



**Republic of Croatia**

**OPERATIONAL PROGRAMME FOR  
HUMAN RESOURCES DEVELOPMENT  
2007-2013**

**Instrument for Pre-Accession Assistance**

**2007HR05IPO001**

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## **GLOSSARY OF ABBREVIATIONS**

AA	Audit Authority
AAE	Agency for Adult Education
AE	Adult Education
ALMP	Active Labour Market Policies
AP	Accession Partnership
APIU	Trade and Investment Promotion Agency
ASHE	Agency for Science and Higher Education
AVET	Agency for Vocational Education and Training
AVETAE	Agency for Vocational Education and Training and Adult Education
AVETAE/DEFECO	Agency for Vocational Education and Training and Adult Education /Department for Financing and Contracting of EU Projects
CAO	Competent Accrediting Officer
CBC	Cross-Border Cooperation
CBS	Central Bureau of Statistics
CES	Croatian Employment Service
CES/DFC	Croatian Employment Service/Department for Financing and Contracting of EU Project
CHII	Croatian Health Insurance Institute
CNB	Croatian National Bank
CNES	Croatian National Educational Standard
CODEF	Central Office for Development Strategy and Coordination of EU Funds
CPPI	Croatian Pension Insurance Institute
CSG	Community Strategic Guidelines
ECD	European Commission Delegation
EES	European Employment Strategy
EIA	Environment Protection Act
EP	European Partnership
ESDP	Education Sector Development Project
ESF	European Social Fund
ESSPROS	European System of Integrated Social Protection Statistics
ETF	European Training Foundation
ETTA	Education and Teacher Training Agency
EU	European Union
EU-SILC	EU Survey on Income and Living Conditions
FWA	Framework Agreement
GDP	General Domestic Product

HBS	Household Budget Survey
HRD	Human Resource Development
HRDOP	Human Resource Development Operational Programme
IB	Implementing Body
ILO	International Labour Organisation
IPA	Instrument for Pre-Accession Assistance
IWG	Inter-ministerial Working Group
JAP	Joint Assessment of Employment Priorities
JIM	Joint Inclusion Memorandum
LFS	Labour Force Survey
LLL	Lifelong Learning
LPE	Local Partnership for Employment
MC	Monitoring Committee
MELE	Ministry of Economy, Labour and Entrepreneurship
MEPPPC	Ministry of Environmental Protection, Physical Planning and Construction
MF	Ministry of Finance
MFAEI	Ministry of Foreign Affairs and European Integration
MHSW	Ministry of Health and Social Welfare
MIFF	Multi-annual Indicative Financial Framework
MIPD	Multi-annual Indicative Planning Document
MSES	Ministry of Science, Education and Sport
MSI	Mentors for Social Integration
MSTTD	Ministry of See, Tourism, Transport and Development
NAO	National Authority Officer
NAPE	National Action Plan for Employment
NEPP	National Equality Promotional Policy
NF	National Fund
NFCSD	National Foundation for Civil Society Development
NFLS	National Labour Force Survey
NIPAC	National IPA Coordinator
CROQF	Croatian Qualifications Framework
OP	Operational Programme
OS	Operating Structure
PA	Priority Axis
PEP	Pre-Accession Economic Programme
RCOP	Regional Competitiveness Operational Programme

RLMC	Regional Labour Market Councils
SAA	Stabilisation and Association Agreement
SCF	Strategic Coherence Framework
SDF	Strategic Development Framework
SF	Structural Funds
VET	Vocational Education and Training
VETIS	Vocational Education and Training Information System

## 1. Context

### 1.1 The national socio-economic and policy context

#### 1.1.1 Croatia's accession to the European Union

Relations between Croatia and the European Union are governed by the **Stabilisation and Association Agreement (SAA)** signed in October 2001 and in force since February 2005. The SAA provides a legal framework for political dialogue, regional cooperation, economic relations and the use of the Community financial assistance. In April 2004, the Council of the European Union adopted the European Partnership with Croatia. After the Commission's positive opinion on Croatia's application for membership in April 2004 and the European Council's decision in favour of Croatia's candidacy in June 2004, accession negotiations were formally opened on 3 October 2005.

In February 2006, the European Partnership was updated to an **Accession Partnership** that reflected Croatia's new status as a candidate for EU membership. Most of the priorities identified in the Accession Partnership pertain to institution building in support of the adoption of the *acquis communautaire* by Croatia but in those areas related to economic and social cohesion, financial assistance has increasingly been allocated to "pre-Structural Funds" activities that are intended to support capacity-building through "learning by doing".

In relation to human resources development, the Accession Partnership identified as short-term priorities the continued alignment of relevant legislation with the *acquis* and strengthening related administrative, enforcement and co-ordination arrangements. As medium-term priorities, the Accession Partnership identified continued work on these two areas in addition to:

- Supporting capacity-building of the social partners.
- Developing and implementing a comprehensive employment strategy.
- Developing and implementing a national strategy for social inclusion.
- Increased efforts to create a modern vocational education and training system.

On the same themes, the EC's Croatia 2006 **Progress Report** noted in relation to employment and social policy that, "*Attention should be paid to undertaking active labour market measures, as well as to adult education and training..... Specific gaps remain to be addressed particularly in relation to administrative capacity, which remains weak.*"

The report also noted that: the Croatian unemployment rate remains high (despite falling in recent years); regional inequalities are considerable and qualification and skills levels of the Croatian labour force are lower than in the EU. It suggests that further efforts would be advisable in relation to both active labour market measures and adult education and training.

#### 1.1.2 The national socioeconomic context

##### *Recent macro-economic developments<sup>1</sup>*

Croatia is generally considered to be a functioning market economy which should be able to cope with competitive pressures and market forces within the European Union in the short to medium term. Its **macroeconomic position** is characterised by stable growth, improving fiscal condition, low inflation, a stable exchange rate and a declining unemployment rate. However, current key macroeconomic challenges include external vulnerability (due to large deficit of the current account and high level of foreign debt) and structural reforms which should be further reinforced.

Following the implementation of the stabilization programme in October 1993, aimed primarily at stopping hyperinflationary trends, the Croatian economy has recorded a stable growth path accompanied by a low

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<sup>1</sup> Statistical data used in the document are those available in August 2007

inflation. The average growth rate in the period 1995-2006 amounted to 4.4%. After a 4.3% growth rate has been achieved in 2005, real GDP growth reached 4.8% in 2006.

Expressed in current prices, GDP per capita reached 7,037 EUR in 2005 and 7,704 EUR in 2006. According to Eurostat first releases, in 2006, GDP p.c. measured by the PPP was close to 50% of the EU-27 average<sup>2</sup> while preliminary estimates with the grey economy included, point towards a level of income close to 60% of the EU 27 average.

Since 2004, the Government has reduced the **fiscal deficit**, improved transparency and the budgeting processes. Fiscal performance is reflected in the net reduction of the fiscal deficit from 4.8% of GDP in 2004 to 4.0% of GDP in 2005. In 2006, fiscal deficit fell further to 3% of GDP. Such a performance is mainly based on strong revenue growth resulting from vigorous economic performance and increased efficiency of the Tax Administration in the collection of taxes as well as the moderation in spending. According to the Economic and Fiscal Policy Guidelines 2008-2010, in 2007 Croatian Government aims to further decrease its fiscal deficit to 2.6% of GDP.

Croatia has had low **inflation** rates since 1994. Since then, average annual consumer price inflation amounted to 3.4%. In 2006, the average inflation rate amounted to 3.2%. Inflation was kept stable and relatively low due to appreciation of the HRK/EUR exchange rate, slow nominal wage increase, mild labour productivity growth, and intense competition in the retail trade.

