

## **1. Basic information**

- 1.1. CRIS Number: HR2007/019-247
- 1.2. Title: **Reinforcement of Croatian Telecommunication Agency**
- 1.3. Code: 10 - Information society and media
- 1.4. Location: Croatia

### **Implementing arrangements:**

- 1.5. Implementing Agency: CFCU
- 1.6. Beneficiary (including details of SPO): Croatian Telecommunications Agency  
Co-beneficiaries: Croatian Competition Agency  
Ministry of the Sea, Tourism, Transport and Development  
SPO: Mr Radovan Zentner, CTA, Council Member  
[radovan.zentner@telekom.hr](mailto:radovan.zentner@telekom.hr)
- 1.7. Overall cost: 4.200.000 EUR
- 1.8. EU contribution: 3.325.000 EUR
- 1.9. Final date for contracting: 2 years following the date of conclusion of the Financing Agreement
- 1.10. Final date for execution of contracts: 2 years following the end date 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 promote and maintain efficient and sustainable competition in the telecommunication market, to foster socially fair introduction of new public telecommunication technologies, and to assure the law enforcement for protection of telecommunication service providers and their customers.

### 2.2 Project purpose

- 1. To continue support of the Agency with specific know-how in problem areas
- 2. To improve the capacity of staff, primarily within the Agency, as well as within other government and non-government bodies;
- 3. To protect wireless service providers and their customers and other stakeholders from intended or unintended radio frequency interferences.

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

The “Accession partnership” for the integration of Croatia in European Union ([http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l\\_055/l\\_05520060225en00300043.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_055/l_05520060225en00300043.pdf)) has established a number of short and medium-term priorities which are expected to be completed within the next few years. By this project the following priorities will be fully or partially addressed:

a) short-term priority:

*Further strengthen the capacity of the national regulatory authority in the field of telecommunications and ensure its independence.*

b) mid-term priorities

*Adopt the necessary primary and secondary legislation to complete the regulatory framework and introduce competition in all fields.*

Mid-term priorities (projections for years 2007 and 2008) in this area, according to the document on the European partnership with the Republic of Croatia (NPPEU 2006, page 162-163), are adoption of the necessary acts and subordinate legislation which supplement the regulatory framework and introduce market competition in all areas (in accordance with the new regulatory framework of the European Union).

For the purpose of achieving these priorities in the mid-term, up to 2008, the Ministry shall, in cooperation with other competent bodies of the state administration and other institutions, and depending on availability of the necessary resources (state budget of the Republic of Croatia, pre-accession funds of the EU (PHARE, IPA etc) or other foreign aid schemes), carry out the following activities:

- draft proposal of necessary changes and amendments to the *Telecommunications Law* and adopt new *Law on Electronic Media*, based on analysis of the work of the existing regulatory bodies in the field of telecommunications and postal services and analysis of the implementation of the Telecommunications Act and the Postal Act, as they relate to work, powers and tasks of the Croatian Telecommunications Agency and the Council for Postal Services (*Ministry of the Sea, Tourism, Transport and Development in cooperation with the Croatian Agency for Telecommunications and the Council for Postal Services*).
- prepare a study on the impact of the liberalisation and deregulation of the telecommunications in Croatia (Ministry in cooperation with CTA and academic society)

According to the Progress Report for 2006 issued by EC (page 34-35; [http://ec.europa.eu/enlargement/pdf/key\\_documents/2006/nov/hr\\_sec\\_1385\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2006/nov/hr_sec_1385_en.pdf)), progress has continued as regards electronic communications and information technologies.

Telecommunications Users Council was established within the Croatian Telecommunications Agency as a mediation body in the out-of-court disputes between providers and users of public telecommunications services, and also on the protection of users' rights. The Agency

itself has taken important regulatory decisions such as the adoption of a new interconnection offer and the reference offer for unbundled access to the local loop. Also, a decision was taken identifying SMP operators in four relevant products and geographic markets.

