Phare Project Fiche

1. Basic Information

1.1 CRIS Number: HR2005/7/3
1.2 Title: Unallocated Institution Building Envelope
1.3 Sector: 99810
1.4 Location: Croatia
1.5 Duration: 24 months

2. Objectives

2.1 Overall Objective(s):

To strengthen the institutions and administrative capacity for the full application of the acquis communautaire.

2.2 Project purpose:

To provide Institution Building through assistance (twinning, twinning light or other form of technical assistance) to meet the requirements related to specific urgent and unforeseen needs identified in the course of the accession negotiation process.

In particular this facility may help to:

- assist the adoption and implementation of acquis in particular areas where assistance is still necessary;
- strengthen the institutional and operational capacity of public administration bodies in view of their role in the implementation of the EU acquis;
- to develop human resources of public administration institutions relevant for the implementation of the EU acquis
- to develop the institutions required to manage current and future EU pre-accession assistance

2.3 European Partnership (EP) and NPIEU priority

**European Partnership priorities** – Under Point 3 ‘Priorities’ the European Partnership recalls that “where legislative approximation is concerned, incorporation of the EU acquis into legislation is not in itself sufficient; it will also be necessary to prepare for its full implementation.”

**NPIEU – 2005 priorities** – Introduction and Chapter 4 on “Strengthening Administrative Capacity”. This chapter underlines the importance of modern and efficient public administration in the context of European Integration and describes the needs for the successful implementation of institutional and administrative measures as the basis for legal and economic reforms.
2.4 Contribution to National Development Plan

Generally, the contribution to the NDP is not applicable but upon completion of the NDP in Croatia, this facility can provide assistance to develop institutions involved in current and future management of EU funds.

2.5 Cross Border Impact

Not applicable

3. Description

3.1 Background and justification:

Croatia has been the beneficiary of CARDS institution building projects since 2001. A number of institution building projects have been or are being completed successfully in the form of full scale twinning with the assistance of Member States experts. Croatia’s accession preparation includes the need to establish a flexible institution building instrument to address specific well-circumscribed self contained subjects of limited scope. This facility will provide the possibility to respond to emerging tasks in a more flexible and immediate way. In particular, projects will be supported in those areas in which an urgent or unforeseen task would come up during the accession negotiations or which have a high priority. The project may also cover the needs identified during the accession negotiations such as expertise of economic, social, legal and institutional nature.

3.2 Sectoral rationale

Not applicable

3.3 Results

Result 1:

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

Result 2:

Institutional reform and capacity building to ensure effective implementation and management of current and future pre-accession assistance

3.4 Activities (including Means)

An envelope for as yet unspecified institution building projects will be established. Funded projects will rest on a number of fundamental principles:

- Projects will be based on priorities identified in the European Partnership, the NPIEU, or emerge from the ongoing negotiation process. There will be
cases where the relationship with the acquis will be concretely established, but there might also be cases, where a focused institution building project will be the most suitable method for the achievement of a desired result in a broader sense of the acquis or in fulfillment of the Copenhagen criteria.

- The project will target very specific areas where Institution Building support is required in relation to the challenges and requirements of the EU integration process and to the negotiation chapters; preparation for future structural and regional policies, and preparation of relevant administrative structures for future accession.
- The project targets a concrete, operational guaranteed result.
- The beneficiary lays out a clear work programme, how it intends to achieve the result and what means it will deploy. The project should make the commitment of the beneficiary to achieve the guaranteed result explicit.
- Size and budget of projects will be subject of individual assessment, subject to PHARE guidelines including on Twinning and Twinning light.
- All projects should be in full compliance with the Commission’s PHARE guidelines.
- Projects can be implemented in the form of twinning, twinning light and technical assistance.

3.5 Linked Activities:

The TAIEX Multi-beneficiary Programme, which acts as a complement to the national Phare programmes and is coordinated with them, responding to individual requests not covered in these programmes by tailor-made actions for each country in all fields of the acquis.