Low inflation is underpinned by the monetary policy determined by the Croatian National Bank. It is being supported by the **stable exchange rate** through the "managed float regime". In the period 2001-2006, fluctuations of average monthly HRK/EUR exchange rate remained within a +/-4 % band. In the context of high 'euroisation' within Croatian financial system, the Croatian Central Bank is continuing to tightly manage the EUR/HRK exchange rate as it is the key instrument for curbing inflationary expectations in the country, and also influences the stability of the import prices from euro-zone.

A persistent investment-savings gap has led to high current account deficits and a build-up of foreign debt. In the period 2000-2006, average current account deficit was 5.8 %. At the end of 2006 current account deficit amounted to 7.8 % of GDP. As a consequence, gross foreign debt grew. During last three years the growth in foreign debt has been slowed down; however, the level of foreign indebtedness reached at the end of December 2006, 29.2 billion EUR, accounted for 85.3% of GDP. Accordingly, the reduction of the external vulnerability remains a key macroeconomic challenge.

Public debt is below the Maastricht criterion of 60%. General government debt amounted to 40.8% of nominal GDP at the end of 2006; while public sector debt (total general government debt including issued government guarantees) totalled 46.4% of GDP in nominal terms at the end of 2006.

The structural composition of the economy has been shifting from agriculture towards trade and services. Over the period 2000 to 2006, the share of real value added in primary sector decreased from 9.1 to 7.4% of GDP, the share of value added in secondary sector slightly decreased from 25.5% to 24.5%, while the share of value added in tertiary sector increased from 65.4 to 68.1%.

### *Demography*

Croatia is facing a changing and particularly challenging **demographic** profile. Projections indicate that the country is aging at one of the fastest rates in Europe. The Central Bureau of Statistics forecasts a reduction of the Croatian population by 700 thousand (-16%) by 2050. The share of older people (over 64 years) in the total population could increase from 17% in 2005 to 27% in 2050, while the share of youth (15-24 years) may drop from 13 to 10%. The population of working age (15-64 years) could well fall by 780 thousand.

Accordingly, if the costs of increased social security transfers and health care spending associated with an ageing population are to be met, a significant increase in the employment rate will be required.

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<sup>2</sup> However, Croatian and EU statistics are not fully comparable since Croatia does not adjust GDP figures for the effects of grey economy



### *Employment and unemployment*

Croatia's **unemployment rate** (according to ILO methodology) has been constantly increasing since 1996 till 2000 when it reached its peak of 16.1%. Since then, it has been decreasing and reached 11.2% in 2006. The rate remains relatively high amongst the young between 15-24 (28.9% in 2006) and women (12.7% in 2006). Fluctuations of the unemployment rate of younger population have been very large – from 31.2 % in 1998 to 40.1% in 2001 to 28.9 % in 2006. The unemployment rate of women reached its peak of 17.9 % in 2001, but has been decreasing since then to 12.7 % in 2006 (Source: LFS data; Central Bureau of Statistics, Zagreb).

There is also a high rate of long-term unemployment. According to *Eurostat*, in 2006 the share of the long-term (a year or more) unemployed in the total labour force amounted to 6.7 % in Croatia compared to 3.6 % in the EU 27. The share of the long-term unemployed in the total number of the unemployed was 58.9 % in Croatia and 45.3 % in the EU. The difference was larger for women than for men.

In terms of employment possibilities, there are significant **regional variations** within the country. This is starkly evident if one compares the county of Istria with the lowest registered unemployment rate, 8.4%, with the county where unemployment is highest, Vukovar-Srijem, 31.3.% (end March 2006), source: Central Bureau of Statistics, Croatian Employment Service.

The most recent data show that **average employment** has increased in 2006 compared to 2005 by 0.8% according to the Labour Force Survey methodology (and by 3.3% according to the administrative data sources methodology). The strongest positive impulse came from small business – crafts and free professions. The largest employment growth was recorded in real estate, renting and business activities, financial services, wholesale and retail trade and construction. 2006 saw an increase in both nominal and real wage growth and this trend can be expected to continue next year.

Positive developments in the labour market are expected to continue, supported by solid short-term economic growth. Total registered employment is projected to rise by around 1% per year. The number of unemployed is expected to shrink further helping to push unemployment rate below 10% in 2007.

### *Poverty and inequality*

**Poverty and inequality** have increased in Europe as a whole over the past few decades and this increase has been particularly marked during the past decade in the transition countries. According to Eurostat, the "at risk of poverty" rate in Croatia was 18% in 2005, while the EU average was 25%. Poverty in Croatia is particularly prevalent among the elderly, people with lower education and the unemployed and is usually long-term in nature.

### *Education*

**Educational provision** in Croatia has improved compared to the situation in 1991 but further efforts are needed to catch up with EU standards. According to the 2001 census, 18.6% of the population aged over 15 have attended no school or have not completed primary school education. When one adds those who have only finished primary school, one reaches 40.4% of the population. The share of highly educated people (having received education beyond the secondary school level) is below 12%.

The current provision of **VET** needs to improve to fully meet the demands of the labour market; at the end of 2005, 38% of all unemployed people had graduated from 3-year vocational schools. Croatia is recognized to be lagging behind the EU average in relation to the provision of **adult education and training** and in relation to the participation of adults in education and training in general. The participation of the population aged 25-64 in formal education or training in 2005 was 9.7 % in the EU, and 2.1 % in Croatia.

### *Structural reforms*

Various positive structural reforms have been implemented in Croatia. In order to improve business climate, the Croatian authorities embarked on a series of measures in the course of 2006: e.g. a project focusing on streamlining and simplifying legal framework connected with doing business in Croatia as well as an incentive to decrease the tax burden on legal entities through the reduction of "hidden fees". Furthermore, a reform of health-care financing is under way, as well as a reform of social welfare focused on consolidation of various social benefits and the simplification and better targeting of the whole system.

The number of purely private firms is expected to increase further due to the process of selling the remaining equity stakes in the Government portfolio. At the same time, the restructuring of state-owned companies, as a part of the preparation for their privatisation, has been under way in the railway sector. Privatisation process has been successfully completed in the ferrous metallurgy sector, and is expected to start in the shipbuilding sector. Restructuring and privatisation efforts need to be continued especially in the areas of shipbuilding as well as in the remaining state-owned tourist companies. The aim is to increase the private sector's share of GDP to 70% by the end of 2008 as compared to 60% in 2005. The Pre-Accession Economic Programme (PEP) in Croatia sets strengthening competition and state aid control as one of the key aims behind the structural reform in Croatia.

The structure of the economy has been changing towards a greater role of services, particularly market services, and towards a greater number of private firms and institutions. That process is expected to continue, supported by fast registration procedure and entrepreneurship promotion.

Key economic challenges for Croatia over the next three years will be: tackling external vulnerability, structural reforms and further fiscal consolidation. This is especially important in the framework of the high costs connected with EU accession, the precise level of which has yet to be defined as the negotiation process goes on and exact requirements become clearer.

### **Civil Society development and social dialogue**

Croatia has been recognized as one of the first countries in the region that has started developing an institutional, legal and financial framework for supporting civil society development. The Civil Society Organisations (CSOs) have played an important role in preparing for the EU accession and advancing different sectoral reforms in Croatia. In addition to acting as advocates of reforms in various areas of public interest, and increasingly as providers of various social services, civil society organisations have gradually become important catalyst of employment and social cohesion at the local level. During the last decade a number of mechanisms and structures for dialogue with civil society organisations have been set up, as a response to a growing recognition of importance of civil society in building more open and inclusive modes of governance as well as for success of implementation and ownership of policy reforms at the local level.

The scene of organized civil society in Croatia is very diverse and marked by a huge diversity of actors, including, for example, more than 45 000 registered associations<sup>3</sup>.

The number of associations keeps growing due to the overall supporting and liberal legal framework.