The Agency is now well staffed and its independence, autonomy, and powers are assured by the law. However, it needs to reinforce its organisation, improve its capacities and demonstrate more transparency and focus in its work, with a solid work programme and regular public consultation procedure. The current Telecommunication Act from June 2003 has been amended four times up to May 2005. A completely new primary law will need to be drafted, however, in order to align with the *acquis*. Liberalisation is slowly emerging as regards the fixed network but the incumbent operator is still dominates. In the mobile market, continued growth and the entry of a third player have translated into significant tariff decreases, but some limitations in regulatory conditions and difficulties in network roll-out may slow down this progress. The broadband market has grown significantly but is highly dependent upon the incumbent operator's offering. Not all access options are offered and infrastructure competition has not been introduced. The concession agreement and other agreements between the State and the incumbent need to be disclosed and harmonised with the Telecommunications Act, in particular with regard to any limitations to the further liberalisation of the sector. Some competitive safeguards are still incomplete or are proving difficult to implement, such as carrier selection, number portability, accounting separation and cost accounting systems, reference unbundling offer, leased lines wholesale offer and pricing, rights of way and facility sharing.

Altogether, in most fields concrete steps have been taken to transpose the *acquis* and a detailed analysis of remaining gaps have been made. However, increased efforts are needed to achieve effective liberalisation of the electronic communications market, both in term of legislation and further strengthening of the Croatian Telecommunications Agency.

#### 2.4. Link with MIPD

Pre-accession assistance will support institutional capacity building for *acquis* transposition and implementation according to the priorities identified in the Accession Partnership, the screening reports and subsequent negotiations in the different chapters of the *acquis*. Assistance in the 2007 – 2009 period will give priority to sectors: (1) where basic political issues still need to be addressed; (2) where the legislation to be harmonised is particularly difficult; (3) where the implementation capacity is particularly weak; (4) where a track record of implementation will be required prior to accession; and (5) where harmonisation requires costly investment over several years. (*MIPD, page 10*)

#### 2.5. Link with National Development Plan (where applicable)

According to the National Development Plan further enhancement of the market standards is necessary, as well as strengthening of the role of the CTA. It is also necessary to strengthen availability and access to the information-telecommunication infrastructure.

The project will also contribute to the Croatian Government Strategy for Broadband Access ([http://www.vlada.hr/Download/2006/10/12/189\\_-1a.pdf](http://www.vlada.hr/Download/2006/10/12/189_-1a.pdf)) which foresees the strategy for the promotion and support to the full implementation of the Broadband Access in Croatia. The Government, public administration bodies and especially CTA will undertake number of actions to promote and support the competition on the telecommunications market,

technologies, services and contents. This will also include intensive political work on public awareness and complete alignment of legislation and regulatory policy by the end of 2008.

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

N/A

### 3. Description of project

#### 3.1 Background and justification

The priority of Croatian economic policy is to continue building a stable and strong market economy, competitive on a global scale. Adoption of the appropriate acquis and building up a competitive market are also priorities in the telecommunication sector.

The Croatian Telecommunications Agency (Agency) was founded in September 2004, parallel to appointment of new Council members by the Croatian parliament. The new Agency replaced the former structure of the Telecommunication Council and Croatian Institute of Telecommunications. Former Telecommunication Council dealt mostly with regulatory decisions, and the former Croatian Institute of Telecommunications, dealt with other issues in telecommunications such as planning of efficient radio spectrum utilisation, management of telephone numbering plans, technical (non content) supervision of radio transmission, etc. The telecommunication sector, as well as work of the Agency, is regulated primarily by the Law on Telecommunications<sup>1</sup>, the Law on Electronic Media<sup>2</sup>, the Law on the Separation of the Croatian Post and Telecommunications into Croatian Post and Croatian Telecommunications<sup>3</sup> and the Law on the Croatian Radio & Television<sup>4</sup>.

