

**IPA 2009 CROATIA PROJECT FICHE**  
**HR2009-03-02-02**

**1. Basic information**

**1.1 CRIS Number:**IPA/2009/21661

**1.2 Title:** Strengthening the administrative capacity of competent authorities and implementation agencies<sup>1</sup> for co-ordination of social security schemes

**1.3 ELARG Statistical code:** 3-02 Free movement of workers

**1.4 Location:** Croatia

**Implementing arrangements:**

**1.5 Implementing Agency:**

Central Finance and Contracting Agency (CFCA)

Programme Authorizing Officer (PAO): Marija Tufekčić

Address and contact details:

Ulica grada Vukovara 284/2

10000 Zagreb

Phone: +385 1 4591 028

Fax: +385 1 4591 075

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<sup>1</sup>Ministry of Economy, Labour and Entrepreneurship  
Ministry of Health and Social Welfare  
Ministry of Family, Veterans' Affairs and Intergeneration Solidarity  
Croatian Pension Insurance Institute  
Croatian Institute for Health Insurance  
Croatian Institute for Health Insurance of Health Protection at Work  
Croatian Employment Service

**1.6 Beneficiary** (including details of SPO):

**The main beneficiary:**

*Ministry of Economy, Labour and Entrepreneurship*

*Pension Insurance Directorate*

**Senior Programme Officer (SPO):**

Ms. Vera Babic, state secretary for labour

Address and contact details:

Ulica grada Vukovara 78

10000 Zagreb

Phone: +385 1 6106 310

Fax: +385 1 6109 300

e-mail: [vera.babic@mingorp.hr](mailto:vera.babic@mingorp.hr)

**Other beneficiaries:**

*Ministry of Health and Social Welfare*

*Directorate for Legal Affairs*

*Department for European Integrations*

Ksaver 200a

10000 Zagreb

*Ministry of Family, Veterans' Affairs and Intergeneration Solidarity*

*Directorate for Family*

Trg hrvatskih velikana 6

10000 Zagreb

*Croatian Pension Insurance Institute*

*Central Service*

Mihanovićeve 3

10000 Zagreb

*Croatian Institute for Health Insurance*

*Department for Primary Health Insurance*

*Department for Foreign Insurance*

Margaretska 3

10000 Zagreb

*Croatian Institute for Health Insurance of Health Protection at Work*

*Department for Health Insurance of Health Protection at Work*

Jukićeve 12

10000 Zagreb

*Croatian Employment Service*

*Central Service*

Radnička cesta 1

10000 Zagreb

**Financing:**

- |  |   |
|--|---|
| <b>1.7 Overall cost (VAT excluded):</b>            | EUR 1 000 000   |
| <b>1.8 EU contribution:</b>                        | EUR 950 000   |
| <b>1.9 Final date for contracting:</b>             | 2 years following the date of conclusion of the Financing Agreement |
| <b>1.10 Final date for execution of contracts:</b> | 2 years following the end date for contracting                      |
| <b>1.11 Final date for disbursements:</b>          | 3 years following the end date for contracting                      |

## 2. Overall Objective and Project Purpose

**2.1 Overall Objective:** The overall objective of this Project is to strengthen the administrative capacities of Croatian competent authorities and implementing agencies<sup>2</sup> to implement *acquis*, in the field of free movement of workers and co-ordination of social security schemes

**2.2 Project purpose:** Project purpose is to increase the institutional and administrative capacity of competent authorities and implementation agencies (liaison bodies) to effectively coordinate social security schemes upon EU accession

### 2.3 Link with AP/NPAA / EP/ SAA

Accession Partnership, New Council Decision of February 2008, in the area of free movement of workers puts requirement to “*reinforce administrative structures for the co-ordination of social security schemes*”.

Croatia 2007 Progress Report, in Ability to assume the obligation of membership, Chapter 2. Freedom of movement for workers states that „*there has been no significant progress on co-ordination of social security systems and that sufficient administrative capacity has not yet been developed to apply the acquis in this field.*“ Croatia 2008 Progress Report has the same conclusion.

NPAA 2008 in the area of free movement of workers underlines the importance to ensure necessary administrative capacity to ensure the correct application of the *acquis* on co-ordination of social security systems as from the date of accession. It states that “*the principle task in the forthcoming period will be strengthening the administrative structures for the co-ordination of social security systems*”. Adequate administrative capacities should be especially developed and enforce in the competent authorities with supervisory competence (ministries). “*This will entail the training of existing staff and the development of the skills necessary to take part in the preparation of regulations, as well as for familiarisation with the regulations of the European social acquis communautaire, which will be transposed into Croatian legislation*”.