Institutional capacity of social partners is essential to designing the labour market policies. Their active participation is necessary in order to adjust the legislative framework aimed to strengthen the balance between employers' competitiveness, dignified work for workers, and the financial possibilities of the state. The legislative framework should also allow for the recognition of knowledge and skills acquired by different types of learning. As a consequence, confederations and trade unions of smaller scale have faced continuous constraints with human resources when conducting legal reviews and that has been stated as hindering their ability to provide timely and professional opinion on legislative issues. In the survey

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<sup>3</sup> According to the data from the Register of Associations, there were 45.018 registered associations in December 2011. The Register is available online at: <http://www.uprava.hr/default.aspx?id=666>

conducted by the European Foundation for the Improvement of Living and Working conditions only one confederation, was recognized with sufficient human resources<sup>4</sup>.

Despite the fact, that the employers association has more resources at its disposal, including human resources, they still experience shortage of highly specialised expertise, e.g. legal expertise in specific areas relevant to the social dialogue process. Furthermore, there is a need to a more continuous dialogue with trade unions. Creation of joint work groups on issues relevant to the social dialogue process is considered as an essential component of continuity and sustainability of cooperation.

The social dialogue process in Croatia is still predominantly managed by the Government that gives the process a more formal and unilateral character. At the same time for the Government, it is essential that each of the social dialogue partners contributes equally to the process. Receiving feedback both from the employers' associations and from the trade unions on new laws is essential. Furthermore, fragmented structure of the trade unions poses additional challenge in continuity of the social dialogue process.

### 1.1.3 The national policy context

#### *General Economic Policy*

According to the Pre-accession Economic Programme 2007–2009 and Economic and Fiscal Policy Guidelines 2008-2010, adopted by the Government at the end of 2006 and mid 2007 respectively, the Government plans a set of policy measures aimed at reducing fiscal deficit, public debt and external debt as well as reinvigorating privatisation process. On the expenditure side, it will continue with the planned reform of the health insurance and social benefits and the planned reforms in the area of privatisation of large state-owned enterprises.

In order to develop domestic yield curve and to reduce external vulnerability, the Government will continue primarily borrowing on the domestic market. On the income side, it plans to step up the reforms in the process of tax collection in order to improve its efficiency. The foreseen structural reforms should result in the reduction of the general government expenditures according to GFS 1986 methodology (from 47.8% of GDP in 2006 to 43.1 % of GDP in 2010) as well as the reduction of general government deficit from 3.0% of GDP in 2006 to 0.5% of GDP in 2010. Furthermore, the reduction of public debt (sum of the general government debt and the guarantees) is projected to fall from 46.4% of GDP in 2006 to 37.1% of GDP in 2010 (source: Economic and Fiscal Policy Guidelines 2008-2010). Monitoring of the International Monetary Fund will be limited to the Article IV consultations, which are to take place once a year, however, it is expected that the monitoring of the European Union will become more intense as the accession process goes on. The Government plans to establish policy credibility by moving forward with fiscal consolidation and necessary structural reforms, but of the utmost importance is creating a business-friendly environment that will turn investment interest into actual projects and create new jobs.

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<sup>2</sup> The results of the survey available online at: <http://www.eurofound.europa.eu/surveys/ewcs/2010/index.htm>

## *Employment*

The **National Action Plan for Employment** for 2005-2008 (NAPE) was adopted by the Government in December 2004. The NAPE was elaborated according to the guidelines of the European Employment Strategy and recommends measures to be taken by the Republic of Croatia under each of the guidelines, including both active and preventative measures. These measures are intended to promote employment and social inclusion and make it possible for unemployed and inactive persons to benefit from various forms of training which increase their competitiveness and facilitate their integration in the labour market. Other measures aim to increase the number of new and higher quality jobs through the promotion of entrepreneurship and a more favourable business environment.

A programme of **active labour market measures**, mostly in the form of employment subsidies, was implemented by the CES from March 2002 to September 2005. The hiring of about 80 thousand persons was subsidized and nearly 900 million kunas was spent. In the years of full implementation (2003 and 2004), the subsidized hiring amounted to about 17% of total hiring from the register and the spending amounted to 0.17 % of GDP.

From initial indications, the programme is targeted at special groups including youth with no work experience, elderly persons, the disabled and war veterans. However, it also included a general "introduction-to-a-job" measure in which almost all unemployed persons could participate. In fact, two thirds of participants were hired within that general measure.

In accordance with the Joint Memorandum on Social Inclusion (Chapter 4.1.1.1 - current problems and efforts), the measures could benefit from focusing more on the less employable groups. Furthermore, stronger emphasis should be put on improving qualifications, acquisition of knowledge and competence, employability and adaptability among the unemployed and the employed as well as eliminating "dead weight".

In March 2006, the Government introduced a new set of active labour market measures within the **Annual Employment Promotion Plan**, which is based on the NAPE. The measures implemented by the CES include employment subsidies for young persons without work experience, the long-term unemployed, older persons, and other special groups, including hard-to-place persons, the disabled, lone parents and parents with 4 and more children, women who return to the labour market after the third childbirth, war veterans and children and spouses of deceased soldiers, women victims of family violence or trafficking, minorities, asylum seekers, ex-addicts, and ex-convicts.

The amount of subsidy is lower for larger employers and higher for hiring better-educated persons. The amount of a hiring subsidy ranges from 625 to 3,000 kunas a month, and its duration ranges from 12 to 18 months. Subsidized employment must show a net increase in total firm's employment for 2 or 3 years. The measures also include subsidized training for the newly employed and the long-term unemployed, and retraining for the employed under the threat of unemployment and for those unemployed willing to work in seasonal jobs and occupations in short supply. A training subsidy can last up to 9 months and it can cover from 25 to 80% of training costs.

Apart from subsidized training of the newly employed with known employers, there is also training of the unemployed for the general labour market. All the long-term unemployed and those unemployed willing to work in seasonal jobs or in construction and shipbuilding can apply for training. Finally, the CES subsidizes local governments' public works for targeted groups. By the end of 2006, 4,869 persons have participated in the measures, most of them, 82% in subsidized hiring. In comparison, the hiring of 14,500 persons was subsidized in 2005.

### *Croatian Employment Service (CES)*

In addition to measures under the Government Plan, the CES also implements training measures financed and organized itself or in cooperation with local governments. However, the number of participants is not substantial (for example nearly 650 persons in the first half of 2006). Furthermore, there is a set of measures implemented by the CES within the Decade for Roma Inclusion programme, including public works, training for the general labour market and subsidized employment. By the end of 2006, 220 persons of the Roma minority have participated in those measures.

In addition, special job-search and vocational counselling have been provided. Besides the CES, some other institutions also implement active labour market measures. For example, the Ministry of the Family, War Veterans and Intergenerational Solidarity subsidizes training, self-employment, loans and projects for unemployed war veterans and for children of deceased soldiers. Also, the Fund for Professional Rehabilitation and Employment of Disabled Persons subsidizes employment of the disabled in cooperation with the CES which provides mediation by specially trained counsellors. For its part, the Ministry of the Economy, Labour and Entrepreneurship subsidizes trade/craft registration, training, and interests on loans for self-employment and entrepreneurship. Finally, the Ministry of the Sea, Tourism, Transport and Development gives subsidies and loans for the establishment of small family hotels and pensions, etc.

Based on the lessons learned from the previous set of active labour market measures implemented by the CES, the new set of measures is better targeted and puts more emphasis on training, while the number of participants is much lower. Such measures aim to renew and upgrade skills of the unemployed, to alleviate the problem of skill/occupation mismatch and to reduce the problem of dropouts with no vocational education. In addition, micro-econometric and, if possible, experimental evaluation of their effects, should be applied. Regarding measures for special groups, the effect of 'stigmatization' needs to be avoided. At the same time, it should be ensured that active labour market measures implemented by other institutions are consistent with, and complementary to, measures implemented by the CES.