Croatian Telecommunications Agency is responsible for spectrum management and monitoring of the system in order to prevent harmful interference. It also supervises and regulates prices and the quality of telecommunications services in order to protect market competition.

The capacity of the Agency needs to be strengthened, both in relevant know-how and in equipment, and the relevant legislative framework needs to be additionally harmonized with the EU.

Lack of experience in performing regulatory tasks, inadequate administration procedure and inadequate co-ordination both within the Agency and with other relevant bodies were amongst problems identified during the preparation of the CARDS 2004 project "Capacity building for Croatian Telecommunications Agency". This project started in November 2005 and was due to be completed in May 2007, but it has been extended and prolonged for additional nine months. Important changes and improvement of the existing institutional framework are expected as a result of implementation of CARDS 2004.

According to Progress Report, issued by EC commission, the Agency is now well staffed, and its independence, autonomy, and powers are assured by the law. However, it needs to reinforce its organisation, improve its capacities and demonstrate more transparency and focus

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<sup>1</sup> O.G. 122/03, O.G. 158/03, O.G. 60/04 and O.G 70/05

<sup>2</sup> O.G. 122/03

<sup>3</sup> O.G. 101/98

<sup>4</sup> O.G. 25/03

in its work, with a solid work programme and regular public consultation procedure. Project within IPA 2007 programme is designed to further develop outputs and achievements of CARDS intervention, with focus on supporting the operational capacity of the CTA and ensuring its ability to monitor enforcement of the acquis. As a follow up of CARDS, this project will continue support of the Agency in the process of human resources development and with specific know-how in critical areas, with focus on development and implementation of the cost accounting model, which has been recognised as a priority. Furthermore, the procurement of the spectrum monitoring equipment for the upgrade of the existing systems in order to cope with all digital future has been foreseen by this project. This is another important step in the reinforcement of the Agency. This will provide more operational monitoring of frequencies and provide effective protection from harmful interference, both intentional and non-intentional, and also help protecting the environment by controlling and preventing unnecessary electromagnetic emission in digital environment.

The project will be carried out in co-operation with other stakeholders in specific areas, e.g. with Croatian Competition Agency (concerning market analyses), with Ministry of the Sea, Tourism, Transport and Development (concerning legislation changes) and other government and non-government bodies.

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

#### Project impact and catalytic effect:

Telecommunications market in Croatia is growing every day and it is absolutely necessary to reinforce CTA in all areas and build fully operational and effective Agency as soon as possible. The results foreseen in the project will contribute to successful closing of the chapter 10 Information society and media of the negotiations for accession to EU.

#### Additionality:

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.

#### Sustainability:

CTA has already a number of monitoring stations and locations operational, with regular maintenance as necessary. Maintenance will also in future apply to the upgraded system.

#### Cross border impact

The proposed supply component will strengthen CTA in performing its spectrum monitoring duties on the territory of Croatia, but will also enable more effective cooperation on this activities with corresponding bodies in neighbouring countries (Austria, Slovenia, Hungary, Bosnia & Herzegovina). Ultimately, a pan-European network of monitoring stations can be expected to be formed in future, with seamless exchange of monitoring data.

### 3.3 Results and measurable indicators

1. Results and measurable indicators in relation with Activity 1. Support of the Agency in analyses of relevant markets, cost accounting and other problem areas

Result:

Problem areas detected. Opinions on specific items given. Bottom-up cost accounting model tools established and/or applied. Market definitions according to new regulatory framework drafted and methods for their implementation approved.

Indicators:

- Market definitions and procedures drafted;
- 25 of ad-hoc opinions given

2. Results and measurable indicators in relation with Activity 2. Ongoing human resource development delivered through a series of workshops, on the job training and coaching. Strategy and programme along with associated manuals and guidelines updated, training maps.

Result:

Human resource development strategy and programme updated with staff trained.

