

STANDARD TWINNING LIGHT PROJECT FICHE

1. Basic Information

- 1.1 Publication notice reference:
- 1.2 Programme: IPA 2012
- 1.3 Twinning Number: HR 12 IPA SPP 03 16 TWL
- 1.4 Title: Strengthening capacity of the Central Finance and Contracting Agency in its role of Intermediate body level 2 (CRO IB2)
- 1.5 Sector: Structural and cohesion funds
- 1.6 Beneficiary country: Croatia

2. Objectives

2.1 Overall objective:

The overall objective of this project is to contribute to effective implementation and management of European Structural and Investment Funds in Croatia.

2.2 Project purpose:

The purpose of the project is to strengthen capacity of the Central Finance and Contracting Agency (CFCA) for conducting its role of Intermediate body level 2 for Operational Programme Competitiveness and Cohesion 2014 – 2020.

2.3 Contribution to Accession Treaty/Relevant national documents:

The project objectives are in line with the *Communication from the Commission to the European Parliament, the Council, the European Central Bank and the Eurogroup (2016 European Semester): Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011*¹ which states that in some EU Member States, including Croatia, EU funds have continued to play a key role and account for a large share of investment. Absorption rates should be increased through strengthened administrative capacity of national and regional administrations and technical assistance, contributing also to an optimal combination of the different EU funds. It is also stated that: “EU funds, in particular the European Structural and Investment Funds, can and should be used to facilitate reforms. (...) In the 2014-2020 multiannual financial framework, the European Structural and Investment Funds are closely linked to the objectives of the Europe 2020 strategy and to the macroeconomic challenges identified in the country-specific recommendations. Beyond absorption levels, it is important to make sure that EU funds are put to the most effective use in terms of addressing the economic and social challenges in Member States. The delayed programming of some of the funds calls for extra efforts now to ensure a speedier and smooth disbursement.”

¹ http://ec.europa.eu/europe2020/pdf/csr2016/cr2016_comm_en.pdf.

The project is also in line with the *Council Recommendation of 14 July 2015 on the 2015 National Reform Programme of Croatia and delivering a Council opinion on the 2015 Convergence Programme of Croatia*² which highlights that the current attribution of policy functions and administrative weaknesses in the local authorities directly affect a number of areas, which also include the management of European Structural and Investment Funds, public procurement and the provision of public services. Moreover, it is stated that in the central government, the reform and rationalisation of the system of state agencies has been brought forward on the basis of the analysis completed in 2014.

The project will support the goals included in the *Partnership Agreement*³ since it will enhance capacity for effective management of EU funds. The Partnership Agreement states, amongst others, that: “It is intended to continue the use of the corpus of standardized business processes for ERDF, ESF and CF programmes codified in the Common National Rules (CNR), which have been established for 2007-2013 period, and are updated, upgraded and adjusted for the purpose of 2014-2020 programmes. Based on the adapted CNR, the bodies of the MCS are intended to adapt their own Manuals of procedures (MoPs) as internal tools for implementing business processes within their institution. Actions to standardization and simplification of rules shall be applied for other ESIF programmes where appropriate. As support to business processes, IT systems are or are intended to be put in place.”

The objectives mentioned in the above documents will be addressed by this Twinning light project which will enhance operational capacities of the CFCA by improving its internal organization and procedures, as well as by implementing capacity building activities. Therefore, the project will directly contribute to achievement of the national strategic objectives referring to the need to strengthen capacities of Croatian public administration for fulfilling their respective post-accession roles and functions in the area of management of EU funds.

3. Description

3.1 Background and justification:

With the accession of the Republic of Croatia to the European Union, programmes⁴ and major projects which have been approved under Regulation establishing an Instrument for Pre-Accession Assistance (IPA) and the implementation of which has not been completed by the date of the accession, have been considered to have been approved by the Commission under Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund. Following this provision of the Accession Treaty, all the projects the implementation of which was managed and coordinated by the CFCA as Implementing body for IPA component III have become projects financed under Structural instruments, within the system of management of which CFCA was designated with a role of Intermediate body level 2 (IB2). CFCA currently manages more than 250 million EUR of projects as IB2 for 2007-2013 Financial perspective.

According to the description of the system which has been set up for the management of European Structural and Investment (ESI) funds (2014-2020 Multiannual financial framework) the CFCA is to maintain its role of IB2 for projects with a total allocation of more than 1,5 billion EUR under the

² http://ec.europa.eu/europe2020/pdf/csr2015/csr2015_council_croatia_en.pdf.

³ https://razvoj.gov.hr/UserDocsImages/arhiva/EU%20fondovi/HR_PA_FINAL_ADOPTED_30_10_2014.pdf.

⁴ With the exception of programmes approved under Transition Assistance and Institution Building component and Rural Development component.

In the role of IB2, CFCA is responsible for supervision of the project implementation through administrative and financial control, including on the spot checks. Main responsibilities of the CFCA, as one of the signatories of the contract, are implementing procedures related to verification of eligibility and control of eligibility of costs. CFCA is also responsible for risk management, activities related to education of grant contract beneficiaries within the structural instruments, approval of request for payments and irregularity management. Moreover, together with Intermediate body level 1 (IB1) CFCA participates in the process of preparation of calls for proposals and procedures related to selection of proposals. It is important to emphasize that the specific role of the CFCA is determined by the agreement with the managing authority and may differ in relation to specific goals and different areas in which the CFCA performs the role of IB2.

