HR2007/02/20/1

1. Basic information

    1.1 CRIS Number: 2007/019-247

    1.2 Title: Development of Regulatory Impact Assessment (RIA)

    1.3 Code: 20 – Enterprise and industrial policy

    1.4 Location: Croatia

Implementing arrangements:

    1.5 Implementing Agency: CFCU

    1.6 Beneficiary (including details of SPO):

        The Central State Office for e-Croatia

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    1.7 Overall cost: €2.000.000

    1.8 EU contribution: €1.775.000

    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 for 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 assist the Croatian state and public administration in becoming an efficient, accountable and user-oriented service through the development of a modern regulatory system based on Regulatory Impact Assessment methodology.

    2.2. Project purpose:

The project purpose is to introduce RIA methodology as part of national policy making strategy, enabling system level RIA-based policy making through the development and implementation of a web-based e-RIA platform, capacity building for National office for RIA, regulatory institutions and stakeholders and ensuring awareness of wider public and private sector about the introduction of RIA system.

    2.3. Link with AP/NPAA / SAA:

The project is in line with the 2006 Accession Partnership, which defines the main priorities identified for Croatia as relating to its capacity to progress in preparing for accession. The project will address the following specific short term priority, concerning legislation and implementation thereof:

"**Enterprise and industrial policy**: Further simplify and accelerate company registration procedures; introduce on-line access to selected government facilities for SMEs; further develop regulatory impact assessments."

The project will address the following specific mid term priority, concerning legislation and implementation thereof:
"Public administration:
— continue the process of institution building directly relevant to the acquis and introduce reforms to improve the effectiveness of the public administration generally."

Since the project scope is development of a regulatory impact assessment framework on the national level, the project will positively affect the completion of priorities under AP headings "Public administration", "Anti-corruption policy", and especially "**Economic criteria**", "Free movement of goods", "Right of establishment and freedom to provide services", "Free movement of capital", "Social policy and employment" and "Environment".

The project is in line with the Stabilization and Association Agreement, as it will enable a regulatory assessment system that will simplify the "approximation of Croatia's existing legislation to that of the Community" (Title VI), identifying priority regulations. The system will ultimately be based on an electronic information management platform, thus "further developing Information society" and enabling "the interoperability of networks and services" (Article 99). There is also a direct link of the project purpose with the SAA is in Article 98 Electronic Communications Infrastructure and Associated Services, which identifies cooperation under this article in "policy development" and "legal and regulatory aspects" as priorities.

2.4 Link with MIPD

The project is designed to assist in meeting specific accession criteria, particularly the economic criteria by improving the business environment, thereby strengthening the development of the private sector. Another important challenge, as emphasized in the Multi-annual Indicative Planning Document, will be tackled during the implementation of the project – the project activities will build on the progress made in previous related initiatives, accelerating the pace of the public administration reform in relation to the accession negotiations. The capacity building component is specifically designed for the national, regional and local level, to avoid unevenness of administrative capacity, which continues to be an obstacle in attaining full ability to take on the obligations of membership. Furthermore, the activities take upon simplifying the existing legal administrative system and attaining significant progress in improving the efficiency of the public administration.

2.5 Link with National Development Plan

The project draws a direct link with "Chapter XI – The New Role of the State" of the Strategic Development Framework for 2006-2013, which identifies "a competent, efficient and motivated public administration, simpler and cheaper operating procedures" as being basic institutional determinants of a favorable business and investment environment. This project builds up on a previous government project (HITROREZ) that actually focused on simpler and cheaper business operating procedures, thus enabling a competent, efficient and motivated public administration through capacity building. Specific goals identified in the Framework that are directly related to this project are:

"- to establish a competent and effective public administration which at the same time protects public interest and the equality of all citizens and entrepreneurs, while decreasing operating costs;
- continue to work on increasing the efficiency, professionalism and knowledge of public administration;
- increase the transparency of the work of public administration and strengthen the combat against corruption;
- establish networking through IT in the service of users – developing e-public administration;
- contribute to a decrease in business costs by repealing obsolete and simplifying existing legislation."