According to that, in the EU Common Position (AD 18/08, 16 June 2008, AD 18/08, LIMITE CONF-HR 12) EC states that Chapter 2. may only be provisionally closed once it is agreed by the EU that the following benchmark is met: *Croatia demonstrates that adequate administrative structures and enforcement capacity will be in place to implement correctly the acquis on freedom of movement for workers, particularly in the field of co-ordination of social security systems, by the time of accession.*

Stabilisation and Association Agreement, article 47, envisages the possibility of establishing “*the rules for the co-ordination of social security systems for workers with Croatian nationality, legally employed in the territory of Member state, and for the members of their families legally resident there*”. The rules could be established by the Decision of the Stabilisation and

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Association Council, but as for now, only proposal for that Council Decision exists.

The European Partnership, adopted by Council on 13 September 2004, based on the findings of the Commission's Opinion on Croatia's application for membership, identifies short and medium term priorities. Among medium term priorities, in Ability to assume the obligations from membership, for Chapter 2. Freedom of movement for persons stands demand for “*reinforcement administrative structures for the co-ordination of social security schemes*”

**2.4 Link with MIPD** According to the Multi-Annual Indicative Planning Document 2008 – 2010 administrative capacity of the Croatian ministries and institutions should be reinforced in accordance with the priorities in the Accession Partnership (New Council Decision of February 2008).

### **2.5 Link with National Development Plan**

Not applicable

### **2.6 Link with national/sectoral investment plans**

Not applicable

## **3. Description of project**

### **3.1 Background and justification:**

The free movement of workers is a fundamental expression of the free movement of persons, which represents one of the four pillars of the EU single market. Article 42 (ex Art. 51) of the EC Treaty requires that the Council adopt measures in the field of social security that would render possible the free movement of workers. Co-ordination of social security schemes is a cornerstone of the European internal market, allowing workers from one EU member state to work in another and still claim their full social security rights. Participation in this co-ordination mechanisms in EU requires not only the strict application of all principles according to its legal meaning, but also setting up adapted structures for its effective implementation, setting up a sufficiently reliable analytical and statistical tools with respect to the control mechanisms implemented to monitor EU co-ordination rules. The achievement of such important accession goals by the Republic of Croatia requires further strengthening of administration capacities of the competent authorities as well as of the implementation agencies<sup>3</sup>. The EU legislation in the area of social security systems is represented by the Regulation (EEC) 1408/71 of the Council of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community and Regulation (EEC) 574/72 of the Council of the 21 March 1972 establishing the procedure for implementing Regulation (EEC) 1408/71 In 2004 a new Regulation (EC) 883/2004 of the European Parliament and the Council of the 29 April 2004 on

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the co-ordination of social security systems has been approved, in order to replace the Regulation 1408/71. The application of these rules implies a lot of information exchanging about the workers and self-employees and their family members between the competent institutions. Due to those activities, there is a need to establish what changes of Croatian legislative are necessary (prescribing what data can be exchanged without consent of the person involved). Accordingly, legal framework for those changes has to be set up, with the aim to avoid any obstacle for exercising rights in the area of co-ordination. There will not be legal barriers to the exchange of data at the moment of accession. If there are any barriers at this moment, it will be removed in the process of implementation of recommendations given under MATRA Project, which has started from the beginning of this year. MATRA project aims to assist the Croatian authorities responsible for the social security system in the process of developing the set up for a modern social security system and administration, which will facilitate the exchange of information with the European Commission and other EU member states, as well as simplify the communication with the insured persons. Having in mind the possibility of entering into force the Regulation 883/2004, and its implementing Regulation, before or at the same time of Croatian accession to EU, which implies the introduction of electronic exchange of data, Croatian Ministry of Economy, Labour and Entrepreneurship requested for MPAP assistance with the design of a new institutional set up for recording data on social security benefits and pensions in conformity with EU requirements. One of the activities in the project will be detailed social security data survey. The results of the data survey will be used for the drafting of a report with policy recommendations and an implementation plan in order to modernise and reorganise the Croatian social security administration. Some of the elements of the report will be defining of a reliable identification data set and set up for electronic data exchange in a so called e-Government system including the establishment of Access Points (per domain) or one Access Point. The results of the project will provide useful input for further development of the IT structure and further technical implementation. MATRA Project will explore all possibilities for connecting data basis in all institutions involved and will give recommendations about the most certain way of data exchanging. Competent institutions have to possess accurate, current and complete information and also adequate administrative capacities for managing information which will be exchanged. It means well trained and educated civil servants/public servants who would be able to apply and monitor applying of co-ordination rules. In the main beneficiary Ministry of Economy, Labour and Entrepreneurship, Department for Bilateral Cooperation in the Area of Social Security in the Pension Insurance Directorate will be the main responsible authority for monitor of applying the co-ordination rules. In the Ministry for Health and Social Welfare it will be Directorate for Legal Affairs, Department for European Integrations and in the Ministry of Family, Veterans' Affairs and Intergeneration Solidarity it will be Directorate for Family. Although free movement of workers could be connected with the competence of the Ministry of Interior, this Ministry will not be a beneficiary in this Project because of removing working and business permits provisions for EU citizens as conditions for working in Croatia, according to the Act on Amendments to the Aliens Act. This will be in force from the day of accession RC to the EU. After that, only permanent residence and stay will be under the Ministry of Interior competence.