SIGMA Multi-beneficiary Programme, which advises on the modernisation of general management systems of public institutions, oriented to accession priorities and complementing National Programmes for Institution Building.

3.6 Lessons learned:

A large number of institution building projects have been completed successfully in the form of Twinning with the assistance of Member States experts. The experience shows that this type of assistance has been particularly useful to respond quickly to urgent needs in preparation towards accession. This IB envelope is expected to provide Croatia the possibility to respond to the tasks linked to the further strengthening of the administrative capacity for the full implementation of the acquis.

4. Institutional Framework

Overall management of the project shall be carried out by the Ministry of Foreign Affairs and European Integration (MFAEI) as the National Aid Coordinator, who will secure responsible staff for dissemination of information about opportunities under the facility.

The areas that need support shall be subsequently identified by the MFAEI. The MFAEI will decide the appropriate means of support. The MFAEI will subsequently coordinate project applications and project preparation, and monitor project
implementation in close co-operation with the EC Delegation and the Central Finance and Contracting Unit (CFCU).

5. Detailed Budget

<table>
<thead>
<tr>
<th>Year 2005</th>
<th>Phare/Pre-Accession Instrument support</th>
<th>Co-financing</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>€M</td>
<td>National Public Funds (*)</td>
<td>Other Sources (**)</td>
<td>Total Co-financing of Project</td>
</tr>
</tbody>
</table>

Investment support jointly co funded

Investment support – sub-total

% of total public funds  
max 75 %  
min 25 %

<table>
<thead>
<tr>
<th>Year 2005 Institution Building support</th>
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<tbody>
<tr>
<td>IB Envelope</td>
<td>2.000</td>
<td>2.000</td>
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<tr>
<td>IB support</td>
<td>2.000</td>
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<tr>
<td>Total project 2005</td>
<td>2.000</td>
<td>2.000</td>
<td>2.000</td>
</tr>
</tbody>
</table>

(*) contributions form National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises  
(**) private funds, FIs loans to private entities

1. All investment sub-projects supported by PHARE must receive co-financing from national public funds. Minimum requirement for co-financing from national public funds is 25% of the combined PHARE and national contributions to the overall investment support.

2. Many Institution building projects will also have a degree of co-financing – this should be quantified and included wherever possible.

3. Expenditure related to equipment (regulatory infrastructure or ESC-related) and to Technical Assistance supporting investment (e.g. pre feasibility study / supervision of works / technical specifications) should be considered as Investment support in the project fiche.
4. All co-financing must be provided on a joint basis. Parallel co-financing will, in a principle, not be accepted. Exceptions to this rule have to be agreed with the Commission in advance.

5. All co-financing should be clearly quantified, also the degree of certainty of such co financing (i.e. for National Public Funds: is it already earmarked in local or national budget, for FI loans, private funds: are they already approved/ under appraisal, etc.).

6. Where parallel co financing is accepted and justified per exception to the normal rule it should be provided in monetary form. If this is not possible there should be clear criteria set out for the valuation of any non-monetary contributions (that should be quantified in the table).

7. If twinning is involved, clearly state the expected budget of the twinning covenant.

8. The financial engineering of the project should be closely monitored against actual delivery during implementation and against the objectives that were set in the project fiche so that corrective actions may be taken where required.

6. Implementation Arrangements

6.1 Implementing Agency

Programme Authorising Officer
Ms Vladimira Ivandić
Assistant Minister
Ministry of Finance
Katanciceva 5
10000 Croatia

Senior Programme Officer
Mr Davor Ćilić
Assistant Minister
Ministry of Foreign Affairs and European Integration
Petretićev trg 2
10000 Croatia

6.2 Twinning

Beneficiary institutions are not determined, due to the nature of the envelope.

6.3 Non-standard aspects

The Practical Guide and the specific twinning and twinning light rules will strictly be followed.

6.4 Contracts

Due to the nature of the envelope for the time being it is not possible to foresee the number and value of contracts.
7. **Implementation Schedule**

7.1 Start of tendering/call for proposals

November 2005

7.2 Start of project activity

Contracts may be signed only after the signature of the Financing Memorandum for the Phare 2005 National Programme. Contract must be signed at the latest before the expiry of the contracting period in the Financing Memorandum for the Phare National Programme 2005, i.e. 30 November 2007.

