

IPA 2008 CROATIA – PROJECT FICHE

HR2008-04-40-01

1. Basic information

1.1 CRIS Number: 2008/020-329

1.2 Title: **Facility for Project Preparation and Reinforcement of Administrative Capacity**

1.3 ELARG Statistical Code: 04.40 – Supporting Programmes: Project Preparation Facility/Technical Assistance Facility

1.4 Location: Croatia

Implementing arrangements:

1.5 Implementing Agency:

Central Finance and Contracting Agency (CFCA)

Programme Authorising Officer

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1.6 Beneficiary (including details of SPO)

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Financing :

1.7 Overall cost: 3.769.914 EUR

1.8 EU contribution: 3.393.025 EUR

1.9 Final date for contracting: 2 years following the date of conclusion of the Financing Agreement.

1.10 Final date for execution of contracts: 2 years following the end date of contracting.

1.11 Final date for disbursements: 3 years following the end date for contracting

2. Overall Objective and Project Purpose

2.1 Overall Objective:

To improve effectiveness of Croatia's preparations for EU accession and to ensure effectiveness and efficiency of the EC programmes in Croatia.

2.2 Project purpose:

To provide flexible technical support (twinning, twinning light, technical assistance) to Croatian authorities aimed at addressing specific needs identified in the course of the negotiations process and preparing projects pipeline for further funding, also with a view to reinforce the institutional capacity for the management of IPA funds.

This facility will also be used for the projects which are too small to be justified as specific and separate projects under IPA rules.

In particular this facility will provide assistance which can be granted under the framework of Project Preparation Facility and Technical Assistance Facility, in line with IPA Programming Guide and MIPD 2008-2010.

Under the framework of PPF this facility may help:

- preparation and implementation of projects for IPA funding, including but not limited to project and tender documentation
- supporting the NIPAC in planning and programming the IPA-funded projects
- support in designing effective strategic plans in different sector areas, often followed by the more detailed investment strategies
- reinforcing the institutional and administrative capacity for the management of IPA funds

Under the framework of TAF this facility may help:

- to support acquis implementation,
- reinforcement of administrative capacity for preparation of management of structural funds and rural development funds

2.3 Link with AP/NPAA / EP/ SAA

Accession partnership states as a priority the reinforcement of capacity for programming, project preparation, monitoring, evaluation and financial management

and control, particularly of line Ministries, to implement EU pre-accession programmes as a preparation for Community cohesion policy. This project is necessary to continue the process of capacity building directly relevant to the acquis and introduce reforms to improve the effectiveness of the public administration generally.

The project is applicable to the priorities in all chapters of the National Programme for the Accession of the Republic of Croatia into the European Union 2008 where the need for small scale projects will arise.

2.4 Link with MIPD

IPA MIPD 2008-2010 states, under Executive summary for the IPA Component I, that institution building will also be provided through the *supporting programmes* (fourth area of intervention) for the management of IPA projects, the re-enforcement of institutional capacity for the management of EU funds.

Furthermore the fourth strategic objective for IPA component I is to re-enforce Croatia's institutional capacity via the supporting programmes for the management of EU funds and projects preparation.

Strategic choices in the area of supporting programmes state that some flexible technical assistance will continue to be provided under IPA component I to the Croatian authorities for assisting them in acquis implementation, project preparation and implementation, as well as reinforcing their institutional capacity for the management of IPA funds.

Furthermore Expected Results in the area of supporting programmes state that the capacity of the Croatian authorities to develop pipelines of projects for IPA support and for managing the IPA funds is substantially increased.

2.5 Link with National Development Plan (where applicable)

Not applicable.

2.6 Link with national/ sectoral investment plans(where applicable)

Not applicable

3. Description of project

3.1 Background and justification:

Croatia received EU candidate status in June 2004. With regard to pre-accession programmes, in addition to Phare, ISPA and SAPARD which have been open to Croatia since October 2004, Croatia will receive assistance under the new IPA programme from the year 2007 onwards. Over 2007 and 2008 the Croatian authorities have been preparing for implementation of the IPA programme by establishing an IPA

Coordination Authority, as well as the necessary IPA Managing Authorities and Implementing Agencies. Also, in preparation is the legislative framework for the use and management of IPA funds.