### **3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact**

Project impact will be: prepared Croatian administration structures for co-ordination of social security schemes. Implementation of the Regulation 883/2004 requires establishing data base

with almost 400 different data elements which are needed for the filling of the current E-forms. These E-forms (about 50 of them) are used by the Member states to communicate with each other in the area of co-ordination of social security systems. Project impact should also be establishing modern Croatian social security administration, which will be an important step forward on the way of accession to the EU, as all EU social security systems will have to communicate and work with each other, in order to make it possible for EU citizens to practise their right to move within the EU. According to that, catalytic effect of the proposed Project will be establishment of an overall modern social security system in the Republic of Croatia, reorganized according to EU standards, which could enhance cooperation and co-ordination of social security systems between Croatia and EU member states. Sustainability of the project will be insured with the possibility of transferring the knowledge from civil servants who had passed the training courses for trainers. Manuals and Procedures published under the project should stay available for all current and future civil/public servants. There will be no cross border impact on neighbouring countries.

### **3.3 Results and measurable indicators:**

**Result 1:** Institutional and administrative capacity of institutions strengthened

Measurable indicators for Result 1:

1. Prepared recommendations for effective co-operation between all institutions involved in social security matters
2. Training Needs Analysis carried out and respective number of training programme prepared
3. Number of training courses implemented (trainings/workshops/general and technical seminars)
4. Number of trained trainers
5. Effective administrative procedures developed and in use in institutions, number of Manuals prepared
6. Co-ordination rules (Regulation 1408/71 and 883/2004 and implementing regulations) in English and Croatian languages prepared and published for each beneficiary (production of consolidated versions of regulations applicable in Croatian language)
7. Prepared respective number of adequate staff in competent authorities for permanent communication links to EC and other relevant bodies

**Result 2:** Analysis of impact of free movement of workers on Croatia prepared

Measurable indicators for Result 2:

1. Prepared Analytical Study on the impact of free movement of workers on the Croatian administrative system ( including modality of statistical monitoring of posted workers) and approved by all institutions involved
2. Prepared Financial study on the impact of free movement of workers, including estimation of additional costs for the Croatian health system with regards to the application of the co-ordination rules and including impact study to the scheme of family benefits under the EU co-ordination rules and approved by competent authorities

**Result 3:** Public awareness raised on free movement of workers/ Information Strategy for migrant workers developed

Measurable indicators for Result 3:

1. Appropriate needs for a good information strategy identified, information strategy developed and approved by competent authorities
2. Strategic working plan for dissemination of information defined and approved by competent authorities
3. Information network between all institutions involved created
4. Number of booklets and news-letters produced for the public at large
5. Number of public awareness events implemented
6. Information included in web sites of competent authorities and implementing agencies

### 3.4 Activities

#### Activities of Result 1:

Activity 1.1: preparation of recommendations for effective co-operation between all institutions involved in social security matters and support to established inter-institutional working group, providing advice and recommendations on establishing units for coordination, providing advice on functioning of the EC and other relevant EU bodies and preparing the stuff in competent authorities<sup>4</sup> with the aim to include them to the procedural and technical meetings/preparation for representation in DG Employment Committees

Activity 1.2: carrying out Training Needs Analysis, preparing training programmes and carrying

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Ministry of Health and Social Welfare  
Ministry of Family, Veterans' Affairs and Intergeneration Solidarity

out training courses (general and practical training of public/civil servants in the area of pension rights for migrant workers/frontier workers, training in the area of health protection and reimbursement of health care costs and conditions for establishing European Health Insurance Card; training in the area of family benefits, and in the area of rights based on unemployment)

- Activity 1.3: preparation of administrative procedures and Manuals which should become and remain the main tool for application of the co-ordination rules, based on EU co-ordination regulations
- Activity 1.4: preparation of publishing in English and Croatian languages of the co-ordination rules including also the consolidated versions of relevant EU regulations
- Activity 1.5: organizing of study visits to the relevant institutions to learn about the way how co-ordination is ensured in practice