Regulatory Impact Assessment methodology, which is the absolute basis for this project, has been designed to address specifically the above issues.

2.6 Link with national/sector investment plans

The Public Administration Reform Strategy in the Republic of Croatia is still in its draft version and should be published by the end of September 2007.

3. Description of project

3.1 Background and justification:

Several national initiatives have arisen in attempts to cope with the increasing pressure to compete on the basis of efficiency, innovation, and adaptability in a number of areas. The Croatian Government has recognized the need for a systematic approach to the creation of an environment that stimulates business development, investments, job creation and growth in general. In 2006, the Strategic Development Framework 2006-2013 was published, accompanied by the related sector development plans, identifying a medium-term program of reforms to address accession requirements through a harmonized approach to improvement in specific areas.

The public administration reform in Croatia aims to facilitate the establishment of "the new role of the state" – a more competent, effective and accountable public administration and a modern regulatory environment. This implies the implementation of a comprehensive strategic framework for public administration reform with a focus on simplifying the existing legal administrative system and improving the efficiency and professionalism of the public administration. The Government committed to the reforms by promising to draft a revised General Administrative Procedure Act by July 2007.

The current Croatian regulatory environment has relatively high cost and high risk, and the public administration has had almost no experience in assessing the consequences of its actions on the private sector. There is no commitment to a systematic assessment and review of impacts of new regulations in order to ensure that they meet their intended objectives. If revision of a regulation is initiated, it is done ad hoc, depending on the sector, and most often only ex post, thus having only minor effect in the process. There is no general system for monitoring quality and compliance of regulations. Some narrow-scope initiatives have been started, mainly in the field of fiscal impact assessment and in the health and social security sector, but these are based on simple questionnaires and are not necessarily precursors to a unified reviewing system.

The first large step to upgrade the regulatory environment to Community standards has been made in 2006 by the launch of a short-term regulatory guillotine project (HITROREZ) aimed at counting, reviewing, and quickly streamlining business procedures in Croatia. The results of this project are a foundation for a sustainable, strategic system-level restructuring based on Regulatory Impact Assessment (RIA) methodology, as recommended by the OECD and good regulatory practices in Europe. The added value of RIA in the regulatory process is measurable: RIA is a method of systematically and consistently examining potential impacts arising from government action. Its purpose is to influence policy makers to adopt the most efficient and effective regulatory options, using evidence-based techniques to justify the best option. RIA is also a key instrument in the communication between government, businesses and citizens, as it aims to increase the transparency of the regulatory process, foster the consultation of stakeholders and improve the justification of regulatory solutions. By requiring policy makers to look beyond the traditional policy boundaries of a sector and examine positive and negative effects on other policy areas, RIA is also a tool for policy coherence.

The current system of drafting new laws includes a revision by the Ministry of Foreign Affairs and European Integration to check that the regulation is consistent with EU legislation. The Ministry of Finance assesses the financial impacts of the regulation on the state budget, but provides no further revision. The Office of Legislation of the Government reviews proposed laws and government decrees to ensure constitutionality. These assessments are not internally coordinated and miss entirely the crucial aspect of impacts on the business sector and economic activities, as well as other important segments of a full-fledged RIA, such as environmental and social assessments. They also miss perhaps the most important external segment – transparent public consultation.

The next step in the Croatian public administration reforms is the development of a centralized control system on the government level and moving to a full-fledged RIA system. This will be achieved by introducing quality assurance and impact assessment processes and tools for drafting new laws and regulations (ex ante review), including the formation of a central impact assessment coordination unit, adoption of EU best practices and a comprehensive process of stakeholder consultation. The system will combine fiscal, environmental, social and a detailed economic regulatory impact assessment. The transition to the "new role of the state" will be simplified by progressing transparency mechanisms and introducing inspection and reviewing tools and processes for the application of regulations (ex-post review). Advancing and building institutional capacity will drive further modernization of the regulatory stock, removal of administrative barriers, reduction of costs and filling of regulatory gaps that might arise.

The National office for RIA will be established by a Government Decision in the second half of 2007, while it is planned that the Act, regulating the introduction of RIA on the national level, will be put into force in early 2008. This will ensure the swift implementation of the project, involving regulatory institutions on the national and regional level.