The CES is comprised of a central office, a network of 22 regional and 94 local offices. The Governing Council of CES consists of representatives from trade unions, employers and Government. The Croatian Employment Service had, in December 2006, 1.197 members of staff. It provides mediation and selection services to the unemployed and employers as well as career guidance to the unemployed, prospective students and trainees. It also provides unemployment compensation administration and implements active labour market policies. Finally, it provides statistical reports based on data from its registers, and analytical reports on various labour market issues.

Staff roles in the CES are divided along the following functional lines:

- Regional Directors
- Counsellors – for job seekers;
- Advisers – for employers;
- Administrators.

Individual counsellors are responsible for particular sectors of economic activity, all enterprises within such sectors and the occupations within it.

#### *Tax and benefit systems*

The relative burden of labour income taxation in Croatia does not appear to be high in comparison with the EU average. Social security contributions make almost a third of total labour costs, but income tax on low wages is very low itself. According to Eurostat, the share of social security contributions and income taxes in the total labour cost for a low wage worker in the EU-25 in 2004 was 36.4%. The share of social security contributions in the total labour cost in Croatia is 31.7% and income tax paid by a low wage worker is not high because of a large personal deduction.

Only the involuntarily unemployed, except in some cases, can receive unemployment compensation, its duration depends on the duration of previous employment, its maximum amount is limited to a relatively low level, and the number of recipients is relatively small.

Unemployment benefits in Croatia are not deemed to be inordinately high. The maximum amount of monthly unemployment compensation is limited to 1,000 kunas, equivalent to 21.9% of the average net wage in 2006. However, there is a one-time supplement, amounting to two, four or six monthly payments, for the unemployed who had a long tenure with their previous employer. This was introduced as a compensation for the reduction of statutory severance pay within the Labour Law reform in 2003. Despite this the tax and benefit system in Croatia does not appear, overall, to contribute to a significant "unemployment trap" by reducing the level of activity among the unemployed. The share of benefit claimants among the unemployed is less than a quarter.

### *Skills, Education and Training*

Through the **Education Sector Development Plan (2005-2010)**, Croatia has taken a number of substantial steps to improve the quality and effectiveness of its educational system with the aim of establishing comprehensive national standards and achieving more coherence between the education sector and labour market needs. The Development Plan describes the current situation, identifies priorities (improving the quality and effectiveness of education, stimulating the continuing professional training of teachers, developing strategies for the education system) and specifies qualitative and quantitative performance targets for the education system.

The **Croatian National Educational Standard (CNES)** was developed in 2004 and experimentally introduced in 5% of primary schools in the school year 2005/6. A decision on introducing an experimental educational plan and programme, based on the CNES, in the first to eighth grade of primary school was made in September 2005. In the school year 2006/07, all primary schools will implement CNES and a **National Curriculum**.

Also at national level, the **Programme of Measures for Implementing Compulsory Secondary Education** was adopted on 21 June 2007.

Croatia signed the **Bologna Declaration** in 2001 and, since 2003, has been involved in an intensive reform of its higher education system in line with its national needs and European standards. During 2003 and 2004, a new Act on Scientific Activity and Higher Education and an Act on the Recognition of Foreign Higher Education Qualifications were adopted that incorporate all the principles of the Bologna Declaration.

In December 2004, five Rules of Procedures covering the field of higher education were adopted which regulate: the establishment of higher education institutions; the measures and criteria to be used for evaluating the quality and efficiency of institutions and study programmes; the content of student databases; the content of student documents; and the content of diplomas and diploma supplements. This period also saw the establishment of the **Agency for Science and Higher Education** and the **National Council for Higher Education**, two independent bodies that oversee the development and quality of the overall higher education system in Croatia.

The first phase of the Bologna process was completed in 2005 with the implementation of the first two study cycles, undergraduate and graduate. An evaluation of over 800 study programmes that had to be adapted in their structure and content to the criteria of the new European Higher Education Area and the Bologna Declaration was carried out.

The first phase of the Bologna process also included the establishment of a quality assurance system. The Agency for Science and Higher Education, through its Quality Assurance Department, will perform the evaluation of the quality assurance system and quality assurance units at higher education institutions

Croatia has already started preparations for development of the **Croatian Qualifications Framework (CROQF)** which is planned to be compatible with the European Qualifications Framework. The Ministry of Science, Education and Sports has initiated bi-lateral consultations with other Ministries, professional organizations and stakeholders with the aim of forming a National CROQF Working Group that will coordinate all activities regarding the creation of the CROQF.

In July 2007 the Government adopted the Baseline for the Croatian Qualification Framework (CROQF) and assigned its implementation to the Ministry of Science, Education and Sports. The defined Baseline sets guidelines for the harmonisation of legislation regulating elementary education, secondary education, higher education and science i.e. lifelong learning. The CROQF will consist of eight levels and for each one a set of measurable and comparable learning results will be defined on the basis of the scope of learning results, links to the levels in the draft of the European Qualification Framework (EQF), types of qualifications for each level, regulated ways of acquiring certain qualifications, possibilities of multi-directional viability and names of qualifications. Development of CROQF will enable: accessibility of education throughout lifetime, better employability through development of a system for evaluation and recognition of competencies acquired at work (prior learning) or through other forms of learning (non-formal and informal learning), development of a clear overview of educational achievements for the employers, evaluation and recognition

of qualifications from abroad in Croatia and vice versa as well as promoting education in Croatia. It is planned to establish the CROQF by the end of 2008.

A **Commission for Adult Education** has been established and, in 2004, it drafted a **Strategy for Adult Education**. The main objectives of the strategy are to develop measures for implementing lifelong learning as a right and an obligation of all citizens, to develop a system of adult education that will offer equal opportunities and quality learning, to develop measures ensuring a partnership approach, to create legal and professional prerequisites for establishing adult education as an integral part of the education system and to address individual learning needs as well as those of labour market and wider society.

In addition to the Strategy, an **Action Plan for the Implementation of the Strategy of Adult Learning in 2005** was also adopted in 2004. Since 2004, a new Action Plan has been adopted by the Government for each year. Finally, an **Agency for Adult Education** was established in May 2006 and became operational in November 2006. The Agency currently has 33 persons permanently employed under its employment plan and has secured funding to have a total of 35 employees by the end of 2007. The **Act on Adult Education** was adopted in February 2007.

Some years ago, Croatia introduced vocational training at post-secondary level in the form of 'polytechnics'<sup>5</sup>. The Croatian **Agency for Vocational Education and Training (AVET)** was established in late 2005. Together with its stakeholders, the Agency has already started work on: sectoral analyses (of the manufacturing, processing and service sectors) that will contribute to the development of the CROQF in VET; occupational standards and qualifications based on learning outcomes and competencies for secondary school graduates; and reform of the vocational education curricula in order to develop and implement flexible, open and modularised curricula.

A labour market study was conducted following which the number of defined educational sectors was reduced from 33 to 14. Thirteen Sector Councils have been established and the list of VET occupations updated. Furthermore, the proposal for the content of a new VET law was produced, as well as a concept for a VET management information system.

At present, AVET has approximately 30 employees and plans to employ 42 in total. Two CARDS VET projects are implemented through AVET. The Ministry of Science, Education and Sports has begun consultations with other ministries, professional organizations and stakeholders with the aim of forming a National Working Group which will coordinate activities regarding the creation of the CROQF. Moreover, with EU assistance, two relevant initiatives have been taken: pilot Sectoral Councils have been established to enable employers to advise on the curriculum of vocational schools; and pilot 'Local Partnerships for Employment' have been established to enable employers, local governments, local offices of the Employment Service and other stakeholders to have an input into the school enrolment policy at the local level.

Sector Councils are tripartite non-professional bodies established and financed by AVET. Their role is described in the 'Proposal for the content of the VET Law'. Although the VET Law is not yet in procedure, the present function of the Sector Councils is, *inter alia*, to provide analysis and data regarding market labour needs and required competences (by sector and occupation, on regional and national level etc.) and to approve specified occupations and qualifications. Through this process, labour market demand is reflected in VET education in Croatia.

