabilisation and Association Agreement
- Accession Partnership
- European partnership
- Screening report
- National plan for the Integration into the EU

ANNEX V: Details per EU funded contract

Annex V Details per EU funded contract

Works 1 the cost of building a new marketing facility in Tribunj foreseen through this Contract is estimated up to € 615 per square meter. According to the Preliminary design, the area of the construction foreseen through this project proposal would amount up to 400m² which results with the construction cost of € 246.000,00. The facility should cover the functional needs of an auction centre with packing plant and as a whole would include: packing area, auction room, storage for the package, room for the ice, 3 cooling chambers, garage for the fork lift trucks and mechanic stall and facilities for the staff including office, toilet and dressing room. All necessary infrastructure needed for the execution of this project is available: electricity and water supply, as well as access by road. The nature of the works to be executed within the framework of this project includes civil engineering, as well as electricity and water supply related works.

For the purpose of this project proposal, the revision of a preliminary design has been requested and shall be presented as a supportive documentation to this project proposal by the end of May 2008 at latest. It will as such reflect the current prices, and shall include not only preliminary design of the building itself, but suggestive technical specifications of the equipment as well.

Works 2 the construction of a new marketing facility in Kali (island of Ugljan) as foreseen through this contract is planned to be similar to that one constructed under the Works 1 contract, only on smaller area – 300 m² and the facility will not include the auction hall. Total construction cost is estimated to € 180.000,00. The corresponding Preliminary design is under preparation and shall be presented as a supportive document by the end of May 2008, and it shall as well include as well the suggestive technical specification of the equipment. All necessary infrastructure needed for the execution of this project is available: electricity and water supply, as well as access by road. The nature of the works to be executed within the framework of this project includes civil engineering, as well as electricity and water supply related works.

For works/supervision of works contracts, the FIDIC conditions shall be followed. Supply 1 and Supply 2 the supply of both facilities is identical except the equipment for the auction sale which is only going to be procured through the Supply 1 contract. The specification of the equipment foreseen for the both markets of the first sale is presented in the following table.

Table 1. Foreseen equipment for markets of the first sale

EQUIPMENT FOR MARKETS OF FIRST SALE			
ITEM	SUPPLY 1	SUPPLY 2	ESTIMATED UNIT PRICE €
AUCTION EQUIPMENT	1	-	300.000
ELECTRICAL GENERATING UNIT with ancillary equipment (40-60 kW)	1	1	60.000
CHAMBER FOR THE CONFISCATE WITH COOLING	1	1	20.000
BIO FILTER FOR WASTE DISCHARGE	1	1	80.000
FREEZING TUNNEL	1	1	50.000
MANUALLY OPERATED STACKER	2	2	4.000
EQUIPMENT FOR THE FREEZING CHAMBER	1	1	15.000
CONTAINER FOR THE LIQUID WASTE	1	1	1.000
CONTAINER FOR THE SOLID WASTE	1	1	1.000
ICE MAKER OF CAPACITY OF 3 TONS PER DAY	3	3	53.000
EQUIPMENT FOR THE COOLING CHAMBERS	2	2	15.000
FORKLIFT TRUCKS	2	2	17.500
COOLER TRUCKS	2	2	45.000
SCALES	3	3	4.000
AIR CURTAINS	1 set (10-14pcs)	1 set (10-14pcs)	15.000
GATES	1	1	19.000
AIR CONDITIONING SYSTEM	2	1	50.000
SET OF OFFICE EQUIPMENT	1	1	4.500
TOTAL PRICE PER CONTRACT (estimation) €	893.500	543.500	

Service 1 and Service 2 contracts amount 10% of the estimated construction cost and total € 24.600,00 and € 18.000,00 respectively and shall last during the entire implementation of the works contract.

Supply 3 through the supply contract within the Activity A.2, it is foreseen to purchase the equipment for the buyers/places registered for the first sale that would include Personal Digital Assistants (PDA), Notebooks and portable printers. The prices for the items are as follows: PDA – € 2.000, Notebook - € 700 and portable printer - € 300. Within the financial frame of the contract and having the estimated prices for each of the item, it is envisaged to purchase 100 PDAs, 50 Notebooks and 50 portable printers.

However, it should be stated here that the prices of the equipment were estimated during the time of drafting the Project Fiche, and by the time of tendering they could be significantly changed. IT equipment is particularly subjected to rapid price variations so that quantities mentioned here should be taken with reserve.

Sequencing of works and supply contracts is described in the table Implementation schedule. It is foreseen that the tendering procedure for the Supply 3 starts upon signing of the FA for IPA 2008. As for the works contract, the tendering and contracting procedure, as well as duration of the contracts are simultaneous to respective service contracts. Regarding the schedule of Supply contracts, it is foreseen to start tendering procedure in such manner that the delivery of equipment corresponds to the end of the implementation period of respective works contracts.