The project is divided into 4 clusters, with each one designed to address specific aspects emphasized in the Strategic Development Framework and the MIPD, such as using a training-of training concept for advancement of skills and competences of staff that will directly be involved in the process, creating the institutional infrastructure for continuous and effective regulatory reform implementation and to avoid uneven administrative capacity, and refinement of regulatory processes through pilot projects and increasing transparency through public awareness and use of information technologies.

The key points to note for each cluster are as follows:

1. Capacity building for National office for RIA, regulatory institutions and stakeholders

The implementation of RIA requires a horizontal approach (all levels simultaneously and in coordination), as opposed to the vertical approach (sector by sector). The horizontal approach is taken from the perspective of governmental functions affected by the reform, especially consultation, law-formulation, ex-post evaluation of regulatory tools and institutions, simplification, access to legislation, and regulatory transparency. This involves the participation of a number of stakeholders, and training activities are aimed to build the administrative capacity by enhancing knowledge and understanding of the RIA methodology, and particularly the responsibilities that come with its implementation. The first group of trainings in optimization of internal administrative processes, quality control, regulatory impact analysis, and stakeholder consultation is aimed at National office for RIA staff (minimum 10-15 people). This involves at least two seminar/workshops covering theoretical issues (methodology) and practical issues (key studies). The study visits are aimed to further enhance the National office for RIA staff's experience by understanding different methods of RIA implementation in EU countries and the issues and obstacles that have arisen during implementation, so that these can be anticipated and prevented in Croatia. Three visits are planned, each to a different country – one to the twinning partners, the second a country with experience in RIA but with a different system, and the third to a new member state that recently began implementation (but no less than 2 years).

Before the start of the second group of trainings, an analysis of the regulatory institutions' capacity to absorb the requirements of RIA-based regulatory reform must be completed. The greatest change on the system level is not only of cultural / administrative but of practical nature as well, and entails the formation of individual RIA units at regulatory institutions, in coordination with the National office for RIA. The analysis will determine whether the units will be formed in the institutions' existing legal departments, their staffing needs, and other requirements for effective cooperation with the National office for RIA.

This will be followed by trainings of persons that will be practically involved in the RIA processes. The trainings will be based on the training-of-trainers concept, in order to contribute to the sustainability of the system. There are currently 67 regulatory bodies (ministries, agencies, independent regulators etc) that can be grouped by sectors, and at least four seminar/workshops are planned for a minimum of 100 people.

Special emphasis is to be given to trainings on the regional level, aimed to the business sector represented by their respective Chambers and Associations (Chamber of Commerce, Chamber of Crafts, Croatian Employers' Association, etc). The RIA consultation process on regulations entails that the Headquarter Chambers call on for opinions from County Chambers, hence, the operatives that will directly be involved will be trained. The chambers can be grouped by Counties of which there are 21. It is estimated that the trainings will cover a minimum of 150 people.

The RIA methodology recognizes NGOs and other interest groups as valuable members of the consultation process and the third group of trainings, mainly seminars, is aimed at increasing their knowledge and understanding of the methodology involved. The trainings can be grouped in three regional seminars, covering an estimated minimum of 60 people.

Raising public awareness and involvement

It is important not to underestimate the scale of reforms proposed by this project. Current Croatian administrative practices are outdated by Community standards ad are harmful to future development. The public is accustomed to an ineffective environment and thus the reforms must emphasize a cultural change toward an efficient and user-oriented public administration. The impact of the reform depends on willingness of the government to commit, but is also greatly shaped by public support. The public relations campaign aims to inform the public of the importance of the reforms and to emphasize the political commitment to eradicate deeply entrenched, ineffective and harmful regulatory habits. By committing to specific results, the government is more likely to receive significant support form key stakeholder and the general public, contributing to long-term system sustainability.

A conference for RIA best practices in SEE countries will be organized in order to enable knowledge exchange and networking among RIA and regulatory reform government professionals from the EU and particularly from the SEE countries. The topics will explore the progress and challenges of regulatory reform, presenting lessons learned and bridging approaches to RIA implementation. The emphasis will be put on how to effectively engage and sustain dialogue, building a better business environment through public/private cooperation. The conference will be organized for a minimum of 50 persons.