AVET (together with the CARDS VET 2003 project team) developed the methodology and tools for this work and continues to provide education and training for Sector Councils members. Nevertheless, the capacity of the present Sector Councils is not enough to carry out all the analyses needed and much stronger engagement by private-sector representatives is needed.

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<sup>5</sup> Dubrovnik polytechnic (since become a university) was founded in 1996. Since then, ten other polytechnics have been established: most recently (in 2006) in three areas of special state concern - Gospić, Šibenik and Slavonski Brod.

AVET also established 13 local experts' occupational working groups to develop occupational standards for 13 VET occupations identified as priorities by Sector Councils. Members of these working groups are employers and employees from a particular sector. Further steps that will be taken in the next period are to establish local experts working groups for developing qualifications and, subsequently, to establish curricula writing working groups. AVET's budget has increased threefold for 2007 but its capacities need to be further reinforced.

From 1 July 2010 Agency for Vocational Education and Training and Agency for Adult Education have stopped to exist. All tasks, rights and obligations of the above mentioned agencies were taken over by Agency for Vocational Education and Training and Adult Education (AVETAE) as their legal heir. A new Agency (AVETAE) was established on 12 February 2010 when Croatian Parliament adopted the Act on Agency for Vocational Education and Training and Adult Education (Official Gazette 24/2010).

#### *Social Cohesion and Inclusion*

During the 1990s, the social care services system in Croatia was centralized and very few NGOs were involved in **social service provision**. Following legislative changes in 2001, some social service decentralization took place (primarily of services for the elderly and infirm) and opportunities opened up for the private profit and non-profit sectors to enter this area.

As part of the shift towards deinstitutionalization, clubs and centres for person with special needs as well as foster homes and housing communities were established. Beneficiaries now have more options and choices with services seeking to accommodate user needs through individualization. The number of homes for the old and infirm run by physical persons or NGOs (religious, humanitarian organizations, charities) has increased considerably. However, the social service market is still underdeveloped and the demand for certain services (e.g. rehabilitation institutions for addicts or homes for victims of family violence) surpasses the supply. The further decentralisation and deinstitutionalization of social services remains a key challenge.

Since the end of 1990s, attention has been given in Croatia to the development of **partnership** between the public authorities and civil society, most obviously through the foundation of: the Government Office for NGOs; the National Foundation for Civil Society Development; the Council for Civil Society Development; and through numerous legislative changes pertaining to the role of civil society. The programme of cooperation between the Government and non-governmental non-profit sector (2001) envisages the development of a positive practice code, standards and criteria for realization of financial support to associations programs and projects. In July 2006, the Government adopted the National Strategy for the Creation of a Suitable Environment for Civil Society Development which formulates a set of measures in various areas of social life including civil society financing, development of the social economy, regional development and volunteering.

The **National Strategy for the Creation of an Enabling Environment for Civil Society Development 2006-2011** is based on a broad consensus among civil society and government representatives about strategic priorities in the period 2006-11. Implementation of the measures proposed by the Strategy should ensure adequate legislative, administrative and social conditions for the development of civil society as a fully independent and highly relevant agent for social innovation, promotion of participatory democracy, effective contribution to shaping of public policies in the context of Croatia's final phase of accession to the EU and in the period immediately following.

The development and implementation of public policies in accordance with the principles of good governance implies the presence of active and experienced civil society organizations effectively communicating with public authorities in areas of public interest. Civil society organizations are an important instrument of citizens' control over the entire system of designing, implementing and monitoring public



policies. The EU has long recognised the valuable role that civil society organisations play in identifying priorities for national reforms<sup>6</sup> in the context of European integration.

During 2011 a working group in charge of drafting the National Strategy for civil society sector for the forthcoming five-year period has been established. The first draft of the document was presented in May 2012.

In that respect the **National Strategy**, Croatian strategic document regarding civil society development, provides basic guidelines for further improvement and strengthening of the capacity of civil society organisations. In fact, civil society, through its active role in society, is assisting in the effective implementation of the reforms and priority measures of the OP HRD 2012-2013/2. In this regard, building the CSOs' capacities and partnerships on national, regional and local levels in order to deliver a wide range of quality public services is a basic focus during the present programming phase.

As for the social dialogue at the state administration level, there is a three-pillar institutional framework for cooperation with the civil society sector: the Government Office for Cooperation with NGOs, the Council for Civil Society Development and the National Foundation for Civil Society Development, each fulfilling its distinctive role in creating enabling environment for the activities of civil society organizations in Croatia.

The legal basis for development of the social dialogue process is defined by the **Constitution of the Republic of Croatia Article 43 and 59**, guaranteeing the right to organise (associate) as a fundamental human right of employees and employers, is of fundamental importance for social dialogue.

In addition, a number of normative acts serve as further basis for the social dialogue in Croatia within specific areas, such as:

- Labour Act, which inter-alia regulates the issues of collective bargaining and the legal force of collective agreements,
- Health Safety at Work Act,
- Act on Insurance of Workers Claims in the Cases of Employers Bankruptcy
- The Law on determining the representativeness of trade unions associations of higher level in tripartite bodies at national level
- Croatian Mediation Act

The Republic of Croatia has ratified **conventions 87 and 98** of the International Labour Organisation on the right to organise, and collective bargaining. The European Social Charter guaranteeing the right to organise has also been ratified by the Republic of Croatia.

**The Act on the Manner of Determining the Representativeness of the Trade Union Confederations in Tripartite Bodies at National Level** has regulated the procedure for determining the membership of trade union central organisations in the Economic and Social Council and other national bodies with tripartite membership.

A **Gender Equality** Act was enacted in 2003 providing for the protection against discrimination based on gender and creation of equal opportunities for men and women. Additionally, new anti-discrimination provisions have been adopted in the fields of criminal, family and labour legislation. Under the Gender Equality Act, it is forbidden to discriminate in the fields of employment and labour in the public and private sector, including government bodies, in matters related to the terms and conditions of employment, promotion at work, access to all types and levels of training, employment and working conditions, including equal pay and membership and participation in workers' or employers' associations or in any other professional organization. In addition, when advertising job vacancies, employers must state in unequivocal terms that candidates of both sexes may apply.

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<sup>6</sup> Capacity building for social dialogue at sectoral and company level, Croatia. Report by European Foundation for the Improvement of Living and Working Conditions, 2007

For the purpose of enforcement of the Gender Equality Act, a Gender Equality Ombudsman was appointed in 2003 while the Office for Gender Equality as a professional body of the Government of the Republic of Croatia was established in 2004. Co-ordinators for gender equality were appointed in all state ministries and other government administration bodies, while commissions for gender equality were established at the level of the counties. The Croatian Parliament has had a Gender Equality Committee since 2001.

So far Croatia has adopted three national strategies promoting gender equality. The first document, the National Equality Promotion Policy, was adopted by the Government of the Republic of Croatia in 1997. The National Policy for the Promotion of Gender 2001-2005 was adopted by the Croatian Parliament in 2001. A new National Equality Promotion Policy 2006-2010 was drafted in 2006 and was first adopted by the Economic and Social Council on 14 September and then by the Government on 15 September 2006. This document sets out objectives and a large number of measures for improvement of the general social position of women and for raising the awareness for the need to respect women's human rights. In this context, improvement of the social position of women members of national minorities and women with disability, as well as elimination of discrimination against Roma women, were singled out as separate aims and measures.

In the field of creating equal opportunities in the labour market, the most important objectives encompass reduction of unemployment and elimination of all forms of discrimination against women in the labour market, fostering women's entrepreneurship, ensuring genuine equal opportunities for women and men in the labour market through an efficient enforcement of labour legislation and encouragement of women to use the existing mechanisms for filing discrimination claims, as well as strengthening and promoting measures that enable reconciliation of family and professional obligations, including raising the awareness for the need to equally distribute domestic and family work between men and women.