7.3 Project completion

Projects must be completed before the expiry date of the disbursement period in the Financing Memorandum for the Phare National Programme 2005, i.e. 30 November 2008.

8. **Equal Opportunity**

Equal opportunity for men and women will be guaranteed.

9. **Environment**

Not applicable

10. **Rates of return**

Not applicable

11. **Investment criteria**

Not applicable

12. **Conditionality and sequencing**

- The envelope will be actually used only if there are enough concrete applications fulfilling the criteria identified.

- The beneficiary institutions are bound to provide the twinning partner with adequate staff and other resources (including translation and interpretation) to operate effectively. The full commitment and participation of senior management of the beneficiary institution is required for the implementation of the projects.

- The sequencing is subjected to the deliberations of the Steering Committee meetings.
• Funding will be allocated as required for monitoring and interim evaluation of Phare projects after the end of the current EU centrally funded contract.

ANNEXES TO PROJECT FICHE

1. Logframe
2. Detailed implementation chart
3. Contracting and disbursement schedule

4. For all projects: reference list of feasibility/pre-feasibility studies, indepth ex ante evaluations or other forms of preparatory work. For all investment projects, the executive summaries of economic and financial appraisals, environmental impact assessments, etc, should be attached – Not applicable

5. Reference list of relevant laws and regulations – Not applicable

6. Reference list of relevant strategic plans and studies (may include institution sector strategies, development plans, business development plans, etc) - Not applicable
## UNALLOCATED INSTITUTION BUILDING ENVELOPE

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening the institutions and administrative capacity for the full application of the acquis communautaire</td>
<td>Increasing number of Croatian institutions able to manage Structural Funds and apply the acquis communautaire</td>
<td>European partnership Progress Report</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| To provide Institution building through assistance to meet requirements related to specific urgent and unforeseen needs identified in the course of the accession negotiation process | Acceleration of the progress within ministries/institutions towards meeting the requirements of the acquis and Structural Funds strategy | • Minutes of the monthly project review meetings  
• Monitoring reports  
• Progress report | • The identified tasks are completed in time and effectively  
• Structural Funds strategy is agreed |

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Concrete administrative structures and management systems in place which satisfy the requirements of the acquis communautaire in a number of areas. Institutional reform and capacity building to ensure effective implementation and management of current and future pre-accession assistance. | Specific identified tasks have been completed with the help of MS experts or TA provided by experts selected through the Practical Guide for Phare procedures. | • twinning experts reports  
• Monitoring reports | • The beneficiaries allocate appropriate human and financial resources to the specific task |

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
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</thead>
<tbody>
<tr>
<td>Establishment of a facility providing support for institution building projects</td>
<td>An un-attributed envelope will be earmarked from which a number of projects will be financed</td>
<td>• Appropriate twinning partners will be found</td>
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</tbody>
</table>
ANNEX 2 – DETAILED IMPLEMENTATION CHART

<table>
<thead>
<tr>
<th>Tendering</th>
<th>Contracting</th>
<th>Implementation</th>
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NB! Due to demand-based nature of the facility it is not possible to accurately predict precise timing of the project phases.
# ANNEX 3 – CONTRACTING AND DISBURSEMENT SCHEDULE

## Cumulative contracting schedule by quarters in EUR (provisional)

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th></th>
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<th>2007</th>
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<td>I</td>
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**TOTAL (EUR):** 500 000 1 000 000 1 500 000 2 000 000 2 000 000 2 000 000 2 000 000

## Cumulative disbursement schedule by quarters in EUR (provisional)

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**TOTAL (EUR):** 200 000 400 000 800 000 1 000 000 1 300 000 1 500 000 1 500 000 2 000 000 2 000 000 2 000 000 2 000 000 2 000 000

NB! Due to demand-based nature of the Facility it is not possible to accurately predict precise timing of contracting and disbursements.