2. Pilot projects

New rules will be formulated on how regulations should be appraised at an early stage, prepared, produced, evaluated, and simplified. These will be published in step-by-step user guides that will not only serve as materials for in-house trainings for individual RIA units at regulatory institutions, but also identify the roles and responsibilities of other stakeholders and public consultation.

A minimum of two pilot projects are planned, one on the national and one on the regional regulatory level. It is important that these pilots are implemented after the e-RIA platform is functional, in order to test-run the whole process.
- The first pilot involves the national level, where a law will be put through RIA, thus involving stakeholders such as ministries and regulatory agencies (but not excluding others).
- The second pilot will be on the regional level, preferably covering a business related bylaw or ordinance, thus involving all regional and national stakeholders.

The results of these activities will help identify practical issues that might arise and to therefore further refine the system. By increasing the practical knowledge and experience of regulators and stakeholders, the pilots are also designed to contribute to increasing the sense of empowerment, this being an important sustainability factor.

The pilot project for public consultation is aimed to mainly test the responsiveness of the public to the new system and should preferably be implemented at the same time as the public relations campaign. The pilot will be based on the public e-RIA platform.

3. Enabling system level RIA-based policy making through the development and implementation of a web-based e-RIA platform, adapted to the specifics of the Croatian system

The RIA administrative processes will be based on an e-platform (e-RIA), in order to greatly reduce administrative burdens and ensure interconnectivity of regulators, the central unit, assessors and stakeholders, and provide a simple and effective basis for public consultation. Reducing regulatory costs through process re-engineering and use of information technologies improves effectiveness of the public administration and encourages efficient use of resources.

After successful completion of the procurement *part* of the supply contract (purchasing necessary application software), the e-RIA platform will be fully developed, designed and refined during the project through the support provided from the service contract, as there is only one off-the shelf solution on the market, and it is not of the open-source type, Therefore, special IT expert assistance will be needed. The platform should help improve the quality of data management, replace the existing multiple transactions with single windows, and replace paperwork with electronic submissions, virtual signatures, and virtual notaries. It will consist of an internal web portal, an external web portal, and a space for public consultation with a single, easy-to-access database for regulatory documents. The internal web portal will greatly contribute to the establishment of mechanisms for inter-ministerial coordination and cooperation, while the external web portal will ensure meeting international standards of transparency. Regulators will be guided in the drafting process and regulatory analyses with the help of prompts and templates that improve decision-making, while able to monitor all processes through quality assurance tools. The most important thing is that all regulatory institutions will be able to access the platform centrally, through simple web-based access.

A separate web-based platform is planned, in order to expand public access to the information on measures formalities and procedures for citizens and businesses. The main objective of this activity is to compile and publish a comprehensive list of step-by-step administrative procedures needed for activities such as vehicle registration, change of address, etc. By publishing a list of things to do, which forms to fill out and which office or institution to contact for a given procedure, we will achieve greater efficiency of the public administration and an easier cultural change to a citizen-oriented service.

4. Procurement

A separate contract is planned for procurement of necessary software and hardware. The purpose of the software and IT hardware is to provide a basis for the development of the e-RIA platform. The hardware is also crucial for data storage (information that will be produced during the RIA processes) and sharing as well as central execution of applications enabling

interdepartmental communication and collaboration. The e-RIA platform on the national level will have full functionality only after the hardware set up.

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

Sustained results will be achieved by thoroughly changing regulatory behaviours, as opposed to simply making it a time-limited project. Given the project concerns the development of a regulatory impact assessment framework on the national level, the project will positively affect the completion of negotiation priorities under headings "Public administration", "Anti-corruption policy", and especially "Economic criteria", "Free movement of goods", "Right of establishment and freedom to provide services", "Free movement of capital", "Social policy and employment" and "Environment". This will be done by eliminating unnecessary bureaucracy, identifying and removing costs and barriers for further sectoral development, as well as room for corruption in a free market.