The European Commission's latest Report on Croatia's application for membership of the EU¹ in relation to Croatia's implementation of EU regional policy and the coordination of structural instruments identifies that with regard to institutional framework further thought is needed in order to ensure a coherent structure for coordinating future structural and cohesion funding and to identify the appropriate level for implementation of regional programmes and the related management structures. Administrative capacity building needs remain large in some ministries and strengthening administrative and absorption capacity remains a priority for Croatia. Croatia has to deal with the lack of capacity for programming of the future Structural Funds and a comprehensive and quality project pipe line for implementation under future Structural Funds has to be prepared.

Croatia's accession preparation includes the need to establish a flexible institution building instrument to address specific issues of limited scope. This facility will provide the possibility to respond to emerging tasks in a more flexible and immediate way. In particular, projects will be supported in those areas in which an urgent or unforeseen task would come up during the accession negotiations or which have a high priority. Also projects which are too small to be justified as specific and separate projects under IPA rules will be funded through this project.

In order to address these issues Facility for Project Preparation and Reinforcement of Administrative Capacity has been planned under IPA 2008. Taking into account the scarcity of the resources available under IPA 2008, this project will provide assistance foreseen under the framework of Project Preparation Facility and Technical Assistance Facility.

This project will be managed by Central Office for the Development Strategy and Coordination of EU Funds (CODEF) that has taken a lead role as IPA Coordinating Authority and Sectoral Authority for the Component I of IPA Programme - Transition Assistance and Institution Building.

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

Facility for Project Preparation and Reinforcement of Administrative Capacity should be able to prepare adequate programmes and projects for upcoming IPA funding in order to strengthen the institutions and administrative capacity for the full application of the *acquis communautaire* in Croatia and will therefore improve the effectiveness of Croatia's preparations for EU accession. It will also help in strengthening the capacity of institutions responsible for management of current and future pre-accession assistance as well as in increasing their capacity for the management of EU Structural funds.

¹ COM(2007) 633 final - 06 November 2007

Overall management of the project shall be carried out by the Central Office for Development Strategy and Coordination of EU Funds (CODEF), who will secure responsible staff for dissemination of information about opportunities under this project.

The areas that need support in terms of technical assistance, twinning light, twinning shall be subsequently identified by the CODEF. The CODEF will decide the appropriate means of support and will subsequently coordinate project applications and project preparation, and monitor project implementation in close co-operation with the EC Delegation and the Central Finance and Contracting Agency (CFCA). This should ensure sustainability and build capacity for the programme and project management at the national level.

Additionality is ensured. EU funding will not replace other funding from the government or other donors and the EU funded intervention/project will result in benefits which would not occur otherwise.

3.3 Results and measurable indicators:

Results:

Result 1:

Concrete administrative structures and management systems in place which satisfy the requirements of the *acquis communautaire* for a number of areas.

Result 2:

Institutional reform and capacity building ensured for effective implementation and management of current and future pre-accession assistance as well as increasing capacity for the management of the EU Structural and Cohesion funds.

Measurable indicators:

- Number of project proposals prepared
- Number of project proposals accepted/rejected by the ECD
- Number of TORs developed
- Number of expert working days utilized
- Specific identified tasks have been completed with the help of Member States experts or Technical Assistance.

3.4 Activities:

An envelope for as yet unspecified **institution building** (twinning, twinning light, technical assistance) will be established.

Funded projects will rest on a number of fundamental principles:

- Projects will be based on priorities identified in the last revised Accession Partnership, NPPA focusing on preventing shortages identified in the annual Progress Report for Croatia in order to reinforce administrative capacity of Croatia's institutions.
- The project will target very specific areas where Institution Building support is required in relation to the challenges and requirements of the EU integration process and to the negotiation chapters; preparation for future

structural and regional policies, and preparation of relevant administrative structures for future accession.

- The beneficiary lays out a clear work programme, how it intends to achieve the result and what means it will deploy. The project should make the commitment of the beneficiary to achieve the guaranteed result explicit.
- Size and budget of projects will be subject to individual assessment.
- Type of assistance – technical assistance, twinning light, twinning - will be subject to individual assessment depending on the nature of assistance requested.
- The degree of maturity of projects ("implementation readiness") as well as the absorption capacity of the related Croatian beneficiary institutions will be important factors when deciding on giving priority to and sequencing the projects.
- All projects should be in full compliance with the respective Commission's guidelines and procedures for implementation of projects identified under this Facility.