Recognizing significant progress in institutional and legislative promotion of gender equality, it is acknowledged that there is still room for improving policy implementation in this area.

#### *Statistical data on poverty and social exclusion*

Statistical data on **poverty and social exclusion** in Croatia are collected primarily by the Croatian Bureau of Statistics (CBS). In addition to the CBS's databases, for purposes of poverty analysis it is possible to use data from other official institutions and agencies (Ministry of Finance, Ministry of Health and Social Welfare, Croatian Pension Insurance Institute, Croatian Health Insurance Institute). The two main databases on poverty and social exclusion are the Household Budget Survey (HBS) and the Labour Force Survey (LFS).

The HBS is the key source of poverty data. Since 1998, it has been conducted every year by the CBS. In the first survey, in 1998, sampling did not encompass all areas of Croatia (due to war circumstances). After 2000, the sample, harmonised with the 2001 Census, covered the entire country. However, in implementation of the Survey, there is the continued problem of the lack of a good quality framework for the sample; i.e. a regularly updated register of population. The Survey consists of four questionnaires: Questionnaire for Household Members, Questionnaire for Households, Diary and a Replacement Questionnaire in case the household did not keep a Diary. The Diary is used for collection of information concerning purchase of everyday groceries (food, drinks, tobacco products and consumer goods). The survey questionnaires that are being used enable collection of large quantities of information on the living standard of the Croatian citizens and, importantly, they comply with Eurostat standards.

In 2004, the CBS started publishing the Laeken indicators of social cohesion, based on HBS, covering the period from 2001 until the present. The methodology of poverty analysis has been harmonised with that of Eurostat. Data are based on income, which has also been defined in accordance with Eurostat's recommendations. Poverty indicators are published according to the EU's official poverty line. Since 2001, the CBS has calculated the following poverty indicators: 1) at-risk-of-poverty rate with a breakdown by age and gender, most frequent activity status and gender, household type, tenure status; 2) at-risk-of-poverty threshold (illustrative values); 3) at-risk-of-poverty rate before social transfers; 4) relative at-risk-of-poverty gap; 5) dispersion around the at-risk-of-poverty threshold; 6) inequality of income distribution - quintile share ratio; 7) inequality of income distribution - Gini coefficient.

In view of the fact that HBS is not a panel survey, so far longitudinal analyses of poverty have not been possible. The CBS plans to introduce EU-SILC into the statistical system through the Program of Statistical Activities of the Republic of Croatia, 2004 – 2007. The deadlines for implementation of the EU-SILC will depend on the realisation of a Phare 2005 programme, which will define national methodology, create questionnaires, conduct pilot research projects and analyse results obtained.

In addition to HBS, LFS may also be used as an additional source of data for analysis of poverty (although it primarily serves as a source of information on labour force activity). LFS has been conducted in Croatia since 1996 on a semi-annual basis, and the LFS data are published by gender. The Survey is conducted in accordance with the guidelines and requirements of ILO and Eurostat. It serves as the most important source of data for international comparison of employment and unemployment indicators, enabling comparability of Croatia with EU countries (as well as all other countries conducting LFS) and monitoring of employment and unemployment indicators over time periods.

The following Laeken indicators are calculated on the basis of LFS: 1) long-term unemployment rate; 2) persons living in jobless households; 3) early school-leavers not in education or training; 4) long-term unemployment share; 5) very long-term unemployment rate; and 6) persons with low educational attainment. Life expectancy at birth is calculated by the Population Division.

The LFS data have been regularly submitted to Eurostat since the reference year 2002, while the HBS data have so far not been submitted to Eurostat (data submission deadline for 2005 is until the end of 2007). Despite being representative on the national level, LFS and HCS are not representative on the county level, which prevents a reliable insight into the regional distribution of poverty and similar regional indicators. Also, it is not possible to calculate the at-persistent-risk-of-poverty rate with a breakdown by gender and the self-defined health status by income level on the basis of LFS or HBS (however, due to non-harmonised methodology, the latter is not calculated in other European countries either).

The CBS plans to regularly collect social protection data under the ESSPROS methodology. So far, the organisational chart of the social protection system in the country has been defined, cooperation has been established with institutions that are included in the social system, 15 social protection schemes have been identified, descriptive data on various benefits encompassed by individual schemes have been collected and the work has started on the collection of financial data on revenues and expenditures in 2003.

The main limitation of the official statistical data on poverty and social exclusion is the insufficiency or lack of information on members of national minorities. A second problem is the lack of necessary data on the number and structure of persons with disabilities (such data cannot be extrapolated from HBS), so in its reports the CBS (like Eurostat) does not publish the at-risk-of-poverty rate for this group. There is also a need for more diverse data on various migrant features, and the homeless and stateless persons and regional statistics require further development. As a relatively new area of statistical monitoring, gender statistics is developing gradually.

### *Conclusion*

In the relatively short time since the end of the war, and particularly since engaging in the process of accession to the EU, Croatia has made ambitious commitments to modernisation and reform, in relation to policies concerning the development of human resources. Given the scale of the commitments, the limits to available resources and the unfamiliar nature of many of the challenges confronted, there is an increasing need to highlight the challenges which must be faced in meeting the very significant demands being placed on the Public Administration as a consequence.

Accordingly, Croatia considers that it is not merely desirable but necessary to establish a professional, efficient, accountable, transparent and independent public administration at national and local level. Precisely because of this, it is proposed to **concentrate** the assistance delivered through this IPA Operational Programme (and the three others related to Components III) first and foremost on developing the capacity of the key relevant public institutions at both the national and local level. This should also include, when appropriate, the provision of assistance to ensure that adequate statistics are available to effectively monitor and evaluate the activities delivered through this operational programme and to inform policy decisions.

#### 1.1.4 Strategic Development Framework (SDF) 2006-2013

In August 2006 the Croatian Government adopted the **Strategic Development Framework 2006-2013 (SDF)** as a document that defines national development goals. Those SDF policies most relevant to IPA components III and IV include establishing a strong entrepreneurial sector as the main driver of the economy, underpinned by a flexible and socially inclusive labour market able to respond to the requirements of the economy and an efficient education system capable of providing a labour force appropriate to the needs of the labour market.

The SDF's chapter on *People and Knowledge* begins by noting that competitiveness and economic growth do not achieve their social goal if they fail to ensure more high-quality jobs. At the same time, the characteristics of the labour market, the structure and quality of the workforce, and the quality of social dialogue affect the level of competitiveness and economic growth. After describing the characteristics of the labour market in Croatia, the SDF goes on to identify the following goals in relation to *People and Knowledge*:

- Strengthen the active role that institutions of the labour market have in the process of balancing labour force supply and demand;
- Reduce long-term unemployment and promote lifelong learning;
- Modernise vocational education in line with economic demands;
- Extend the duration of compulsory education;
- Increase the share of people with higher education in the total population;
- Increase total allocations to education, but also the efficiency of spending available funds;
- Stimulate the participation of the private sector in the financing of regular education and in-service training.

Moreover, in relation to *social cohesion and social justice*, the SDF highlights the fact that societies where 'tolerance' has priority over 'self-promotion at any cost' generally achieve a higher degree of social cohesion and social efficiency, which is key to establishing a knowledge-based society. It also emphasises the principle of social responsibility of private companies through active labour market policy needs being directed towards long-term unemployed persons including vulnerable groups facing unemployment. In particular, the SDF identifies the following goals in relation to social cohesion and social justice:

- Increase the share of the poorest 10% of the population in the total division of income and reduce the percentage of the population at risk of poverty;
- Increase the efficiency of the system of social transfers;
- Promote social dialogue, alternative dispute resolution, equality before the law, justice, and protect the principle of innocence until proven otherwise;
- Devote special attention to the protection of childhood and the development of children;
- Promote all forms of creative activities that are an important factor in social cohesion;
- Promote corporate social responsibility.