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:

1. <u>Results and measurable indicators in relation with Activity 1. Capacity building for National office for RIA, regulatory institutions and stakeholders and raising public awareness</u>.

Result:
- National office for RIA is capable of providing quality control, coordinating and effectively managing RIA in the Republic of Croatia
- Active involvement of the private sector and civil society has been ensured

Indicators:
- Trainings for National office for RIA staff delivered, minimum 10 people trained
- National office for RIA staff has been certified in RIA methodology
- National office for RIA staff has completed at least 3 study visits and delivered visit reports
- Analysis/assessment of regulatory institutions' needs has been completed and report delivered
- Trainings for regulatory institutions' personnel on national and regional level, the use sector and civil sector (NGOs) delivered, minimum 150 + 60 people trained
- 5 PR activities
- 10 unique non-governmental e-RIA users (institution or individual representative)
- 10 articles published on project activities in newspapers

Verifiable by number of people trained and able to use RIA methodology, and National office for RIA reports. This must not be less than 200 people.
Verifiable by National office for RIA reports.

2. <u>Results and measurable indicators in relation with Activity 2. Pilot projects</u>
Result:
- Regulatory environment has been modified to enable evidence-based policy making

Indicators:
- Number of pilot projects and institutions/departments involved (minimum 2 pilot projects)
- Number of manuals and guidelines (minimum 3)

Verifiable by reports from pilot project partner departments on adoption of RIA methodology

3. <u>Results and measurable indicators in relation with Activity 3. Enabling system level RIA-based policy making through the development and implementation of an e-RIA platform, adapted to the specifics of the Croatian system</u>

Result:
- All regulatory institutions are able to centrally connect to the e-RIA platform through simple internet access and use elements of the platform enabling them to perform specific activities of the RIA process
- Basis for a consumer-friendly, interoperable system that allows efficient and complete access to information on regulations

Indicators:
- The e-RIA platform has been published
- At least 200 unique of e-RIA users

Verifiable by e-RIA reports.

4. <u>Results and measurable indicators in relation with Activity 4 – IT supply</u>

Result:
- Procurement of National office for RIA IT equipment - limited quantity of hardware and application software

Indicators:
- IT hardware, software and equipment purchased, installed, operational; technical specifications published

3.4 Activities:

CAPACITY BUILDING COMPONENT

<u>Twinning Contract 1</u>:

Activity1. Capacity building for National office for RIA, regulatory institutions and stakeholders and raising public awareness
Activity 1.1 Training of National Office for RIA staff in optimization of internal administrative processes, quality control, regulatory impact analysis, and stakeholder consultation
- trainings for 10-15 people
Activity 1.2 Study visits to EU RIA agencies
- 3 visits
Activity 1.3 Analysis/assessment of regulatory institutions' needs for effective cooperation with National office for RIA

Activity 1.4 Training of regulatory institutions' personnel on national and regional level in all elements of RIA methodology
- workshop/seminars for a minimum of 100 people
Activity 1.5 Trainings for the business sector represented by their respective chambers
- trainings for minimum150 people
Activity 1.6 Regional trainings for NGOs and the civil sector
- trainings for minimum 60 people total
Activity 1.7 Providing hands-on technical assistance in RIA methodology implementation and gaining further insights into the practical issues
Activity 1.8 Raising public awareness and involvement
- Public awareness campaign
- Conference for RIA implementation experiences and best practices in SEE/CEE countries, with emphasis on enhancing private/public dialogue

Activity 2.Pilot projects
Activity 2.1 Creation of explanatory guidelines and manuals for RIA process implementation and mainstreaming
Activity 2.2 Creation of a guideline on drafting new regulations based on EU best practices (RIA methodology) for lawmakers
Activity 2.3 A number of pilot projects at regulatory institutions (govt. departments and offices at national and regional level),
- minimum 2 pilot projects
Activity 2.4 Pilot project for public consultation

SUPPLY COMPONENT

Service Contract 1:
Activity 3 Enabling system level RIA-based policy making through the development and implementation of an e-RIA platform, adapted to the specifics of the Croatian system
Activity 3.1 Designing, building, testing and running the e-RIA platform
Activity 3.2.Development of a platform enabling public access to the information on measures formalities and procedures
Activity 3.2.1 Designing, building, testing and running the platform

Supply Contract 1:
Activity 4.IT supply
Activity 4.1 Procurement of National office for RIA IT equipment - limited quantity of hardware and application software (e-RIA platform)

3.5 Conditionality and sequencing

The project cannot start before three main preconditions are fulfilled.
- The HITROREZ project must be successfully completed, providing the practical basis for RIA implementation.