Procedural framework for performing the above mentioned tasks are defined by the Ordinance on Eligibility Criteria and Common National Rules for the financial perspective 2014-2020. Based on these documents, the CFCA has established its internal processes and procedures in 2015.

The scope of the CFCA's roles and responsibilities will be further extended due to the planned closure of the Agency for Regional Development and transfer of its activities to the CFCA. Upon completion of the mentioned process, which is expected to be completed by the beginning of 2017, the CFCA will also become responsible for tasks related to the established territorial cooperation programmes which are currently under the domain of the Agency for Regional Development.

Through the process of continuous improvement, the CFCA is set to achieve the highest quality level in performing its roles and responsibilities and reach excellent results in terms of efficiency and effectiveness. Taking into consideration different roles and responsibilities implemented by the CFCA, in the forthcoming period the CFCA plans to re-evaluate its institutional, organizational and administrative capacities in view of performing new tasks and establish all the prerequisites needed to achieve its long-term objectives, especially in relation to 2014-2020 programming period.

More specifically, CFCA organizational strategy needs to be elaborated, capacities of the CFCA employees strengthened and Manual of Procedures further upgraded, which is envisioned to be implemented based on experiences acquired through 2007-2013 programming period and the best EU practices obtained through support and exchange of knowledge with other Member State. It is especially important to improve the procedures in the area of irregularity management in order to ensure better prevention, detection, reporting and follow-up of irregularities and fraud with the purpose of protection of the EU financial interests.

Notwithstanding the fact that the CFCA had accumulated significant experience in management of projects financed through IPA and Structural instruments, additional efforts need to be invested in order for the CFCA to effectively implement the role of IB2 in 2014-2020 financial perspective. These efforts are to be focused on the revision of CFCA's organizational structure, processes and procedures as well as on increasing the capacity of the employees through targeted training activities. In addition to the aforementioned additional support is needed in relation to the CFCA role in activities related to education of grant contract beneficiaries for which training model, programmes and materials will be developed.

3.2 Linked activities:

⁵ Operational Programme Competitiveness and Cohesion 2014-2020 is available at:
http://www.strukturnifondovi.hr/UserDocsImages/Novosti/Programme_2014HR16M1OP001_1_2_en.pdf

Although the CFCA is not a single beneficiary of other projects, it took part or is still benefiting from the following projects implemented in the Republic of Croatia:

IPA 2008 Twinning project (HR/2008/IB/SPP/02) “Enhancement of Capacity for Effective Management of EU Cohesion Policy Funds”.

This Twinning project started in August 2011 and finished in November 2013. The MS Twinning partners were Lithuania and Hungary. The purpose of the project was to increase capacity for overall coordination of the implementation of Structural Funds and the Cohesion Fund (SCF) in Croatia, technically correct and effective financial management of funds, systematic and effective monitoring of SF programmes. CFCA as a stakeholder participated in workshops organized through the project and was more directly involved through development of manual of procedures developed for the CFCA in the capacity of Intermediate body level 2 (IB2). It needs to be highlighted that this project was focused on setup of the overall system for coordination of the structural instruments, while its direct inputs towards CFCA were of a smaller scale.

CFCA also benefited from the **IPA Regional Competitiveness Operational Programme 2007-2011 project: “Support to the RCOP Operating Structure with OP management (Additional Activities)”**. The purpose of this project was to ensure efficient and effective OP management by the RCOP Operating Structure and develop the institutional capacity for managing and absorbing IPA funding. The CFCA, which was one of the project’s target groups, was involved through trainings, advices and assistance provided by the Contractor.

CFCA internal auditors participated as stakeholders in the **IPA 2010 Twinning light project (HR/2010/IB/FI/06 TWL) “Strengthening the competence of public internal auditors in the Republic of Croatia in auditing Cohesion and Structural Funds in line with the best EU practice”**. This Twinning light project started in April 2014 and finished in October 2014. The MS Twinning partner was Latvia. The purpose of this project was to support the Central Harmonisation Unit within the Ministry of Finance in upgrading methodology for internal auditors with the purpose to ensure efficient and effective internal auditing of Cohesion and Structural Funds. The results were: Guidelines on working methodology for internal auditing Cohesion and Structural Funds for internal auditors prepared; Recommendations for improvement of organization of internal audit units within pilot institutions prepared, including job descriptions and recruitment plan regarding internal audit of the Cohesion and Structural Funds; Recommendations for improvement of coordination and communication mechanisms among internal auditors in pilot institutions on central level prepared and Cooperation Agreement drafted and Capacity of the CHU staff and internal auditors in the pilot institutions in the field of the Cohesion and Structural Funds audit enhanced through targeted trainings.