Indicators:

- Minimum of 60 staff –workshop days provided of staff trained;

3. Results and measurable activities in relation with Activity 3. Legal gap analysis. Plan of transition process (list of strategic goals, timeline, public consultations and other topics addressed)

Result:

Legislation necessary for full implementation of EU telecommunication framework drafted.

Indicators:

- minimum of 12 of regulations and procedures updated;
- Telecom Act changes and/or bylaws prepared;

4. Results and measurable activities in relation with Activity 4. procurement and installation of necessary hardware and software for spectrum monitoring network. Implementation of fully operational Spectrum Monitoring Network according implementation plan. Corresponding training of the staff.

Result:

The existing Spectrum Monitoring System upgraded and operational.

Indicators:

- Equipment and software purchased and installed within the Agency;
- 12 of staff trained for using the upgraded equipment.

### 3.4. Activities

## CAPACITY BUILDING COMPONENT

### Technical Assistance Contract:

Activity 1: Assessment and revision of problem areas

Activity 1.1: Need assessment according to new directives or any other changes of acquis

Activity 1.2: Provide tools, manuals and guidelines in areas identified

Activity 1.3: Development and/or support at implementation of cost accounting model

Activity 1.4: Development and/or support at implementation of accounting separation analysis tools

Activity 2: Give Opinions on specific items

Activity 2.1: Continuous availability for support in problem areas

Activity 3: Market definitions analysis and implementation

Activity 3.1: Specify Market definitions according to New Regulatory framework

Activity 3.2: Support in analyses of telecommunication markets according to new regulatory framework

Activity 4: Cost modelling creation and implementation

Activity 4.1: Develop tools for bottom-up cost accounting model

Activity 4.2: Implement tools for accounting separation analysis

Activity 4.3: Propose and elaborate cost allocation method

Activity 4.4: Provide workshops on concept of cost allocations and adequate training

Activity 4.5: Develop and install standard cost allocation tool

Activity 5: Human resources development strategy updated with staff trained

Activity 5.1: Update HRD strategy to provide functional training in core management skills

Activity 5.2: Update training materials and guidelines

Activity 5.3: Gather training material into an electronic library with on-line access

Activity 5.4: Organize series of relevant workshops, seminars, case studies and conferences

Activity 5.5: Study visits to other NRA's

Activity 5.6: On-the-job training and coaching

Activity 6: Legislation necessary for full implementation of EU telecommunication framework drafted

Activity 6.1: Legal gap analysis

Activity 6.2: Plan of transition process (list of strategic goals, timeline, public consultations and other topics addressed)

Activity 6.3: Drafting of necessary legislation for full implementation of EU telecommunication framework

## SUPPLY COMPONENT

### Supply Contract:

- Activity 1: The existing Spectrum monitoring system upgraded and operational
- Activity 1.1: Procurement and installation of necessary hardware and software for spectrum monitoring network
- Activity 1.2: Implementation of fully operational Spectrum Monitoring Network according implementation plan
- Activity 1.3: Corresponding training of the staff

### 3.5. Conditionality and sequencing

N/A

### 3.6. Linked Activities

- CARDS 2001”Capacity building of the Telecommunication Council in Croatia”. The project amounted 185.000 euro and was implemented from November 2002 until April 2003. The project provided co-funding to the Telecommunication Council and its project of building an interconnection cost-model. Further legal approximation and capacity building/opening markets in Telecommunications. The project amount was 173.000 euro. The project provided short-term and preparatory legal support to the Ministry responsible for Telecommunications. The project provided a final analysis of the new legislative framework and supported the drafting of 10 bylaws.
- CARDS 2004 project “Capacity Building for the Croatian Telecommunication Agency” started in November 2005 as one of the CARDS 2004 projects.

The main objective is to introduce, maintain and promote the effective and sustainable competition in the telecommunications market and assure the law enforcement in the respected fields.