- The Act on RIA is drafted, providing a legal basis for full-fledged RIA implementation.
- **The National office for RIA is established, staffed and administrative capacity for implementation of the project is ensured.**

3.6 Linked activities

HITRO.HR

HITRO.HR is a continuous Government service that is part of the e-Croatia programme. HITRO is meant to increase the quality of government services for businesses and citizens by increasing the speed, efficiency, flexibility and transparency of state administration. Its main strategy is to create a one-stop shop for an expanding set of business and citizen services over the next several years. Cooperation with this project will be required particularly in the implementation of the e-RIA platform in order to ensure efficiency of resources.

HITROREZ

HITROREZ is a Government project, co-founded by USAID and UNDP. HITROREZ has been started with the purpose of systematically reviewing current business regulations, with the aim of removing unnecessary, obsolete and redundant provisions and thus reducing operating costs, removing investment obstacles, and reducing the number of potential sources of corruption. This process is popularly known as the Regulatory Guillotine, a method for avoiding the trap of creating an additional and even greater administrative burden for the private sector resulting from harmonisation with EU regulations, and instead of providing clearer and more transparent regulations. Consistent with EU best practices, HITROREZ is a precursor for full-fledged, sustainable RIA implementation in all sectors. The project will end in July 2007.

CARDS 2004: Strengthening of the PIFC in the Republic of Croatia

A project introducing Fiscal Impact Assessment methodology has been started at the Ministry of Finance. Since the project contains a capacity building component and will introduce a simple e-based solution for the assessment process, coordination with the FIA project team is needed throughout the duration of the project.

PHARE 2006: Enhancing Capacity of the Croatian State and Public Administration for Providing User-oriented Service

This is a project coordinated by the Central State Administrative Office for e-Croatia. Its purpose is to improve legal, organisation and technical environment and horizontal integration of administrative procedures for delivery of public services to citizens and business entities. Cooperation will be needed to ensure a multiplier effect and sustainability.

PAL1, PAL2

The Programmatic Adjustment Loan (PAL1) is a World Bank project that aims to support enhanced economic growth in Croatia through several initiatives of which one involves "Efforts to improve governance by rationalizing and improving efficiency of public administration; and improving public expenditure management". The Second Programmatic Adjustment Loan (PAL2) is yet to be implemented (review in April 2007) and would aim to continue PAL 1. The need to coordinate efforts is obvious, especially in the twinning phase.

3.7 Lessons learned

Implementation of a novel system for public administration support on the national level not only involves internal and external coordination of governmental bodies, but also the involvement of stakeholders on the regional and local level. Based on experience from previous projects, unconditional support of this wide range of stakeholders, including support from the business and NGO sector as well as the general public, is crucial for the successful accomplishment of project objectives. The resistance to radical change, a very common occurrence in the governmental sector, must be prevented with proper information sharing and transparency of all processes in order to make the benefits and efficiency of the new system an acceptable, if not preferred, alternative to the old system. The political support is also a factor in the success, as the endorsement of the project by the Prime Minister's office and the new Act on RIA will ensure the commitment of the governmental stakeholders. Previous experiences from a number of CARDS projects directly or indirectly related to administrative reform show that much better results in ensuring the support of the business sector and general public are achieved through a systematic public awareness campaign. It is clear such a campaign is needed to motivate the public consultation process as well.