CFCA has also benefited from the **IPA 2011 Twinning light project (HR 11 IB FI 03 TWL) “Support for state aid system in relation to EU structural and cohesion funds”**, the purpose of which was to enhance capacity of the Ministry of Finance and other stakeholders in the area of state aid within EU structural and cohesion funds in order to ensure compatibility of EU structural and cohesion funds projects with state aid rules. As one of the stakeholders, the CFCA participated in trainings in the area of state aid within EU structural and cohesion funds. The project, implemented by Lithuanian Twinning partners, started in May 2015 and ended in November 2015.

The results of the **IPA 2011 Twinning light project (HR 11 IB SPP 01 TWL) “Further assistance for establishment and implementation of 1st level control system within European Territorial Cooperation Programmes”** are also relevant to the CFCA in the long term, following the closure of the Agency for Regional Development and transfer of its activities to the CFCA. The project supported the Agency for Regional Development in its role as the control body for ETC programmes and enhanced its capacities for effective implementation of 1st level control of ETC programmes. The Twinning light project started in July 2015 and ended in March 2016 with Germany as the

Twinning partner. The assistance provided through this project represents valuable basis for future establishment and implementation of 1st level control system within the CFCA.

Through **TAIEX instrument** and with the cooperation of the EC TAIEX Office, the CFCA organized workshop on state aid in October 2014 with the aim to present concepts of state aid to the CFCA employees. More specifically, the objective of the workshop was to present how the concept of state aid may apply to EU operations, latest development in the legislation on state aid, the criteria for application of the state aid with the concrete examples, as well as recommendations for coping with the irregularities and risks that may occur in the process.

CFCA is a beneficiary of **Technical Assistance (TA)** under **Operational Programmes financed from the structural instruments in the financial perspective 2007-2013: OP “Regional Competitiveness”, OP “Transport” and OP “Environment”**, as well as under **Operational Programme financed from the structural instruments in the financial perspective 2014-2020: OP “Competitiveness and Cohesion”** for which CFCA performs the role of IB2. In that respect the available funds under the TA projects are being used for co-financing operational costs of the CFCA associated with its role of IB2. Moreover, the funds available through TA are used to support activities of the CFCA such as study visit of 14 employees of the CFCA to Estonian institution which also has a role of IB2.

The linked projects and activities do not overlap with this Twinning light project which will provide assistance in building CFCA’s overall capacity in terms of organization, procedures and processes, as well as exchange of practical knowledge and experience with Member State Twinning partners on certain aspects of procedures. Moreover, further trainings and other capacity building activities envisaged under the framework of this project will be based on the previously conducted activities and thus, will be further extended through this project in line with the identified needs.

3.3 Results:

Result 1. CFCA’s organizational strategy elaborated, including amendment of its organizational structure as well as vision and mission statements

Indicators of achievement:

- CFCA’s roles and responsibilities reviewed and organizational strategy defining actions/measures which need to be undertaken in order for CFCA to meet its long term objectives prepared
- CFCA’s vision and mission statements drafted and recommendations for amendment of the CFCA’s organizational title prepared
- Set of primary and secondary goals to be achieved through reorganization of the CFCA (e.g. faster responses towards grant beneficiaries, increased effectiveness of verification processes, increased overall efficiency, etc.) defined
- The existing CFCA’s organizational structure analysed and proposal for its revision prepared, including specification of tasks of all organizational units at all levels of the organization

Result 2. Internal processes of the CFCA analysed and its procedures enhanced with the goal of increasing efficiency and effectiveness in performing specific IB2 tasks, with a particular attention given to irregularity management procedures

Indicators of achievement:

- 1 study visit in duration of 5 working days for 5 staff members of the CFCA in order to

exchange know-how and acquire direct experience with business processes of an IB2 level institution in MS conducted and study visit report prepared⁶

- Analysis of CFCA's internal processes, data flow and procedures conducted and recommendations for their improvement prepared in order to meet CFCA's responsibilities in the most effective and efficient way
- Business processes and the use of available IT resources (e.g. the existing IT systems such as Management Information System and other IT tools such as Excel files) analysed and recommendations for enhancement of IT support to business processes prepared
- CFCA Internal Manual of Procedures revised, taking into account experience acquired through 2007-2013 programming period, as well as CFCA's specific tasks in 2014-2020 programming period; the revision should particularly deal with improvement of the irregularity management procedures in the area of the CFCA roles as IB2

Result 3. Training model with training programmes for grant beneficiaries developed

Indicators of achievement:

- Proposal of a Training model for grant beneficiaries prepared
- Training programme for grant beneficiaries prepared
- Educational materials for grant beneficiaries prepared in a form of electronic brochure and webinar

Result 4. Capacity of the CFCA increased through development and implementation of a training programme

Indicators of achievement:

- Training needs analysis (TNA) of CFCA's staff members in relation to their role in 2014-2020 programming period conducted and TNA report prepared
- Training Programme and corresponding training materials which will be based on the TNA report and specificities of CFCA's role in 2014-2020 programming period prepared
- Training Programme for at least 30 CFCA staff members implemented through workshops which need to be focused, among others, on verification procedures

3.4 Activities:

Member State is kindly requested to develop activities in the submitted proposal which are needed in order to achieve the results stipulated in the fiche.