### **Activities of Result 2:**

- Activity 2.1: preparing Analytical Study on the impact of free movement of workers between Croatia and EU Member States, on the Croatian administrative system (especially regarding administrative capacities of all institutions involved) including modality of statistical monitoring of posted workers
- Activity 2.2. preparing Financial study on the impact of free movement of workers, including estimation of additional costs for the Croatian health system with regards to the application of the co-ordination rules and including impact study to the scheme of family benefits under the EU co-ordination rules

### **Activities of Result 3:**

- Activity 3.1: estimation of appropriate needs for good information strategy
- Activity 3.2: preparation of strategic working plan for dissemination of information
- Activity 3.3: setting up of information network between all institutions involved
- Activity 3.4: preparing and including the information on social security co-ordination rights of migrant workers and their families, on web sites of the competent authorities and implementation agencies
- Activity 3.5: preparing and including the information for posted workers about conditions of posting and also national employment conditions, on web sites of the competent authorities

Activity 3.6: preparation of publications for public at large (spreading information by booklets and newsletters)

Activity 3.7: preparing and carrying out public awareness events

### **3.5. Conditionality and sequencing**

Activities for achieving the Result 1 and the Result 2 are going to be implemented parallel and activities for achieving the Result 3 are going to be implemented subsequently. The Twinning can be tendered immediately; it is not dependent on any other project components.

### **3.6. Linked activities**

Ministry of Economy, Labour and Entrepreneurship has submitted Application form for TAIEX Expert Mission and for TAIEX Study Visit, and the application forms are approved by the European Commission. Objective of the TAIEX Expert Mission should be introduction to the social security system for migrant workers (which is wider area than co-ordination of social security schemes, so there is also the representative of the Ministry of Interior proposed to participate with others participants), and support to Croatian administrative authorities and implementation agencies which will be in charge to implement EU regulations for co-ordination. Objective of the TAIEX Study Visit should be the introduction to the organization of units in the administrative authorities which will be in charge to apply EU regulations for co-ordination and general information about preparation activities for the administrative authorities related to implementation of co-ordination rules. Croatian Health Insurance Institute has also submitted Application form for TAIEX Study Visit, and this application form is approved by the European Commission. The objective of the Study Visit will be introduction to the organisational structure within liaison bodies for implementation of the co-ordination rules in the area of disease risks, maternity and cost calculation, and also information considering needs in IT system support for co-ordination. In the Croatian Pension Insurance Institute TAIEX Study Visit with the objective to gather information about the organisational structure within liaison bodies for implementation of the co-ordination rules in the area of pension insurance and also information considering needs in IT system support, is in the preparation phase.

Ministry of Economy, Labour and Entrepreneurship is also a counterpart and submitter of the Project “Further modernisation of the social security administration of Croatia”, within the MATRA Pre-accession Project Programme (MPAP) which has started at the beginning of 2009. This project is follow-up of the previous MATRA project “Possibility for Abolishment of the Work Book System”. In this project Directorate for Labour and Labour Market will be responsible unit. General purpose of that project will be the reform of the administrative and legislative framework on the current work book system and considering the possibility to abolish the system of the work book in cooperation with social partners, and further modernize the Croatian social security administration in regard to the participation of Croatia in the EU social security co-ordination system. The project aims to assist the Croatian authorities responsible for

the social security system in the process of developing the set up for a modern social security system and administration, which will facilitate the exchange of information with the European Commission and other EU member states, as well as simplify the communication with the insured persons. Having in mind the possibility of entering into force the Regulation 883/2004, and its implementing Regulation, before or at the same time of Croatian accession to EU, which implies the introduction of electronic exchange of data, Croatian Ministry of Economy, Labour and Entrepreneurship requested for MPAP assistance with the design of a new institutional set up for recording data on social security benefits and pensions in conformity with EU requirements. One of the activities in the project will be detailed social security data survey. The results of the data survey will be used for the drafting of a report with policy recommendations and an implementation plan in order to modernise and reorganise the Croatian social security administration. Some of the elements of the report will be defining of a reliable identification data set and set up for electronic data exchange in a so called e-Government system including the establishment of Access Points (per domain) or one Access Point. The results of the project will provide useful input for further development of the IT structure and further technical implementation. MATRA Project will explore all possibilities for connecting data basis in all institutions involved and will give recommendations about the most certain way of data exchanging. A meeting was held in the Ministry of Economy, Labour and Entrepreneurship on April, 8, 2009, under the MATRA Project. On the meeting the Draft of Results on Social Security Data Survey was presented. After discussion it was clear that this Project will prepare Croatian administration for implementing the Regulation 883/2004. Existing data basis should be adjusted to the new conditions, but number of data that Croatian institutions collect in this moment, quality of data, availability and reliability of data are more or less on the satisfied level. The result of the Project will be recommendation on the secure way of data exchange and expert opinion on establishing one or more Access Point/Points connected to the EC Access Point. As the Regulation 883/2004 will enter into force on March, 1, 2010, and there will be two years of transitional period, we consider that it will give us enough space for implementing these recommendations and for final connecting with EU Member state's administrations.