Specific objectives include development of internal procedures of the Agency and co-ordination with other government and non-government bodies, to improve the capacity of staff, primarily within the Agency, as well as within responsible Ministry department, to handle their new tasks and responsibilities; to review and support the finalisation of the new telecommunication legislation and to support the development of a modern technical (particularly IT) infrastructure of the Agency.

### 3.7 Lessons learned

Capitalization of lesson learning could be effectively derived from the following sources:

- The comprehensive evaluation of CARDS interventions on the telecommunication sector (2001)
- The experience gained within the ongoing CARDS 2004 project

The timing for the CARDS 2001 project at former Telecommunications Council was right in a sense that Reference interconnection offers were to be imposed to the incumbent operator less than two years after the finish of the project, which gave enough time for implementation. Unfortunately, due to a period of uncertainty in regulation until nomination of a new Council according to the 2003 telecom act, the results of the project were never implemented in the real life, so that the first and consecutive reference interconnection offers needed to be analysed according to the benchmarks. The lesson learned from this experience is, that it is not sufficient to plan endeavours in timely fashion, but also to secure means for implementation, in this case ensuring proper functioning, as well as the continuity of involved bodies.

The other CARDS 2001 project that provided short-term and preparatory legal support to the Ministry responsible for Telecommunications supported a complex process of implementing the 2003 Telecom Act by providing both, analysis of the Telecom Act as well as supporting the drafting of many bylaws. It was a valuable and necessary step towards the implementation of 1998 Telecommunication Framework that proved to be a success in Croatia, having a mobile market open to full competition and making significant progress in liberalisation of the fixed line market.

It was immediately obvious that future legislative adjustments will be needed to comply with the 2002 Telecommunication Framework, and an intervention was, again timely, envisioned through the CARDS 2004 instrument. This project was (and still is) supporting both, legal approximation to the 2002 Framework (through a component supporting the Ministry responsible for Telecommunications in drafting the new Electronic Communications Act) and capacity building of the regulator. Being nearly synchronised in its implementation with the founding of the Croatian telecommunications Agency, the project provided a lot of support in both regulatory and managerial challenges in the CTA. This has been done through providing a series of workshops for staff and management, study tours, and giving ad hoc opinions and drafting white papers on specific issues of current affairs. This kind of input, with emphasis on all mentioned components proved to be very efficient and useful.

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

Activities	TOTAL PUBLIC COST	SOURCES OF FUNDING									
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION					PRIVATE
		Total	% *	IB	INV	Total	Type of cofinancing (J / P) **	% *	Central	Regional	IFIs
<b>Activities 1-3</b>											
TA Contract	700 000	700 000	100		0		0				0
<b>Spectrum Monitoring System Upgrade</b>											
Supply Contract	3 500 000	2 625 000	75		875 000	J	25				0
<b>TOTAL</b>	<b>4 200 000</b>	<b>3 325 000</b>	<b>79</b>		<b>875 000</b>		<b>21</b>				

\*\* 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
TA Contract	Q1/2008	Q3/2008	Q3/2010
Supply contract	Q1/2008	Q3/2008	Q3/2010

All projects should in principle be ready for tendering in the 1<sup>ST</sup> Quarter following the signature of the FA

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

##### 6.1 Equal Opportunity

Equal opportunity principles and practices in ensuring equitable gender participation in the Project will be guaranteed.

##### 6.2 Environment

No harmful impact to the environment. Both digital television and more effective spectrum monitoring network will help in protection of environment by preventing unnecessary electromagnetic emissions.