Minimum two visibility events will be organized in the course of the implementation of the project; Kick-off meeting at the start of the implementation and the Final meeting at the end of the implementation of the project activities.

3.5 Means/ Input from the MS Partner Administration:

MS Project Leader may participate in the project also as the short-term expert (STE) and in this case the MS Project Leader should satisfy requirements stipulated in the fiche for both the Project Leader and the relevant STE profile.

⁶ When selecting the topics of the relevant study visit, the project partners will make sure that there is no overlapping with the study visit conducted within the TA.

3.5.1 Profile and tasks of the Project Leader

Profile of the Project Leader

Requirements:

- University level education or equivalent professional experience of 10 years in the field of EU funds
- Minimum 6 years of experience in the field of EU structural and/or cohesion funds
- Working level of English language
- Proven contractual relation to public administration or mandated body, as defined under Twinning Manual 5.4.5
- Computer literacy
- Experience in project management

Asset:

- Experience in setting up a system for management of EU funds

Tasks of the Project Leader:

- Ensuring backstopping and financial management of the project in the MS
- Participation in Steering Committee meetings
- Project reporting
- Organization of study visit
- Overall coordination and managing of the implementation of the project in cooperation with the BC Project Leader
- Monitoring the project implementation and proposing remedial actions if needed
- Ensuring sound implementation of the envisaged activities
- Coordination of MS experts' work and availability

3.5.2 Profile and tasks of the short-term experts

For each of the proposed experts in the submitted proposal the Member State is kindly requested to indicate the expert's profile.

Profile of the Short-term expert (STE 1)

Requirements:

- University level education or equivalent professional experience of 8 years in the field of EU funds
- Minimum 3 years of experience in practical application of procedures within the management and control system of EU structural and/or cohesion funds
- Working level of English language
- Computer literacy
- Proven contractual relation to public administration or mandated body, as defined under Twinning Manual 5.4.5

Assets:

- Experience in development of procedures
- Experience in conducting trainings

Tasks of the Short-term expert 1:

- Conducting analysis of the CFCA procedures and preparation of corresponding recommendations
- Revision of the CFCA Internal Manual of Procedures
- Preparation of proposal of a Training model for grant beneficiaries
- Developing training programme and educational materials for grant beneficiaries
- Conducting TNA, preparation of TNA report, training programme and training materials for the CFCA staff
- Implementation of trainings for the CFCA staff
- Participating in all relevant project activities such as preparation of the CFCA's organizational strategy and defining set of goals to be achieved through reorganization of the CFCA

Profile of the Short-term expert 2 (STE 2)

Requirements:

- University level education or equivalent professional experience of 8 years in the field of public or business administration
- Minimum 3 years of experience in organization design and/or business process analysis
- Working level of English language
- Computer literacy
- Proven contractual relation to public administration or mandated body, as defined under Twinning Manual 5.4.5

Asset:

- Experience in EU funds management and control system

Tasks of the Short-term expert 2:

- Reviewing CFCA's roles and responsibilities and preparation of organizational strategy
- Drafting CFCA's vision and mission statements and preparing recommendations for amendment of the CFCA's organizational title
- Defining set of goals to be achieved through reorganization of the CFCA
- Analysing the existing CFCA's organizational structure and preparing proposal for its revision
- Participating in all relevant project activities such as improvement of the CFCA's internal processes/procedures

Note: The pool of experts should include:

- At least one short-term expert who in addition to the respective profile requirements has experience in practical application of procedures related to verification of eligibility of costs;
- At least one short-term expert who in addition to the respective profile requirements has experience in practical application of procedures related to selection of proposals;
- At least one short-term expert who in addition to the respective profile requirements has experience in practical application of irregularity procedures;
- At least one short-term expert who in addition to the respective profile requirements has experience in conducting trainings;
- At least one short-term expert who in addition to the respective profile requirements has experience in development of procedures.

4. Institutional Framework

The main beneficiary of this project is the **Central Finance and Contracting Agency (CFCA)**. CFCA is a public institution established in 2007 by the Regulation on the Establishment of the Central Finance and Contracting Agency (OG No. 90/2007; OG No. 114/2007; OG No. 29/2012; OG No. 56/2013; OG No. 24/2016) with the aim of implementing a part of the European Union programmes in the Republic of Croatia. There are currently approx. 160 employees in the CFCA.

As the Implementing Agency within IPA pre-accession programme (IPA Component I and Transition Facility), the CFCA is in charge of the overall procurement and tendering procedures, contracting, payments, accounting and reporting within the decentralized implementation system of EU funded programmes. Likewise, the CFCA participated in the contracting of projects from the first generation programmes (CARDS, PHARE, ISPA) and from the part of the former IPA III Component. Moreover, as the Twinning Administrative Office, the CFCA is designated to retain the overall procedural, financial and contractual management of all Twinning and Twinning light projects implemented in Croatia under IPA Component I and Transition Facility Instrument.

Following Croatia's accession to the EU, the CFCA has also acted as Intermediate Body Level 2 (IB2) in the management and control system of EU structural instruments in specific Operational Programmes. Tasks of IB2 include supervision of the project implementation through administrative control, control of eligibility of costs, performing on-the-spot checks, risk management, approval of request for payments and irregularity management.