In the context of this Operational Programme and the policy areas it addresses, the Strategic Development Framework provides the key strategic direction at national level. In particular, it highlights the need to increase the level of employment.

This will require an intensification of activities by the Croatian Employment Service including, in particular, the development of measures to promote active labour market policies. At a more strategic level, the CES needs to strengthen its capacity to monitor labour market movements and anticipate needs including the building of more proactive communication with employers and other partner institutions such as the Agency for Vocational Education and Training

## 1.2 The EU policy context

### 1.2.1 Cohesion policy

In 2005, the European Council affirmed that all appropriate national and Community resources, including those of cohesion policy (i.e. the Structural and Cohesion Funds), should be used to pursue the objectives of the renewed **Lisbon Agenda** and its economic policy and employment guidelines. In relation to the development of human capital in particular, the employment guidelines of the Lisbon agenda identify three priorities:

- To attract and retain more people in employment and modernize social protection systems;
- To improve adaptability of workers and enterprises and the flexibility of the labour markets; and
- To increase investment in human capital through better education and skills.

(The compatibility of the priorities of this OP with those of the Lisbon Agenda is made clear in Section 3 below.)

In addition to these priorities, the Council highlighted the need for appropriate attention to be given to investments to improve efficiency in public administration, as well as to education, social, health and cultural infrastructures.

Following the major reform of the EU's Cohesion Policies covering the 2007-2013 period, the policy focus has shifted increasingly towards the Union's strategic priorities for a competitive and sustainable knowledge-based economy geared towards implementing the reforms in a manner that is compatible with the Lisbon and Gothenburg agendas.

In the context of this Operational Programme, the Commission's Communication on *Cohesion Policy in Support of Growth and Jobs: **Community Strategic Guidelines, 2007-2013*** is of direct relevance, in particular Guideline 3 on the objective of:

*'creating **more and better jobs** by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.'*

In the particular case of Croatia, this objective will serve as a key strategic policy framework within which employment and HRD-related priorities will be established both under this Operational Programme as well as under future ESF assistance.

### 1.2.2 Pre-accession assistance

*Instrument for Pre-Accession Assistance (IPA)*

The **Instrument for Pre-Accession Assistance (IPA)**, was established by Council Regulation EC No 1085/2006 of 17 July 2006. It provides the overall framework within which pre-accession assistance will be made available to both candidate and potential candidate countries.

As of 2007, the instrument as a whole is open to Croatia and should provide assistance to build institutional capacity for the efficient implementation of the *acquis communautaire* as well as to prepare for the management of the Structural and Cohesion Funds on accession (aligning as appropriate with the priorities identified under the Accession Partnership)

In bringing together pre-accession assistance across a range of instruments, IPA consists of five Components, namely:

- Component I – Transition Assistance and Institution Building
- Component I – Regional and Cross-Border Cooperation
- Component III – Regional Development
- Component IV – Human Resources Development
- Component V – Rural Development

In the context of this Operational Programme, Component IV is designed to assist the candidate countries in policy development and to prepare them for the implementation and management of the European Union's Cohesion policy, in particular the **European Social Fund**.

The priorities for assistance identified in respect of Component IV are set out under Article 151 of the IPA Implementing Regulation<sup>7</sup>) and are summarised hereunder:

- Operations that increase adaptability of workers, enterprises and entrepreneurs;
- Enhancement of access to employment and sustainable inclusion in the labour market;
- Reinforcement of social inclusion and integration of people at a disadvantage;
- Promotion of partnerships, pacts and initiatives through networking of relevant stakeholders for reforms in the field of employment and labour market inclusiveness;
- Operations that expand and enhance investment in human capital;
- Strengthening the institutional capacity and efficiency of relevant public administrations public services and partnerships;
- Technical assistance to support the management of the operational programme and prepare for the future management of European Structural Funds.

Given the relatively low level of assistance available under this component, this Operational Programme will focus on a limited number of priorities and accompanying measures with an in-built capacity for further elaboration and development under future ESF where more significant levels of funding will be available.

#### *Multi-annual Indicative Financial Framework (MIFF)*

The **Multi-annual Indicative Financial Framework** (MIFF) provides an indicative allocation of funds per beneficiary and per component. It is established in a 'rolling 3-year' basis.

As referred to above, the allocations to component IV are relatively limited in financial allocation terms and will be in the 8-11% range on an ascending scale.

#### *Multi-annual Indicative Planning Document (MIPD)*

The **Multi-annual Indicative Planning Document** (MIPD) is the Commission's planning and strategic document covering all IPA Components. In line with the MIFF, it is established on a 'three-year rolling' period with annual reviews in line with the procedures established under the Implementing Regulation.

In relation to Component IV in particular, the MIPD identifies four 'major areas of intervention' for Croatia and specifies priorities under each as summarised hereunder:

1. Attracting and retaining more people in employment – main priorities: Increase participation in employment and strengthen both active and preventive labour market measures. Promote occupational and geographical mobility and develop more effective 'matching' of labour supply and demand (incl. development of 'synergies' with the "competitiveness" elements of component III). Address regional disparities in employment. Reinforce social inclusion at local and regional level through better targeting of vulnerable groups including enhanced access to employment and labour market re-integration of job-seekers and the inactive.
2. Improving adaptability of enterprises – main priorities: Develop a more anticipatory approach to work and economic change and increase investment in competencies and qualifications of both workers and enterprises. Encourage active ageing and longer working lives. Promote a culture of entrepreneurship and develop more innovative and productive forms of work organisation. Promote a more flexible labour

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<sup>7</sup> Commission Regulation (EU) No 80/2010 of 28 January 2010 amending the Commission Regulation No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing and Instrument for Pre-accession Assistance (IPA)

market in conjunction with more efficient social security measures. Further strengthen social dialogue bipartite mechanisms and promote a more active role on the part of the social partners.

3. As part of developing a coherent HRD policy and national qualifications framework, increase the overall efficiency and quality of the education and training systems to promote greater employability. Strengthen human capital investment through better education and skills and the promotion of knowledge, research and innovation. Improve the labour market relevance of initial and continuing vocational education and training. Develop the overall offer, access and quality of adult provision as part of a life-long learning strategy.
4. Strengthening administrative capacity – main priorities: Develop institutional capacity and efficiency of public administration in the employment, education, and social fields. Strengthen the effectiveness of labour market institutions, in particular the employment services.

As a cross-cutting requirement, all operations carried out in respect of the above-mentioned priorities should fulfil the requirement of promoting equality between men and women including the integration of the gender perspective during the various stages of implementation.

#### *Strategic Coherence Framework (SCF)*

The Republic of Croatia's **Strategic Coherence Framework (SCF)** sets the major policy objectives and priorities to be supported by IPA Components III & IV in Croatia for the period 2007-2013. The SCF is based on the priorities from the Accession Partnership with Croatia, and the Community Strategic Guidelines, and on Croatia's national Strategic Development Framework 2006-2013 (all mentioned above). This OP reflects the SCF's proposals in relation to IPA Component IV and provides further detail.

The SCF provides that assistance made available to Croatia under IPA Component IV will concentrate in the first instance on measures that will improve systems and administrative capacity in the field of employment, education and social inclusion as well as networking with partners from non-governmental sector in line with the medium-term priorities of the Accession Partnership.

The SCF was adopted by the Croatian Government on 25 May 2006.

#### 1.2.3 Joint Inclusion Memorandum (JIM)

As in the case of other candidate countries, Croatia has prepared (and already concluded in March 2007) a **Joint Inclusion Memorandum (JIM)** with the European Commission in order to move towards full participation in the area of EU social inclusion policy upon accession.