##### 6.3 Minorities

N/A

## **ANNEXES**

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3 - Reference to laws, regulations and strategic documents:
- 4- Justification and Market Analysis for the supply component

## Logical Framework Matrix for IPA 2007 pre-accession scheme projects

LOGFRAME PLANNING MATRIX FOR Project: <b>Reinforcement of Croatian Telecommunications Agency</b>		Programme name and number: <b>IPA 2007</b>	<b>2007/019-247</b>
Croatian Telecommunications Agency			
		<b>Total budget : €4.200.000</b>	<b>IPA budget : €3.325.000</b>
<b>Overall objective</b>	<b>Objectively Verifiable Indicators</b>	<b>Sources of Verification</b>	
To promote and maintain efficient and sustainable competition in the telecommunication market, to foster socially fair introduction of new public telecommunication technologies, and to assure the law enforcement for protection of telecommunication service providers and their customers	<ul style="list-style-type: none"> <li>• The services are developing, the number of users are increasing, the share of higher quality services becomes bigger (broadband internet penetration).</li> </ul>	<ul style="list-style-type: none"> <li>• International reports (e.g. ITU)</li> <li>• State statistics office</li> </ul>	
<b>Project purpose</b>	<b>Objectively Verifiable Indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<p>4. To continue support of the Agency with specific know-how in analyses of relevant markets and other problem areas;</p> <p>5. To improve the capacity of staff, primarily within the Agency, as well as within other government and non-government bodies;</p> <p>6. To assist preparation of legislation necessary for full implementation of EU telecommunication framework and for EU accession;</p> <p>7. To protect wireless service providers and their customers from intended or unintended radio frequency interferences.</p>	<ul style="list-style-type: none"> <li>• Telecom Act changes and/or by-laws prepared;</li> <li>• Publication of revised Reference Interconnection Offers;</li> <li>• Publication of revised Reference Unbundling Offers;</li> <li>• Significant Market Power operators designated;</li> <li>• Minimum of 60 staff –workshop days provided, with staff educated and trained</li> <li>• minimum of 60 detected RF interference sources</li> </ul>	<ul style="list-style-type: none"> <li>• Agency's Annual Report</li> <li>• Agency's Council decisions</li> <li>• Official Gazette</li> <li>• Agency's web site</li> <li>• Ministry Annual Report</li> <li>• Public press</li> </ul>	<ul style="list-style-type: none"> <li>• Continued State support to the Agency</li> </ul>

<b>Results</b>	<b>Objectively Verifiable Indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<p>1. Problem areas detected. Opinions on specific items given. Bottom-up cost accounting model tools established and/or applied. Market definitions according to new regulatory framework drafted and methods for their implementation approved.</p> <p>2. Human resource development strategy and programme updated with staff trained.</p> <p>3. Legislation (relevant act and/or bylaws) necessary for full implementation of EU telecommunication framework drafted.</p> <p>4. Acquired necessary hardware and software for spectrum monitoring network. Upgraded monitoring network operational. Staff trained.</p>	<ul style="list-style-type: none"> <li>• Market definitions and procedures drafted;</li> <li>• 25 of ad-hoc opinions given;</li> <li>• Minimum of 60 staff –workshop days provided, with staff educated and trained;</li> <li>• 12 of regulations and procedures updated</li> <li>• Telecom Act changes and/or bylaws prepared;</li> <li>• Equipment and software purchased and installed within the Agency;</li> <li>• 12 of staff trained for using the upgraded equipment.</li> </ul>	<ul style="list-style-type: none"> <li>• Agency's Annual Report</li> <li>• International reports</li> <li>• Agency's Council decisions</li> <li>• Public press</li> </ul>	<ul style="list-style-type: none"> <li>• Positive cooperation with Ministry and other governmental and nongovernmental bodies</li> <li>• Suitable staff recruited</li> <li>• Staff trained for the use of the new system</li> </ul>
<b>Activities</b>	<b>Means</b>	<b>Specification of costs</b>	<b>Assumptions</b>
<p>1. Continuous availability for support in problem areas. Development and/or support at implementation of cost accounting model. Development and/or support at implementation of accounting separation analysis tools. Support in analyses of telecommunication markets according to new regulatory framework.</p> <p>2. Ongoing human resource development delivered through a series of workshops, on the job training and coaching. Strategy and programme along with associated manuals and guidelines updated. Training maps.</p> <p>3. Legal gap analysis. Drafting of necessary legislation for full implementation of EU telecommunication framework, in cooperation</p>	<p>Contract 1 (Service) Contract 2 (Supply)</p>	<p><b>Contract 1</b> (Service): €700 000 <b>Contract 2</b> (Supply): €3 500 000</p>	<ul style="list-style-type: none"> <li>• Successful direct negotiations for procurement. The market research performed showed that there is high likelihood that there is only one supplier available on the European market.</li> </ul>