Along with the roles of the Implementing Body and Intermediate Body Level 2 described above, the CFCA implements activities related to education of the employees of the beneficiary institutions of the IPA Component I and Transition Facility, as well as grant contract beneficiaries within the structural instruments.

Institutional framework under which the CFCA operates is defined by the Law on institutional set-up for implementation of the European Structural and Investment funds in the financial perspective 2014-2020 and the Ordinance on bodies in the management and control system for implementation of the European Social Fund (ESF), European Regional Development Fund (ERDF) and Cohesion Fund (CF). Following the above, key bodies in the management and control system of ESI funds are as follows:

Ministry of Regional Development and EU Funds (MRDEUF) is the central coordination body responsible for overall managing of EU Funds. It is in charge of the administrative and other issues related to planning and implementing the regional development policy and establishment of an integrated system for planning, programming, management and financing of regional development; preparation of priorities and annual and perennial strategic and operational documents for the use of EU funds and other international sources of funding for regional development initiatives; preparation of strategic documents regulating the national development objectives, setting up the priorities for the use of financial resources from EU funds and monitoring the implementation of measures and activities set out in such strategic documents; coordinating activities related to management of the EU programmes which are available to Croatia, cooperation with EU institutions, bodies and EU Member States within jurisdiction scope of the Ministry, etc. One of the tasks of the Directorate for Strategic Planning, i.e. Service for Coordination of ESI Funds is also informing stakeholders and conducting trainings on relevant topics.

Ministry of Finance acts as certifying authority responsible for payments, repayments, certifications, coordination of activities in the area of irregularities and state aid. It participates in the monitoring committees, develops manuals of procedures, reports to the European Commission and provides support to other bodies in the system in the area of its competences.

Agency for the Audit of European Union Programmes Implementation System (ARPA) is the audit authority, independent institution in charge of the audit of EU Structural, Cohesion, Agricultural and Fisheries Funds in the Republic of Croatia.

In the financial perspective 2014-2020 the use of ESI funds is based on the following Operational Programmes (OP): OP Competitiveness and Cohesion, OP Efficient Human Resources, OPs Territorial Cooperation, OP Fisheries and OP Rural Development. Roles and responsibilities of the CFCA are directly linked to the OP Competitiveness and Cohesion, which supports the priority related to growth and employment. Relevant bodies in the management and control system for implementation of the OP Competitiveness and Cohesion are as follows:

Managing Authority (Ministry of Regional Development and EU funds) is responsible for implementation of the OP Competitiveness and Cohesion. It has delegated its tasks to IB1s and/or IB2s, while retaining the overall responsibility for implementation of the respective OP.

Intermediate Bodies Level 1 and Intermediate Bodies Level 2 are responsible for implementation of priorities in specific Operational Programmes. Managing authorities and IB1/IB2 define their specific roles in implementation of their tasks based on their mutual agreements in the area of planning and programming, preparation of calls for proposals, publishing of calls for proposals, selection and contracting process, monitoring of project implementation, financial management and payments, irregularities management and information and publicity activities. Intermediate Bodies have their internal manuals of procedures, which are approved at the level of the Managing Authority. Detailed information on relevant priorities and IB1/IB2 bodies responsible for implementation of the OP Competitiveness and Cohesion is provided in Annex 2 of the Twinning light fiche.

By the beginning of 2017 the CFCA is also planned to take over tasks related to territorial cooperation programmes which are currently performed by the Agency for Regional Development (ARD).

ARD acts as the contracting authority and implementing agency for IPA IIb Component which includes three cross-border cooperation (CBC) programmes (Croatia – Bosnia and Hercegovina, Croatia – Montenegro, Croatia – Serbia) and two transnational programmes (South East Europe and Mediterranean). Moreover, in 2014-2020 programming period ARD has been designated to support the Objective „European Territorial Cooperation” as the managing authority for two IPA CBC programmes (Croatia – Bosnia and Herzegovina – Montenegro and Croatia – Serbia) and as the control body for nine programmes (CBC Hungary – Croatia, CBC Slovenia – Croatia, CBC Italy – Croatia, Transnational Cooperation Central Europe, Transnational Cooperation Mediterranean, Transnational Cooperation Danube Programme, Transnational Cooperation Adriatic - Ionian Programme, Interregional Cooperation INTERREG EUROPE and Interregional Cooperation URBACT).

Coordination of this Twinning light project will be under the responsibility of the CFCA. The results of the project will not lead to a change of the institutional framework as described, however they will improve the organization of the CFCA (Result 1).

Two Steering Committee meetings will be held for the purpose of reviewing the progress made under the project as well as to discuss results achieved and/or problems occurred. The first Steering Committee meeting will be held during the third month of project activities implementation in order to discuss and comment the draft start-up report. The second Steering Committee meeting will be organised during the last month of the implementation period of the Action to discuss the draft final report.