And finally, the same ministry is a counterpart of the IPA 2008 Regional Programme on “Social Security Co-ordination and Social Security Reforms in the South East Europe” follow-up of the previous “Social Security Support Programme”, also for the South East Europe. Both projects aim to present the social security standards and principles of co-ordination of social security systems but for restricted territorial area – South East Europe, and prepare the administration of beneficiary countries for future EU membership, with presenting the legislative and institutional framework to the administration in South East Europe countries (three of them are candidate countries – Croatia, Turkey and Former Yugoslav Republic of Macedonia). This proposal for the project in the area of social security co-ordination should be complement with all other projects, and at the same time it should not overlap with mentioned activities. In relation to proposed TAIEX activities, we consider the proposed project as a medium-term activity related to several beneficiaries, while TAIEX activities are short-term and restricted to small number of civil servants from the competent authorities. In relation to ongoing project in the area of co-ordination “Social Security Co-ordination and Social Security Reforms in the South East Europe” we consider that there will not be overlapping of the activities, because this project is focused to the restricted territorial area. And in relation to the MATRA/MPAP project, we consider that this will be an occasion to combine two projects with similar purpose, but at the same time with different ways of resumption of the results. First of all MATRA project will be

focused, in particular on the replacement or reform of the Work Book system, which is perceived as an obstacle for free movement of workers. According to that, the most important benefit of the project will be for the Croatian Pension Insurance Institute, because this Institute is the most involved in that system. Besides that, the activities in the proposed Twinning project are envisaged for the wide scope of the beneficiaries, and it should be of a great benefit to all beneficiaries which will be in charge for the implementation of the co-ordination rules.

### **3.7. Lessons learned**

The CARDS Regional programme “Social Institution Support Programme” has shown the need to consolidate the results, by continuing the support on strengthening administrative capacities in view of training civil/public servants for implementation of the co-ordination rules, introduction to main principles of co-ordination and need of establishment co-ordinating units in the competent authorities. Regarding current status of preparations, Croatia submitted information on the fulfilment of the closing benchmark and on general legal alignment in Chapter 2. The information consist of two documents – one general report and one report on the benchmark on administrative structures and enforcement capacity, which cover the period since the opening of the chapter 2. on 17 June 2008. According to revised Common position and positive Commission assessment of the benchmark related to the co-ordination of social security capacities, Croatia has reached a good level of alignment with the *acquis* on freedom of movement for workers. In the field of co-ordination of social security schemes measures have been taken, with the goal to develop adequate administrative structures and enforcement capacity to implement correctly the *acquis* in this field. The need for continuation to adopt the current administrative capacities for carrying out a potentially wider range of tasks, still exists. This means that there is still a need for further increasing the number of civil servants, structural reorganisation and carrying out further professional training, especially through the proposed TW project. Beside the TW project several activities are planed, like establishing a permanent inter-institutional working group in the 3rd quarter of 2009. The main tasks of this working group will be to co-ordinate the work of the different stakeholders, to issue guidelines and to supervise the implementation of the rules on co-ordination of social security systems at national level. Second activity is establishing of co-ordination units in all stakeholders. These activities will be preconditions and at the same time good base for starting with TW project activities.

#### 4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING										
			TOTAL EXP.RE	TOTAL PUBLIC EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION					PRIVATE CONTRIBUTION	
	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)
Strengthening the administrative capacity of competent authorities and implementation agencies for coordination of social security schemes													
Twining	X		1 000 000	1 000 000	950 000	95	50 000	5	50 000			/	
TOTAL IB			1 000 000	1 000 000	950 000	95	50 000	5	50 000				
TOTAL INV			-/	-	-	-	-	-					
<b>TOTAL PROJECT</b>			1 000 000	1 000 000	950 000	95	50 000	5	50 000				

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
Twinning	2 <sup>nd</sup> quarter 2010	1 <sup>st</sup> quarter 2011	3 <sup>rd</sup> quarter 2012

## **6. Cross cutting issues (where applicable)**

### **6.1 Equal Opportunity**

Equal opportunity principles and practices in ensuring equal gender participation in the Project will be guaranteed. The institutions involved in the project execution will observe equal opportunities in the recruitment process and human resources development. The beneficiary will insure equal access for all categories of persons to the project activities and results. Anti-discrimination on all grounds (gender, race, sexual identity, expression of orientation) is guaranteed by the Croatian's Constitution and through the comprehensive Anti –discrimination Law, adopted in 2008

### **6.2 Environment**

Not applicable.