The funds under this project can be used for funding of projects which were rejected as separate projects under IPA 2008 during the IPA 2008 programming exercise or for the projects proposed by the European Commission:

- Internal Control in the Tax and Customs Administration as regards Fight Against Corruption
- Internal Control in the Public Procurement System as regards Fight Against Corruption
- Internal Control in Inspection Affairs within the Ministry of Environmental Protection, Physical Planning and Construction as regards Fight Against Corruption
- Internal Control in the Ministry of Health and Social Welfare as regards Fight Against Corruption
- Supporting the Implementation of Anti-discrimination Law and Establishment of Anti-discrimination Body
- Institutional Strengthening of the Sector for Public-Private Partnership Education
- Establishing of a National Analysis Centre (NAC), a Coin National Analysis Centre (CNAC) and a National Counterfeit Centre (NCC) within the Croatian National Bank
- Strengthening Export Supporting Institutions' Capacities in Implementation and Following-up of the Croatian Export Strategy With a View to Increase the Number and Volume of Croatian Exports
- Development and Strengthening of the Institutional and Operational Aspects of the Croatian Metrology Institute
- Strengthening the Operational Capacity of Croatian Telecommunications Agency
- Enforcement of Administrative and Technical Capacity in Monitoring and Management of Inland Waterway
- Strengthening the Role of ASHE in the Evaluation of Scientific Institutions and Scientific Projects and Enhancing Cooperation of Science and Private Sector

- Reinforcement of the Institutional Capacity on Regional and Local Level for Efficient Management in Water Management Sector
- Gap Analysis Development of Blood Transfusion Centres and Upgrade of One Blood Transfusion Centre with Plasma Collecting and Inactivating Centre
- Strengthening the Administrative Capacity of State Administration Bodies Through Training in the Field of Anti-fraud Bodies
- Development of the Croatian Civil Aviation through the development of Civil Aviation Authority of Croatia
- Identification of Marine Protected Areas as regards to Setting-up of Natura 2000 Network

The projects financed under this project will not be limited to this list. Some of these projects will be proposed for financing under IPA 2007 Technical Assistance Facility but at the time of writing of this project fiche it is not possible to know which will be funded under IPA 2007 TAF.

This facility will contribute to meeting the allocations foreseen in the MIPD as regards to political and economic criteria.

For the following projects addressing political criteria indicatively 1 MEUR is earmarked under this facility:

- Internal Control in the Tax and Customs Administration as regards Fight Against Corruption
- Internal Control in the Public Procurement System as regards Fight Against Corruption
- Internal Control in Inspection Affairs within the Ministry of Environmental Protection, Physical Planning and Construction as regards Fight Against Corruption
- Internal Control in the Ministry of Health and Social Welfare as regards Fight Against Corruption
- Supporting the Implementation of Anti-discrimination Law and Establishment of Anti-discrimination Body

For the following projects addressing economic criteria indicatively 500 000 EUR is earmarked under this facility:

- Institutional Strengthening of the Sector for Public-Private Partnership Education
- Establishing of a National Analysis Centre (NAC), a Coin National Analysis Centre (CNAC) and a National Counterfeit Centre (NCC) within the Croatian National Bank
- Strengthening Export Supporting Institutions' Capacities in Implementation and Following-up of the Croatian Export Strategy With a View to Increase the Number and Volume of Croatian Exports

3.5 Conditionality and sequencing:

Conditionality

The main precondition for the successful implementation of the project is continuous commitment to EU accession and provision of sufficient resources to support management of EU programmes/projects. The activities financed under this facility will be located mainly in Zagreb in premises provided by the various Project Partners.

The beneficiary institutions are bound to provide the project partner with adequate staff and other resources to operate effectively. The full commitment and participation of senior management of the beneficiary institution is required for the implementation of the projects.

Sequencing

Due to the nature of facility type projects for the time being it is not possible to foresee the precise timing of contracting and disbursements.