It should be noted that the participation of the Member State Project Leader in Steering Committee meetings has to be combined with expert missions in case the Member State Project Leader is also a short-term expert in the Twinning light project. If the Member State Project Leader is not short-term expert in the Twinning light project then his visits to Croatia, (one visit every three months) as part of his overall task to ensure coordination and political steering of the project, should be organised at the same time as the two Steering Committee meetings of the project.

The exact participants of the Steering Committee meetings will be defined during the implementation of the project, but will at least include the following members:

- BC Project Leader
- MS Project Leader
- CFCA Project Manager
- MRDEUF Sector Manager

The beneficiary is committed to provide all necessary infrastructure such as office space and desktop computers with internet connection for experts, venue for holding seminars and workshops, and to ensure the necessary local staff/experts inputs.

5. Budget

Strengthening capacity of the Central Finance and Contracting Agency in its role of Intermediate body level 2 (CRO IB2)	IPA Community Contribution	National Co-financing	TOTAL
Twinning Light Contract	90% 225.000,00 EUR	10% 25.000,00 EUR	250.000,00 EUR

The total amounts of the IPA Community Contribution and National Co-financing stipulated in the above table represent the total maximum amounts and therefore, they may be reduced at the level of the Twinning light contract, while the relevant ratio (percentages) should be maintained as fixed.

The co-financing requirement foreseen under IPA will be considered fulfilled according to the provision of the relevant Financing Agreement.

Interpretation costs will be reimbursed from the budget only for the purpose of workshops and seminars, up to 7% of the Contract amount can be used for translation and interpretation purposes.

Provisions for visibility costs and expenditure verification costs should be included in the budget.

6. Implementation Arrangements

6.1 Implementing Agency responsible for tendering, contracting and accounting:

Central Finance and Contracting Agency (CFCA)
 Ulica grada Vukovara 284, Objekt C
 10000 Zagreb, Croatia
 Ms Nataša Mikuš Žigman, Director
 Phone: +385 1 6042 400
 Fax: +385 1 6042 598

E-mail: procurement@safu.hr

Twinning Administrative Office
Central Finance and Contracting Agency
Ulica grada Vukovara 284, Objekt C
10000 Zagreb, Croatia
Ms Nirvana Sokolovski, Twinning NCP
Phone: +385 1 6042 400
Fax: + 385 1 6042 598
E-mail: twinning@safu.hr

6.2 Main counterpart in the BC:

Senior Programme Officer (SPO):
Mr Tomislav Belovari, Head of Service for EU Programmes and Financial Mechanisms
Ministry of Regional Development and EU Funds
Račkoga 6
10 000 Zagreb, Croatia
Phone: +385 1 4569 152
Fax: +385 1 4569 187
E-mail: tomislav.belovari@mrrfeu.hr

BC Project Leader
Ms Nataša Mikuš Žigman, Director
Central Finance and Contracting Agency (CFCA)
Ulica grada Vukovara 284
10000 Zagreb, Croatia

6.3 Contracts:

It is envisaged that the Project will be implemented thorough one Twinning light contract, with the maximum amount of 250.000,00 EUR.

6.4 Reporting:

The Start-up Report will cover first two months of the contract and will be submitted during the third month.

The Start-up report should:

- Clearly define the aims and purpose of the aid provided by the project,
- Give detailed description of the content of particular parts of the project,
- Work out in detail the activities carried out and the results achieved,
- Work out in detail all modifications agreed with the beneficiary institution,
- Review difficulties met during the implementation of the project and measures that were undertaken for their removal,
- Provide all findings obtained in the meanwhile and preliminary conclusions, and
- Contain a general plan of activities for the implementation of the remained duration of the project.

The Final Report shall be submitted within three months upon the completion of the project activities

and in any case within the legal duration of the project, and it should contain the following:

- Complete review of all activities carried out by MS experts during the implementation of the project,
- Achieved progress concerning each activity,
- Summary of all project results, with particular emphasis on mandatory results,
- Estimation of the project impact compared with the project aims and measures of the achieved progress,
- Identification of all important problems met during the implementation of the contract and solutions that have been applied,
- Lessons drawn from the project, and
- Recommendations for further steps in future projects.

The reports must be endorsed and countersigned by the beneficiary, who may make additional comments.

Reports shall be submitted to the Central Finance and Contracting Agency, the Ministry of Regional Development and EU Funds and the concerned service of the European Commission in a form of 2 hard copies and an electronic version. All reports should be written in English.

6.5 Language:

English will be the working language of this Twinning light project.

7. Implementation Schedule (indicative)

7.1 Launching of the call for proposals: 2Q 2016

7.2 Start of project activities: 3Q 2016

7.3 Project completion: 1Q 2017

7.4 Duration of the execution period (number of months): 9 months; the execution period will end 3 months after the implementation period of the Action (work plan) which will take 6 months.

8. Sustainability

This Twinning light project will contribute to effective implementation and management of European Structural and Investment Funds (ESI Funds) in Croatia, in line with the EU requirements.