### **6.3 Minorities**

According to the Croatian's Constitution and new Anti –discrimination Law, adopted in 2008, rights of members of national minorities are guaranteed. According to that, members of national minorities could actively participate in the Project.

**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:
  - Reference list of relevant laws and regulations
  - Reference to AP /NPAA / EP / SAA
  - Reference to MIPD
  - Reference to National Development Plan
  - Reference to national / sector investment plans
- 5- Details per EU funded contract (\*) where applicable:
  - For *TA contracts*: account of tasks expected from the contractor
  - For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts
  - For *grants schemes*: account of components of the schemes

**ANNEX 1: Logical framework matrix in standard format**

<b>STRENGTHENING THE ADMINISTRATIVE CAPACITY OF COMPETENT AUTHORITIES AND IMPLEMENTATION AGENCIES FOR CO-ORDINATION OF SOCIAL SECURITY SCHEMES</b>		Programme name and number: <b>IPA 2009</b>	
		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
MINISTRY OF ECONOMY, LABOUR AND ENTREPRENEURSHIP		<b>Total budget: EUR 1 000 000</b>	<b>IPA budget: EUR 950 000</b>
<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
To strengthen the administrative capacity of Croatian competent authorities and implementation agencies to implement <i>acquis</i> in the field of free movement of workers and co-ordination of social security schemes	Croatian competent authorities and implementation agencies ready to apply EU <i>acquis</i> in the field of free movement of workers and co-ordination of social security	<ul style="list-style-type: none"> <li>• Regular European Commission Reports</li> <li>• Records of the Ministry of Economy, Labour and Entrepreneurship and Reports of Ministry for Health and Social Welfare</li> <li>• Conclusion of the Inter-ministerial Working group on sufficient horizontal cooperation between institutions involved in co-ordination of social security schemes</li> </ul>	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
To increase the institutional and administrative capacity of the competent authorities and implementation agencies (liaison bodies) to effectively coordinate social security schemes upon EU accession	<ul style="list-style-type: none"> <li>• Staff trained and able to apply EU <i>acquis</i> in the field of free movement of workers and co-ordination of social security schemes</li> <li>• Existing of appropriate co-ordination infrastructure for co-ordination of social security, ready to apply EU co-ordination rules</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Records of the Ministry of Economy, Labour and Entrepreneurship and Ministry for Health and Social Welfare</li> <li>• Records of the Steering Committee on self assessment</li> <li>• Official statistics on trained and educated</li> </ul>	<ul style="list-style-type: none"> <li>• Efficient structures for social security co-ordination</li> </ul>

	<ul style="list-style-type: none"> <li>• Well prepared and trained management staff in the competent authorities</li> <li>• Increased public awareness on EU social security co-ordination legislation</li> </ul>	staff, prepared for implementing the co-ordination rules	
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<ul style="list-style-type: none"> <li>• Institutional and administrative capacity of institutions strengthened</li> </ul>	<ul style="list-style-type: none"> <li>• Recommendations for effective co-operation between all institutions involved in social security matters prepared</li> <li>• Training Needs Analysis carried out and respective number of training programme prepared</li> <li>• Number of training courses implemented (trainings/workshops/general and technical seminars)</li> <li>• Number of trained trainers</li> <li>• Effective administrative procedures developed and in use in institutions, number of Manuals prepared</li> <li>• Co-ordination rules (Regulation 1408/71 and 883/2004 and implementing regulations) in English and Croatian language prepared and published for each beneficiary (production of consolidated versions of regulations applicable in Croatian language)</li> <li>• Respective number of adequate</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Monitoring reports</li> <li>• Records of the competent authorities</li> <li>• Amendments to the by-laws of the competent authorities</li> <li>• Reports on implemented training courses</li> <li>• Published Co-ordination rules (Regulations 1408/71 and 883/2004 and implementing regulations)</li> <li>• Reports on observation on study visits</li> <li>• Twinning Quarterly reports</li> <li>• Surveys conducted by competent authorities</li> </ul>	<ul style="list-style-type: none"> <li>• Government commitment for providing co-ordination rules without any obstacles and for ensuring well paid civil service in order to retain of trained staff</li> <li>• The appropriate staff is made available for training</li> <li>• Financial background allocated</li> <li>• Inter-institutional working group established</li> <li>• Units for co-ordination established in all institutions involved</li> </ul>