4. Indicative Budget (amounts in €)

Activities	TOTAL PUBLIC COST	SOURCES OF FUNDING										PRIVATE
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION						
		Total	% *	IB	INV	Total	Type of cofinancing (J / P) **	% *	Central	Regional	IFIs	
Activity 1&2												
contract 1	1.100.000	1.100.000	100	X								
Activity 3												
contract 2.1	700.000	525.000	75	X		175.000	J	25				
Activity 4												
contract .2.2	200.000	150.000	75		X	50.000	J	25				
TOTAL	**2.000.000**	**1.775.000**	**89**			**225.000**		**11**				

** compulsory for INV (minimum of 25 % of total EU + national public contribution) : Joint cofinancing (**J**) as the rule, parallel co financing (**P**) per exception

* expressed in % of the Total Public Cost

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1 Twinning	January 2008	July 2008	May 2010
Contract 2.1 Service	January 2008	July 2008	May 2010
Contract 2.2 Supply	January 2008	May 2008	June 2008

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.

ANNEXES:

ANNEX I: Log frame in Standard Format
ANNEX II: Amounts (in €) Contracted and disbursed by quarter for the project
ANNEX III: Reference to laws, regulations and strategic documents
ANNEX IV: Details per EU funded contract

DEVELOPMENT OF REGULATORY IMPACT ASSESSMENT (RIA)		Programme name and number **IPA 2007**	**2007/019-247**
Central state office for e-Croatia			
		Total budget: €2 000 000	**IPA budget: €1 750 000**
Overall objective	**Objectively Verifiable Indicators**	**Sources of Verification**	
To assist the Croatian state and public administration in becoming an efficient, accountable and user-oriented service through the development of a modern regulatory system based on Regulatory Impact Assessment methodology.	Decreased number of bureaucratic procedures with the sustained amount and quality of service delivered Improved perception of wider public and business sector regarding efficiency of civil service	Final report Official reports by RIA units at regulatory institutions e*RIA reports Annual European Commission reports on Croatia's progress in the EU pre-accession process	
Project purpose	**Objectively Verifiable Indicators**	**Sources of Verification**	**Assumptions**
1. Capacity building for National office for RIA, regulatory institutions and stakeholders 2. Implementation of RIA methodology as part of national policy making strategy 3. To enable system level RIA-based policy making through the development and implementation of a web-based RIA platform and supply of IT equipment 4. Awareness of wider public and business sector about the introduction of RIA system	National office for RIA staff has been certified in RIA methodology, all trainings have been completed (all staff trained) The RIA process is effectively used for drafting new regulations and assessing regulations put into force. Increased interest and involvement of the business sector, civil society and general public	National office for RIA reports and results of trainings Official reports by RIA units at regulatory institutions Number of news articles on the topic	Continuous government support to the reform of civil administration in Croatia National office for RIA unit has been established Provisions have been made for the Institutional structure for RIA The e*RIA is positively perceived and there is no reluctance to use a web-based service

Results	Objectively Verifiable Indicators	Sources of Verification	Assumptions
1. National office for RIA is capable of providing quality control, coordinating and effectively managing RIA in the Republic of Croatia	Trainings and study visits successfully completed Number of staff trained and active in using RIA methodology processing, as a result of project training (minimum 200)	National office for RIA Reports, attendance lists	The National office for RIA unit has been established
2. Regulatory environment has been modified to enable evidence-based policy making	Regulatory agencies and government offices have adopted the RIA methodology No of manuals for the "RIA process operations for state administration bodies" produced (minimum 3) Number of guidelines (minimum 1)	Regulatory agencies' and government offices' report	Croatian Government supports project activities and provides the necessary human, material and financial resources.
3. Basis for a consumer-friendly, interoperable system that allows efficient and complete access to information on regulations	IT hardware, software and equipment purchased, installed, operational; technical specifications published		Trained staff remain in service
4. Active involvement of the private sector and civil society has been ensured	The e-RIA platform has been published Number of PR activities and articles published Number of e-RIA users (minimum 200 unique users)	e-RIA reports	
5. Enabling ongoing dialogue, knowledge exchange and networking among RIA and regulatory reform government professionals from the EU and particularly from the SEE countries	Number of attendees and speakers (minimum 50)	National office for RIA Reports, attendance lists	