Wide scope of foreseen activities will result in providing the CFCA with improved organizational structure and actions/measures which need to be undertaken in order for the CFCA to meet its long term objectives. Set of primary and secondary goals to be achieved through reorganization of the CFCA (e.g. faster responses towards grant beneficiaries, increased effectiveness of verification processes, increased overall efficiency, etc.) will also be defined, thus resulting in better organizational strategy. Revision of Internal manual of procedures and recommendations for improvement will also be used as relevant basis for further development. By enhancing the CFCA's business processes and the use of available IT resources, CFCA's efficiency and effectiveness in performing specific IB2 tasks will be increased.

Within the scope of the project, training programme and educational materials (electronic brochure and webinars) for grant beneficiaries will also be developed, which will enable grant beneficiaries to

manage ESI Funds in Croatia more effectively. Furthermore, the CFCA staff will be trained on specific topics related to their role in the 2014-2020 programming period and they will apply their newly acquired knowledge in their everyday work and transfer it to new colleagues. This will contribute to maintain and develop staff skills, induct new employees and assure that the CFCA staff members are highly qualified to perform their tasks.

9. Crosscutting issues

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.

10. Conditionality and sequencing

N/A

ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format
2. List of bodies responsible for Operational Programme “Competitiveness and Cohesion”

Annex 1. Logical framework matrix in standard format

Strengthening capacity of the Central Finance and Contracting Agency in its role of Intermediate body level 2 (CRO IB2)		Programme name and number: IPA 2012	
Central Finance and Contracting Agency (CFCA)		Contracting period expires: 3 years following the date of conclusion of the Financing Agreement	Disbursement period expires: 3 years following the end date of contracting
		Total budget: 250.000,00 EUR	IPA financing: 225.000,00 EUR (90%) National co-financing: 25.000,00 EUR (10%) ⁷
Overall objective	Objectively Verifiable Indicators	Sources of Verification	
The overall objective of this project is to contribute to effective implementation and management of European Structural and Investment Funds in Croatia.	<p>Percentage of funds absorbed in Croatia</p> <p>Implementation and management of ESI funds in line with the EU requirements</p> <p>Capacities of grant beneficiaries strengthened</p> <p>Efficient management and control system of EU funds established</p>	Relevant EC and national reports on progress with ESI funds implementation	
Project purpose	Objectively Verifiable Indicators	Sources of Verification	Assumptions
The purpose of the project is to strengthen capacity of the Central Finance and Contracting Agency (CFCA) for conducting its role of Intermediate body level 2 for Operational Programme Competitiveness and Cohesion 2014 – 2020.	<p>CFCA's organizational strategy elaborated.</p> <p>Internal processes of CFCA analysed and its procedures enhanced.</p> <p>Training model with training programmes for grant beneficiaries developed.</p> <p>Capacity of CFCA increased.</p>	<p>Start-up and Final Report produced under the project</p> <p>Documentation produced under the project (analysis reports, recommendations, organigram, training programme, training and education materials, etc.)</p> <p>Revised Manual of Procedures</p> <p>Report from study visit</p>	<p>Staff of the project beneficiary is fully available for project implementation and participation at trainings.</p> <p>Project documentation prepared on time.</p> <p>Adequate human and financial resources.</p>

⁷ The total amounts of the IPA Community Contribution and National Co-financing stipulated in the above table represent the total maximum amounts and therefore, they may be reduced at the level of the Twinning light contract, while the relevant ratio (percentages) should be maintained as fixed. The co-financing requirement foreseen under IPA will be considered fulfilled according to the provision of the relevant Financing Agreement.

		List of participants on workshops and study visit	
Results	Objectively Verifiable Indicators	Sources of Verification	Assumptions
<p>Result 1. CFCA's organizational strategy elaborated, including amendment of its organizational structure as well as vision and mission statements</p> <p>Result 2. Internal processes of the CFCA analysed and its procedures enhanced with the goal of increasing efficiency and effectiveness in performing specific IB2 tasks, with a particular attention given to irregularity management procedures</p>	<ul style="list-style-type: none"> CFCA's roles and responsibilities reviewed and organizational strategy defining actions/measures which need to be undertaken in order for CFCA to meet its long term objectives prepared CFCA's vision and mission statements drafted and recommendations for amendment of the CFCA's organizational title prepared Set of primary and secondary goals to be achieved through reorganization of the CFCA (e.g. faster responses towards grant beneficiaries, increased effectiveness of verification processes, increased overall efficiency, etc.) defined The existing CFCA's organizational structure analysed and proposal for its revision prepared, including specification of tasks of all organizational units at all levels of the organization 1 study visit in duration of 5 working days for 5 staff members of the CFCA in order to exchange know-how and acquire direct experience with business processes of an IB2 level institution in MS conducted and study visit report prepared Analysis of CFCA's internal processes, data flow and procedures conducted and recommendations for their improvement prepared in order to meet CFCA's responsibilities in the most effective and efficient way 	<p>Start-up and Final Report produced under the project</p> <p>Documentation produced under the project (analysis reports, recommendations, organigram, training programme, training and education materials, etc.)</p> <p>Revised Manual of Procedures</p> <p>Report from study visit</p> <p>List of participants on workshops and study visit</p>	<p>Staff of the project beneficiary is fully available for project implementation and participation at trainings.</p> <p>Project documentation prepared on time.</p> <p>Adequate human and financial resources.</p>