<ul style="list-style-type: none"> <li>• Analysis of the impact of free movement of workers on Croatia prepared</li> <li>• Public awareness raised on free movement of workers/Information Strategy for migrant workers developed</li> </ul>	<p>staff for permanent communication links to EC and other relevant bodies prepared in competent authorities</p> <ul style="list-style-type: none"> <li>• Prepared Analytical Study on the impact of free movement of workers between Croatia and EU Member States on the Croatian administrative system including modality of statistical monitoring of posted workers and approved by all institutions involved</li> <li>• Prepared Financial study on the impact of free movement of workers including estimation of additional costs for Croatian health system and including impact study to the scheme of family benefits and approved by competent authorities</li> <li>• Appropriate needs for a good information strategy identified, information strategy developed and approved by competent authorities</li> <li>• Strategic working plan for dissemination of information defined and approved by competent authorities</li> <li>• Number of booklets and newsletters produced for the public at large</li> <li>• Number of public awareness events implemented</li> <li>• Information included in web sites of competent authorities and implementation agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Financial analyse of the additional costs to the Croatian health system available</li> <li>• Financial analyse of the future family benefits scheme available</li> <li>• Overview of European best practices on co-ordination and information on co-ordination rules available on the web sites of the competent authorities and implementation agencies</li> <li>• Information materials prepared and published</li> <li>• Information network available for all institutions involved in social security matters</li> </ul>	
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	<ul style="list-style-type: none"> <li>• Information network for all institutions involved established</li> </ul>		
<b>Activities</b>	<b>Means</b>	<b>Costs</b>	<b>Assumptions</b>
<p>1.1. Preparing recommendations for effective co-operation between all institutions involved in social security matters and support to established inter-institutional working group, providing advice and recommendations on establishing units for co-ordination, and providing advice on functioning of the EC and other relevant EU bodies and preparing the stuff for including in procedural and technical meetings and for representation in DG Employment Committees</p> <p>1.2. Carrying out Training Needs Analysis, preparing training programmes (general and practical) and carrying out training courses</p> <p>1.3. Preparation of effective Administrative procedures and Manuals which should become and remain the main tool for application of the co-ordination rules</p> <p>1.4. Preparation of publication in English and Croatian languages on the</p>	Twinning Contract	EUR 1 000 000	<ul style="list-style-type: none"> <li>• Adequate and timely technical assistance is provided by twinning partners</li> <li>• Support of the Government, as well as support of the Ministry of Economy, Labour and Entrepreneurship and Ministry for Health, and Social Welfare's senior management</li> <li>• Prepared adequate language trainings in order to increase the level of communication between the competent institutions in Croatia and the Member States</li> </ul>

co-ordination rules including the consolidated versions of relevant EU regulations

1.5. Organizing of study visits to the relevant institutions

2.1. Preparing Analytical Study on the impact of free movement of workers between Croatia and EU Member States, especially regarding administrative capacities of all institutions involved, including statistical monitoring of posted workers

2.2. Preparing Financial study on the impact of free movement of workers including estimation of additional costs for Croatian health system and including impact study to the scheme of family benefits

3.1. Estimation of appropriate needs for good information strategy

3.2. Preparation of strategic working plan for dissemination of information

3.3. Preparing and including the information on social security co-ordination rights of migrant workers and their families, on web sites of the competent authorities and implementing agencies

3.3. Creation of information network between all institutions involved

3.4. Preparation of publications for public at large (spreading information

by booklets and newsletters) 3.5. Preparing and carrying out public awareness events			
			<b>Pre conditions</b> National co-financing available

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

<b>Contracted</b>	<b>1Q2010</b>	<b>2Q2010</b>	<b>3Q2010</b>	<b>4Q2010</b>	<b>1Q2011</b>	<b>2Q2011</b>	<b>3Q2011</b>	<b>4Q2011</b>	<b>1Q2012</b>	<b>2Q2012</b>	<b>3Q2012</b>
Twinning		1 000 000									
<b>Cumulated</b>		<b>1 000 000</b>									
<b>Disbursed</b>	<b>1Q2010</b>	<b>2Q2010</b>	<b>3Q2010</b>	<b>4Q2010</b>	<b>1Q2011</b>	<b>2Q2011</b>	<b>3Q2011</b>	<b>4Q2011</b>	<b>1Q2012</b>	<b>2Q2012</b>	<b>3Q2012</b>
Twinning			400 000			200 000		200 000			200 000
<b>Cumulated</b>	<b>0</b>	<b>0</b>	<b>400 000</b>	<b>400 000</b>	<b>400 000</b>	<b>600 000</b>	<b>600 000</b>	<b>800 000</b>	<b>800 000</b>	<b>800 000</b>	<b>1 000 000</b>