3.6 Linked activities

The following projects are linked with TAF and were implemented as a pool for financing small-scale projects for technical assistance:

- CARDS 2002 “Capacity Building Facility for Croatian State Institutions” 3,5 MEUR – funds absorbed;
- CARDS 2003 “Further Support to Selected Croatian Institutions under a Capacity Building Facility” 2 MEUR – funds absorbed;
- CARDS 2004 “Capacity Building and Project Preparation Facility” 6,6 MEUR – funds absorbed

Also, under the Phare programme, three facility type projects have been implemented:

- Phare 2005 “Capacity Building and Project Preparation Facility” 4,5 MEUR, with the aim of Capacity of the Croatian state administration increased for the preparation of well justified and good-quality project proposals and tender documentation. The main target is preparation of Phare project documentation. All the funds have been allocated.
- Phare 2005 “Unallocated Institution Building Envelope” 2 MEUR, with the objective of to meet the requirements related to specific urgent and unforeseen needs identified in the course of the accession negotiation process.
- Phare 2006 “Project Preparation Facility and Unallocated Institution Building Envelope” 2,628 MEUR with the overall objective to improve effectiveness of Croatia’s preparations for EU accession.

Under IPA 2007 programme European Commission approved “Technical Assistance Facility” with the total budget of 4 MEUR and the overall objective to improve effectiveness of Croatia’s Preparations for EU Accession.

3.7 Lessons learned

From the very beginning of using of facility funds, Croatian state institutions as potential beneficiaries showed huge interest for this kind of assistance.

In first years of Administrative Capacity Building Facility (ACBF) funds utilization the beneficiaries were mostly concentrated on building and enhancing their general institutional capacity. Furthermore, although originally foreseen as funds that will be utilized through a number of small service contract, mostly FWCs, at the first stage of implementation of CARDS 2002 ACBF it was more than obvious that Croatian beneficiary institutions at that time were in need of more substantial IB projects.

Therefore, majority of CARDS 2002 ACBF funds were used for TA to the agricultural, environment sector and public finance sector.

Also, due to the huge interest for this kind of assistance from Croatian beneficiary institutions side which is demonstrated with the high level of absorption capacity when it comes to facility funds, European Commission granted Croatia with Phare 2006 Unallocated Institution Building Envelope project.

The experience shows that the demand for this type of assistance, under Phare and CARDS programme, has always been very high and this type of assistance has been particularly useful to respond quickly to urgent needs in preparation towards accession. This IB envelope is expected to provide Croatia with the possibility to respond to the tasks linked to the further strengthening of the administrative capacity for the full implementation of the acquis.

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: Project Preparation Facility	X												
Activity 2: Technical Assistance facility	X												
TOTAL IB			3.769.914	3.769.914	3.393.025	90	376.889	10	376.889				
TOTAL INV													
TOTAL PROJECT			3.769.914	3.769.914	3.393.025	90	376.889	10	376.889				

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

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))

*Due to the nature of this project, at the time of writing of Project Fiche it is not possible to separate the funds for Project Preparation Facility and Technical Assistance Facility.

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Contracts	2Q/2009	4Q/2009	4Q/2013

Due to the nature of this project for the time being it is not possible to foresee the precise timing of tendering, contracting and disbursements.

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

Equal opportunities and non-discrimination principles will be respected as regarding gender as well as minorities at the programming and implementation stage. 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.

6.2 Environment

Not applicable.

6.3 Minorities

The project does not directly involve activities with a minority's impact.

ANNEXES:

Annex 1: Logical framework matrix

Annex 2: Amounts contracted and disbursed per Quarter over the full duration of Programme

Annex 3: Description of Institutional Framework

Annex 4: Reference to laws, regulations and strategic documents

Annex 1: Logical framework matrix

Facility for Project Preparation and Reinforcement of Administrative Capacity		Programme name and number IPA 2008	
Central Office for Development Strategy and Coordination of EU Funds		Contracting period expires: 2 years following the date of conclusion of the Financing Agreement	Disbursement period expires: 3 years following the end date for contracting
		Total budget : 3.769.914 EUR	IPA budget: 3.393.025 EUR
Overall objective	Objectively verifiable indicators	Sources of Verification	
To improve effectiveness of Croatia's preparations for EU accession and to ensure effectiveness and efficiency of the EC programmes in Croatia.	<ul style="list-style-type: none"> - Time taken for negotiations reduced - Acceleration of number of Chapters closed in accession negotiations - Absorption rate of the EC programmes 	<ul style="list-style-type: none"> - Progress report - EC regular reports - Croatian Government reports - JMC reports - Project's Final Report 	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To provide flexible technical support (twinning, twinning light, technical assistance) to Croatian authorities aimed at addressing specific needs identified in the course of the negotiations process and preparing projects pipeline for further funding, also with a view to reinforce the institutional capacity for the management of IPA funds. This facility will also be used for the projects which are too small to be justified as specific and separate projects under IPA rules.	<ul style="list-style-type: none"> - Acceleration of progress within ministries/institutions towards meeting the requirements of the acquis and Structural and Cohesion Funds strategy - Percentage of available funding for EC programmes absorbed - Improved quality of project fiches for the IPA programme - Reduced number of ECD ex-ante rejections 	<ul style="list-style-type: none"> - EC Regular Report - Minutes of the SPO/PIU meetings - Consultants reports, workshop outputs - NF financial records 	<ul style="list-style-type: none"> - Continuous commitment to EU accession by the Government of Croatia - Provision of sufficient resources to support management of EU programmes/projects by the Government of Croatia