	<ul style="list-style-type: none"> • Business processes and the use of available IT resources (e.g. the existing IT systems such as Management Information System and other IT tools such as Excel files) analysed and recommendations for enhancement of IT support to business processes prepared • CFCA Internal Manual of Procedures revised, taking into account experience acquired through 2007-2013 programming period, as well as CFCA's specific tasks in 2014-2020 programming period; the revision should particularly deal with improvement of the irregularity management procedures in the area of the CFCA roles as IB2 	
Result 3. Training model with training programmes for grant beneficiaries developed	<ul style="list-style-type: none"> • Proposal of a Training model for grant beneficiaries prepared • Training programme for grant beneficiaries prepared • Educational materials for grant beneficiaries prepared in a form of electronic brochure and webinar 	
Result 4. Capacity of the CFCA increased through development and implementation of a training programme	<ul style="list-style-type: none"> • Training needs analysis (TNA) of CFCA's staff members in relation to their role in 2014-2020 programming period conducted and TNA report prepared • Training Programme and corresponding training materials which will be based on the TNA report and specificities of CFCA's role in 2014-2020 programming period prepared • Training Programme for at least 30 CFCA staff members implemented through workshops which need to be focused, among others, on verification procedures 	

Activities	Means	Specification of costs	Assumptions
Activities to be implemented correspond to the activities developed in the selected MS proposal.	Analyses, consultations, discussions, trainings, workshops, study visit, preparation of documentation.	Twinning light contract: 250.000,00 EUR	In line with the assumptions specified for results.
			Preconditions: N/A

Annex 2. List of bodies responsible for Operational Programme “Competitiveness and Cohesion”

Priority Axis	Selected Investment Priority	Intermediate Body Level 1	Intermediate Body Level 2
1. Strengthening economy through application of research and innovation	Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest	Ministry of Science, Education and Sports	Central Finance and Contracting Agency
			Agency for Vocational Education and Training and Adult Education
	Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	Ministry of Economy	Croatian Agency for SMEs, Innovation and Investment
			Central Finance and Contracting Agency
2. Use of information and communication technologies	Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy	Ministry of Maritime Affairs, Transport and Infrastructure	Ministry of Maritime affairs, Transport and Infrastructure
	Strengthening ICT applications for e-government, e-learning, e-inclusion, e-culture and e-health	Ministry of Regional Development and EU Funds	Central Finance and Contracting Agency
3. Business competitiveness	Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	Ministry of Entrepreneurship and Crafts	Croatian Agency for SMEs, Innovation and Investment
	Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes		

4. Promoting energy efficiency and renewable energy sources	Promoting energy efficiency and renewable energy use in enterprises	Ministry of Economy	Environmental Protection and Energy Efficiency Fund
	Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector	Ministry of Construction and Physical Planning / Ministry of Economy	Environmental Protection and Energy Efficiency Fund
	Developing and implementing smart distribution systems that operate at low and medium voltage levels	Ministry of Economy	Environmental Protection and Energy Efficiency Fund
5. Climate Change and Risk Management	Supporting investment for adaptation to climate change, including ecosystem-based approaches	Ministry for Environment and Nature Protection	Environmental Protection and Energy Efficiency Fund
	Promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems	Ministry of Agriculture	Croatian Waters
6. Environmental protection and Sustainability of Resources	Conserving, protecting, promoting and developing natural and cultural heritage	Ministry of Regional Development and EU Funds	Central Finance and Contracting Agency
	Taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures	Ministry for Environment and Nature Protection	Environmental Protection and Energy Efficiency Fund
		Ministry of Regional Development and EU Funds	Central Finance and Contracting Agency
	Investing in the waste sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements	Ministry for Environment and Nature Protection	Environmental Protection and Energy Efficiency Fund
	Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements	Ministry of Agriculture	Croatian Waters
	Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure	Ministry for Environment and Nature Protection	Environmental Protection and Energy Efficiency Fund
7. Connectivity	Supporting a multimodal Single European Transport Area by	Ministry of Maritime Affairs,	Ministry of Maritime Affairs,

and mobility	investing in the TEN-T	Transport and Infrastructure	Transport and Infrastructure
	Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes		
	Supporting a multimodal Single European Transport Area by investing in the TEN-T		
	Developing and improving environmentally-friendly (including low-noise) and low carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility		
	Developing and rehabilitating comprehensive, high quality and interoperable railway systems, and promoting noise reduction measures		
8. Social Inclusion and Health	Investing in health and social infrastructure which contributes to national, regional and local development, reducing inequalities in terms of health status, promoting social inclusion through improved access to social, cultural and recreational services and the transition from institutional to community-based services	Ministry of Regional Development and EU Funds	Central Finance and Contracting Agency
	Providing support for physical, economic and social regeneration of deprived communities in urban and rural areas		
9. Education, Skills and Lifelong Learning	Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure	Ministry of Regional Development and EU Funds	Central Finance and Contracting Agency
10. Technical assistance	Not applicable	Ministry of Regional Development and EU Funds	Central Finance and Contracting Agency