with Ministry & Agency. 4. Procurement and implementation of necessary hardware and software for spectrum monitoring network and corresponding training of the staff.			
			<b>Preconditions</b>

**ANNEX 2 – Contracting and disbursement schedule**

<b>Contracted</b>	<b>2008</b>				<b>2009</b>			
	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>
TA 1	700.000							
Supply 1	3.500.000							
<b>Cumulated</b>	<b>4.200.000</b>							
<b>Disbursed</b>								
TA 1	120.000	120.000	120.000	120.000	120.000	100.000		
Supply 1	1.430.000	1.150.000	920.000					
<b>Cumulated</b>	<b>1.550.000</b>	<b>2.820.000</b>	<b>3.860.000</b>	<b>3.980.000</b>	<b>4.100.000</b>	<b>4.200.000</b>		

### **Annex 3: Reference to laws, regulations and strategic documents**

Telecommunications Act (“Official Gazette”, no. 122/03, 158/03, 60/04, 70/05)

Electronic Media Act (“Official Gazette”, no. 122/03)

Competition Law (“Official Gazette”, no. 122/03)

The Law for Protection of Consumers (“Official Gazette”, no. 122/03)

Number of bylaws (available on [www.telekom.hr](http://www.telekom.hr))

Council Decision on the principles, priorities and conditions contained in the Accession Partnership with Croatia and its Annex: Croatia: Accession Partnership 2005 (Official Journal of the European Union, 25.2.2006)

[http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l\\_055/l\\_05520060225en00300043.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_055/l_05520060225en00300043.pdf)

Croatia 2006 Progress Report (Commission of the European Communities)

[http://ec.europa.eu/enlargement/pdf/key\\_documents/2006/nov/hr\\_sec\\_1385\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2006/nov/hr_sec_1385_en.pdf)

eEurope 2005: An information society for all - Action Plan (Commission of the European Communities)

[http://ec.europa.eu/information\\_society/eeurope/2002/news\\_library/documents/eeurope2005/eeurope2005\\_en.pdf](http://ec.europa.eu/information_society/eeurope/2002/news_library/documents/eeurope2005/eeurope2005_en.pdf)

Council Resolution on the implementation of the eEurope 2005 Action Plan (Council of the European Union)

[http://ec.europa.eu/information\\_society/eeurope/2005/doc/all\\_about/benchmarking/resolution.pdf](http://ec.europa.eu/information_society/eeurope/2005/doc/all_about/benchmarking/resolution.pdf)

i2010 – A European Information Society for growth and employment (Commission of the European Communities)

[http://ec.europa.eu/information\\_society/eeurope/i2010/docs/communications/com\\_229\\_i2010\\_310505\\_fv\\_en.pdf](http://ec.europa.eu/information_society/eeurope/i2010/docs/communications/com_229_i2010_310505_fv_en.pdf)

i2010 – First Annual Report on the European Information Society (Commission of the European Communities)

[http://ec.europa.eu/information\\_society/eeurope/i2010/docs/annual\\_report/com\\_2006\\_215\\_en.pdf](http://ec.europa.eu/information_society/eeurope/i2010/docs/annual_report/com_2006_215_en.pdf)

The Croatian government Strategy for Broadband Access (in Croatian)

[http://www.vlada.hr/Download/2006/10/12/189\\_-\\_1a.pdf](http://www.vlada.hr/Download/2006/10/12/189_-_1a.pdf)

The Croatian Government Action Plan for 2007 for Broadband Access (in Croatian)