### **ANNEX 3: Description of the Institutional framework**

Concerning the project purpose the following institutions (competent authorities and implementation agencies) needs to be involved in project implementation:

- 1 *Ministry of Economy, Labour and Entrepreneurship, Pension Insurance Directorate* is responsible for monitoring of the whole pension system development and for recommendations regarding the legislative framework and additional measures with the aim to improve pension system. It is responsible also for making the pension policy. This Ministry is supervising authority for Croatian Pension Insurance Institute, in the matters of providing public pension system, PAY-AS-YOU-GO system. *Department for Bilateral Cooperation in the Area of Social Security* is now responsible for bilateral negotiations and signing of bilateral Agreements on Social Security, but in the future this unit will be responsible for monitoring of applying the EU co-ordination rules.
- 2 *Croatian Pension Insurance Institute* is implementation agency responsible for implementation of PAY-AS-YOU-GO pension system. It keeps the register of insured persons, of persons liable to pay contributions and of pension beneficiaries, in accordance to the Act on Pension Insurance. CPII is a public institution which has the status of a legal person and which exercises public powers in relation to issuing decisions on pension insurance entitlements (in the I. pension pillar, solidarity based) in the proceedings conducted following the claims that have been filed (general supervision: *Ministry of Economy, Labour and Entrepreneurship*). Croatian Pension Insurance Institute is also the competent agency for the implementation of the Children Allowance Scheme (general supervision: *Ministry of Family, Veterans' Affairs and Intergenerational Solidarity*)
- 3 *Croatian Employment Service* is a public institution responsible for defining rights and benefits for unemployed persons, based on their work history.
- 4 *Ministry of Health and Social Welfare* is responsible for developing policy for health and social welfare. Part of the Ministry which is going to be the unit responsible for co-ordination issues is Department for European Integrations, which will be in the future responsible for monitoring and applying the EU Co-ordination rules.
- 5 *Croatian Institute for Health Insurance* is implementation agency responsible for implementation of the rules related to basic health insurance and implementation on bilateral agreement on social security. It also implements the additional insurance, although private insurance companies are also included in the implementation of the additional insurance.
- 6 *Croatian Institute for Health Insurance of Health Protection at Work* is implementation agency responsible for execution of rules and polices concerning development and improvement of health protection regarding work injuries and professional diseases, and diseases related to work, for monitoring and performing measures for preventing injuries at work as well as measures for preventing and detecting professional disease (specific health protection of workers) and for regulation of workers' rights regarding work injuries and

professional diseases. Croatian Institute for Health Insurance of Health Protection at Work is included in the Project as a beneficiary, although this institution will include itself step by step to the co-ordination affairs.

- 7 *Ministry of Family, Veterans' Affairs and Intergenerational Solidarity* in whole is responsible for developing policy for family, veterans and intergenerational solidarity. *Directorate for Family* is responsible for family issues.

All mentioned competent authorities and implementation agencies will be involved in the Project. The reason for that is the wide range of social security matters. Social security comprises pension insurance, health insurance, insurance against unemployment and family benefits.

In Croatia we have this social security matters encompassed by different institutions. Every implementation agency is responsible for just one area, and every competent authority (Ministry) is responsible for monitoring of one of the mentioned implementation agency.

There are also some exceptions, e.g. Ministry of Economy, Labour and Entrepreneurship is supervising authority for Croatian Pension Insurance Institute in the area of pension insurance, and also Croatian Employment Service in the area of implementation of the employment policy.

Ministry of Family, Veterans' Affairs and Intergenerational Solidarity is supervising authority for Croatian Pension Insurance Institute in the area of children allowance, as well as for the Croatian Institute for Health Insurance in the area of maternal and parental benefits. However, responsible institutions for implementing of rules are Croatian Pension Insurance Institute and Croatian Institute for Health Insurance.

**ANNEX 4: Reference to the relevant laws, regulations and strategic documents**

The relevant regulations and strategic documents regarding the proposed project are:

- 1 The free movement of services and workers, article 39 and 42 of the Treaty
- 2 Stabilisation and Association Agreement, article 47
- 3 Accession Partnership, New Council Decision of February 2008
- 4 Regulation (EEC) 1408/71 of the Council of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community Regulation
- 5 Regulation (EEC) 574/72 of the Council of the 21 March 1972 establishing the procedure for implementing Regulation (EEC) 1408/71
- 6 Regulation (EC) 883/2004 of the European Parliament and the Council of the 29 April 2004 on the co-ordination of social security systems has been approved, in order to change the Regulation 1408/71
- 7 Decisions and recommendation on (electronic) data exchange of the Administrative Commission on Migrant Workers and its working groups
- 8 Multi-Annual Indicative Planning Document 2008 – 2010