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p>Result 1: Concrete administrative structures and management systems in place which satisfy the requirements of the <i>acquis communautaire</i> for a number of areas.</p> <p>Result 2: Institutional reform and capacity building ensured for effective implementation and management of current and future pre-accession assistance as well as increasing capacity for the management of the EU Structural and Cohesion funds.</p>	<ul style="list-style-type: none"> - Number of project proposals prepared - Number of project proposals accepted/rejected by the ECD - Number of TORs developed - Number of expert working days utilized - Specific identified tasks have been completed with the help of MS experts or Technical Assistance 	<ul style="list-style-type: none"> - EC Regular Report - Minutes of SPO/PIU meetings - Mission consultants reports, workshop outputs - SMSCs reports - CFCA records 	<ul style="list-style-type: none"> - Continuous engagement of SPOs - Continuous commitment to EU accession by the Government of Croatia - Provision of sufficient resources by the Government of Croatia to support management of EU programmes/projects
Activities	Means	Costs	Assumptions
An envelope for as yet unspecified institution building (twinning, twinning light, technical assistance) would be established in the framework of Project Preparation Facility and the Technical Assistance Facility.	TA/ Twinning/ Twinning Light	3.769.914 EUR	<ul style="list-style-type: none"> - Continued commitment of the SPOs - Good quality training is made available to line institutions - The beneficiary organisation recruits and retains adequate staff; - Low staff turnover
			<p>Preconditions</p> <ol style="list-style-type: none"> 1. Continuous commitment to EU accession by the Government of Croatia 2. Provision of sufficient resources by the Government of Croatia to support management of EU programmes/projects

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

Contracted	2009			2010				2011			
	II	III	IV	I	II	III	IV	I	II	III	IV
Facility for Project Preparation and Reinforcement of Administrative Capacity			1.200.000			2.569.914					
Cumulated			1.200.000			3.769.914					
Disbursed	2009			2010				2011			
	II	III	IV	I	II	III	IV	I	II	III	IV
Facility for Project Preparation and Reinforcement of Administrative Capacity					1.200.000			2.569.914			
Cumulated					1.200.000			3.769.914			

Due to the nature of Facility for Project Preparation and Reinforcement of Administrative Capacity for the time being it is not possible to foresee the precise timing of contracting and disbursements, and the number and value of contracts.

ANNEX III: Description of Institutional Framework

Overall management of the project shall be carried out by the Central Office for the Development Strategy and Coordination of EU Funds (CODEF), as the administration unit responsible for overall aid coordination and IPA Coordination Authority, as well as the National IPA Coordinator (NIPAC).

Currently, CODEF supports the Croatian state administration bodies in the preparation of project proposals in line with the priorities from the European Partnership and National Programme for the Integration of the Republic of Croatia into the European Union and also assists the state administration bodies in preparation for IPA programme.

The areas that need support shall be identified by the CODEF which will, together with the potential beneficiary institutions, decide on the appropriate means of support.

CODEF will subsequently coordinate project applications and project preparation, and monitor project implementation in close co-operation with the EC Delegation and the Central Finance and Contracting Agency (CFCA).

ANNEX IV: Reference to laws, regulations and strategic documents:

1. Council Decision of 5 February 2008 on the principles, priorities and conditions contained in the **Accession Partnership** with Croatia and repealing Decision 20046/145/EC
2. National Programme for the Accession of the Republic of Croatia into the European Union - 2008
3. IPA Multi-annual Indicative Planning Document (MIPD) 2008-2010
4. Croatia 2007 Progress Report COM (2007) 663 final of 06 November 2007