[http://www.vlada.hr/Download/2006/10/12/189\\_-\\_1b.pdf](http://www.vlada.hr/Download/2006/10/12/189_-_1b.pdf)

## **ANNEX IV - Details per EU funded contract (\*) where applicable:**

Outputs expected from the TA contract

### **Component 1 - Market definitions and cost accounting modelling and legislation drafting**

Current status of the telecommunications market and its competitiveness should be analysed and recorded. 18 Relevant Markets in Telecommunications, identified in “Ordinance on the conditions and manner of determining relevant markets in telecommunications, according to EC guidelines and recommendations should be analysed. Identified markets should be specified and implemented. Tools for cost accounting modelling should be suggested. Legal gap analysis. Drafting of necessary legislation for full implementation of EU telecommunication framework, in cooperation with Ministry & Agency.

#### **The minimum activities would include:**

- Problem areas in telecommunications should be revised and assessed. The contractor is expected to make or assist CTA with market research on the current status of the relevant market and its competitiveness, and need assessment according to new directives or any other changes of acquis, to identify problem areas and provide guidelines, manuals and tools for these areas
- The report is a working document which should provide milestones and targets to be fulfilled. The contractor will be requested to make brief evaluation and provide proposals for activity plan of the project (reports will be provided in English and Croatian);
- Support specifying market definitions according to New Regulatory framework. The contractor will analyse and assess market definitions and develop necessary procedures for their implementation. The Consultant will suggest an action plan for implementation of market definitions. Perform other necessary steps for implementation of market definitions (e. g. draft necessary methodology, update or re-draft appropriate bylaws, regulations etc.)
- Develop tools for bottom-up cost accounting model, implement tools for accounting separation analysis. The Consultant will propose and elaborate cost allocation method and also provide appropriate workshops on concept of cost allocations and adequate training.

#### **Minimum inputs would include:**

Necessary input is likely to come from senior EU economic, technical and legal expertise with long experience in account separation, definition and analysis of relevant markets.

#### **Minimum outputs would include:**

- Problem areas assessed and reviewed
- Activity plan for the full implementation of this component suggested
- Market definitions specified, assessed and implemented
- Cost accounting modelling created and implemented

- Standard cost allocation tools developed and installed
- Legislation (relevant act and/or bylaws) necessary for full implementation of EU telecommunication framework drafted.

## **Component 2 – Human resource development strategy**

Due to total liberalisation of telecommunications markets the scope of activities and responsibilities of Croatian Telecommunications Agency will grow. The way of performing these tasks should promote the effective and sustainable competition to the development of the telecommunications market. The identification of areas, in which further education for employees is needed, should be made so as to improve their efficiency in performing the new tasks.

### **The minimum activities would include:**

- Training needs assessment should be updated for the staff of the Agency. An assessment of possible training needs outside the Agency should also be included. Without precluding the assessment the Agency will require particular training in fields such as cost accounting, accounting separation and market analysis and all other regulatory issues recognised in assessment of the problem areas which is under paragraph above
- Development and delivery of training to the Agency in all above mentioned field, in Zagreb and to a limited extent in European Member States. The training should be oriented to the workshops, seminars, case studies, study visits etc.
- Development of guidelines, manuals and other training materials. All materials should be gained into an electronic library with on-line access, in order to support on-the-job training.

### **Minimum inputs would include:**

Necessary input is likely to come from senior EU economic, technical and legal expertise with long experience in account separation, definition and analysis of relevant markets. To successfully conclude the activities, a senior EU expert with experience in a national or international organisation dealing with Telecommunications or other NRA is also likely to be needed.

### **Minimum outputs would include:**

- Human resource development strategy updated to provide functional training in core management skills
- Training materials and guidelines for running the activities in the areas for which there is need for further education determined or updated
- An electronic library with all training materials and on-line access established
- Workshops, seminars, case studies, conferences and on-the-job training provided