Activities	Means	Specification of costs	Assumptions

CAPACITY BUILDING COMPONENT
1. Capacity building for National office for RIA, regulatory institutions and stakeholders
    1.1 Training of National office for RIA staff in optimization of internal administrative processes, quality control, regulatory impact analysis, and stakeholder consultation
    1.2 Study visits to EU RIA agencies
    1.3 Analysis/assessment of regulatory institutions' needs for effective cooperation with National office for RIA
    1.4 Trainings of regulatory institutions' personnel on national and regional level in all elements of RIA methodology
    1.5 Trainings for the business sector represented by their respective chambers
    1.6 Regional trainings for NGOs and the civil sector
    1.7 Providing hands-on technical assistance in RIA methodology implementation and gaining further insights into the practical issues.
    1.8 Raising public awareness and involvement
    1.9 Conference for RIA implementation experiences and best practices in SEE/CEE countries, with emphasis on enhancing private/public dialogue
	Twinning component
	Service contract
	Supply component
		Contract 1 (Twinning) € 1.1 million
		Contract 2.1 (Service - development and implementation of an e-RIA platform): € 0.7 million
		Contract 2.2 (Supply – IT supply): € 0.2 million
			National office for RIA will be established by the Government by the beginning of the project.
			
			A working relationship with a number of EU RIA agencies has been established
			
			Willingness and expediency of regulatory agencies to assign staff for training
			
			First phase of project is successful and positively perceived
			
			A working relationship with several EU RIA units has been established.

2. Pilot projects
    2.1 Creation of explanatory guidelines and manuals for RIA process implementation and mainstreaming
    2.2 Creation of a guideline on drafting new regulations based on EU best practices (RIA methodology) for lawmakers
    2.3 A number of pilot projects at regulatory institutions (govt. departments and offices at national and regional level),
    2.4 Pilot project for public consultation
 	
 SUPPLY COMPONENT
3. Enabling system level RIA-based policy making through the development and implementation of a web-based e-RIA platform, adapted to the specifics of the Croatian system
    3.1. Designing, building, testing and running the e-RIA platform
    3.2. Development of a platform enabling public access to the information on measures formalities and procedures
      3.2.1 Designing, building, testing and running the platform
 	
4. IT supply
    4.1 Procurement of National office for RIA IT equipment - limited quantity of hardware and application software
			Government commitment
			Forming of RIA teams at regulatory institutions has been completed
			
			Willingness of the general public to use a web-based application.

	Preconditions
	Preconditions The HITROREZ project is successfully completed The Act on RIA is drafted The National office for RIA is established

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

Contracted	2008 I	II	III	2009 IV	I	II	III	2010 IV	I	II	III
Twinning 1				1100000							
Supply 1				700000							
Supply 2				200000							
Cumulated				**2,000,000**							
Disbursed	**2008 I**	**II**	**III**	**2009 IV**	**I**	**II**	**III**	**2010 IV**	**I**	**II**	**III**
Twinning 1				125000	125000	125000	125000	175000	175000	125000	125000
Supply 1				87500	87500	87500	87500	87500	87500	87500	87500
Supply 2				200000	-	-	-	-			
Cumulated				**412,500**	**625,000**	**837,500**	**1,050,000**	**1,312,500**	**1,575,000**	**1,787,500**	**2,000,000**

ANNEX III

Reference to laws, regulations and strategic documents:

Accession Partnership (2006)
European Partnership Council Decision (2004)
The National Programme for the Integration of the Republic of Croatia into the EU (2006)
Stabilisati and Association Agreement
Multi-annual Indicative Planning Document
Strategic Development Framework for 2006-2013 (National Development Plan

ANNEX IV

Details per EU funded contract (*) where applicable:

Twinning contract: account of tasks expected from the team leader, resident twinning advisor and short term experts

- organize and moderate trainings from Activity 1.1, 1.4, 1.5, 1.6

- organize study visits for National office for RIA staff

- produce a document based on analysis/assessment of regulatory institutions' needs

- dedicate a number of working days for hands-on technical assistance in RIA methodology implementation and gaining further insights into the practical issues for National office for RIA and/or regulatory institutions
- creation of guidelines and manuals from Activity 2.1 and 2.2
- planning and implementation of a minimum of 3 pilot projects from Activity 2.3 and a pilot in public consultation
- coordinate with the PIU