To this end, where deemed appropriate, the priorities identified in this Operational Programme are in line with the key priorities and challenges identified hereunder.

Under the JIM, the Government of the Republic of Croatia and the European Commission identified the following challenges in the fight against poverty and social exclusion:

- To raise the level of employment and create greater employment opportunities for the long-term unemployed and other vulnerable groups in the labour market including the integration of people with disabilities;
- To improve the education structure of the population, harmonise education with the labour market requirements and stimulate adult education;
- To financially stabilise the health system without jeopardising equal access to health services;
- To expand the network of social services, developing a system of community-based services and improving access to services;
- To facilitate access to housing for socially at-risk groups;
- To promote gender equality in combating poverty and social inclusion and to take into account the gender differences in the policy formulation and implementation;
- To enable revitalisation and sustainable development of deprived areas and promote a regionally balanced development of Croatia.

The joint parties to the document also agreed that the policy priorities in combating poverty and social exclusion should be as follows:

- To raise the employability of those groups most affected by long-term unemployment and inactivity, primarily by focusing active labour market policy measures on persons with disabilities, national minorities, older workers, and former addicts; in employment, to give special attention to eliminating discrimination against women; to ensure full implementation of the minority employment provisions of the Constitutional Law on National Minorities; to keep records on the participation of social assistance users in active labour market programmes;
- To broaden secondary and higher education coverage (by broadening compulsory education, by monitoring and reducing the number of early school-leavers, i.e. by promoting the completion of different types of education in accordance with labour market needs and by implementing measures to ensure successful graduation and shorten the duration of studies); to reform vocational education in order to adjust it to labour market requirements; to invest more in and systematically promote life-long learning;
- To expand the network of social services for children, the elderly and persons with disabilities (particularly in small towns and rural areas); to establish an action plan to deinstitutionalise services for children and people with disabilities (to stop building new institutions, to expand alternative forms of social services and to reduce the number of beneficiaries in welfare institutions); to support the provision of services within the community where beneficiaries live; to develop a strategy for the decentralisation of social services (delegation of 'founding rights' for all welfare homes to county level) with the focus on lagging-behind regions<sup>8</sup>; to foster cooperation between local communities and NGOs in the provision of services; to give beneficiaries a choice; to promote better reconciliation between work and private life, especially for women, by investing in childcare structures;
- To put stronger efforts into the prevention of disease or disability (more frequent health checks); to provide equal access to health services for the entire population (in particular for those living on islands, mountainous areas, etc.);
- To define and develop a concept of social housing; to develop a more adequate system of housing allowances and assistance for households in a poor housing situation; to build capacity for shelters for the homeless; to speed up the solution of housing problems for returning refugees, through housing care programmes, particularly for former tenancy-right holders.
- Through economic and fiscal policy measures, to work systematically on the reduction of regional and urban/rural differences; to develop economic projects adjusted to local conditions and aligned with the county strategies for development and regional action plans; to offer better financial support to NGO programmes aimed at multi-deprived areas.
- To agree on a long-term and sustainable solution to the problem of poverty among senior citizens, protecting them during the period of transition through targeted social assistance programmes.
- To ensure access for all to quality health services, to monitor and evaluate the implementation of the "National Health Development Strategy 2006-2011" regarding its impact on the alleviation of poverty and social exclusion.

Under its concluding chapter 8, the follow-up process assumes particular focus in ensuring that the priorities and challenges are closely monitored including in particular the decentralization and de-institutionalization of social services.

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<sup>8</sup> The Areas of Special State Concern are defined by the Law on the Areas of Special State concern (Official Gazette 44/96 and 26/03). These areas include the local self-government units (municipalities and towns) which have been occupied during the Homeland War and those considered underdeveloped based on the economic, demographic and structural difficulties criteria as well as special criteria (border and areas contaminated with land-mines).



#### 1.2.4 Joint Assessment of Employment Priorities (JAP)

The Joint Assessment Paper of Employment Priorities (JAP) provides a joint basis for action in the area of employment policy in line with the EU Employment Strategy. The main purpose of the JAP is to provide a comprehensive analysis of the economic situation and related developments as well as the labour market situation and related employment policy objectives. In terms of establishing complementarity with this Operational Programme, the indicative policy objectives outlined hereunder provide a wider policy framework within which the programme will concentrate on a range of strategic priorities designed to strengthen preparations for future assistance under the European Social Fund (ESF).

Within the area of the **upper secondary education**, policy will focus on prolonging compulsory education as well further increasing the share of graduates in order to promote stronger social cohesion. At the same time, specific steps have to be taken to reform **vocational educational and training (VET)** in order to improve its responsiveness to labour market demand. In this context, further development of a **Croatian Qualifications Framework (CROQF)** will assume an important policy focus. Although available data on **adult education and training** needs to be strengthened, the estimated overall participation of adults remains low by EU standards. In this context, recently-established institutions have to be further strengthened with the aim of developing models of adult education which will respond more effectively to the needs of the individuals as well as those of the labour market.

In order that the **Croatian Employment Service (CES)** becomes a more effective labour instrument responding to changing labour market requirements, it is necessary to improve its mediation performance and upgrade its role through further modernisation and reorganisation. In this context, policy focus will be geared towards ensuring higher participation of the unemployed in **active labour market measures**, supported by effective evaluation of their impact and effects. In conclusion, measures aimed at increasing the number of higher education graduates, as well as the expansion of the service sector, should contribute to a rise in the employment and earnings of women with a consequent positive impact in reducing **gender disparities**.

Based on the **strategic policy priorities identified within the JAP**, the key challenges can be summarised as follows -

- **Develop a 'lifecyle approach' to work** which addresses youth unemployment, long-term unemployment and 'pathways' to employment, increased female participation especially for low-skilled women as well as a better reconciliation of work and family life and support for active ageing
- **Promote a more 'inclusive labour market'** incorporating active and preventive labour market measures
- **Foster a better 'matching' of labour market needs** through modernisation of the labour market institutions and better anticipation of skills needs, labour market shortages and 'bottlenecks'
- **Improve adaptability of workers and enterprises** including the establishment of more flexible working arrangements
- **Promote flexibility with employment security** incorporating a review of contractual and working time arrangements, new forms of work organisation as well as better anticipation and management of change, and
- **Increase investment in human capital** including better access to initial and continuing education and training, increased access to education and adequate provision of training for the unemployed and disadvantaged, strengthened education and training systems in response to new competency, and adaptability requirements and increased provision for adult learning as part of a comprehensive life-long framework.

From an institutional perspective, the promotion of **'good governance'** is identified as a cornerstone of Croatia's labour market reform strategy.

### 1.3 Process of elaborating the Operational Programme

#### 1.3.1 Co-ordination and consultation

The **Human Resources Development Operational Programme (HRDOP)** represents the single OP through which assistance under Component IV is channelled. The OP has been prepared by an **Inter-Ministerial Working Group (IWG)** comprising representatives of the relevant state institutions and chaired by the Strategic Co-ordinator. The membership is listed in Annex 1.

Having drafted the OPs initially through a process of inter-ministerial coordination, the next stage involved consulting representatives of employees (trade unions), employers (the business community) and local self-government (municipalities) as well as other civil society organisations (non-governmental organisations).

The partner consultations took place on 23 March 2007 in Zagreb. The MELE invited 31 partner organizations and 25 representatives of the partners participated in the consultations. The HRDOP was presented by State Secretary Ms Vera Babić MELE, Ms Dorica Nikolić MHSW, State Secretary Želimir Janjić MSES and Ms Suzana Kovačević CODEF. Possible projects were presented by Inga Žic, MELE (projects from the field of labour and employment), Mirjana Radovan, MHSW (projects from the area of the social inclusion) and Mr Ivan Šutalo, AVET (projects from area of vocational training and education of adults). The consultation was chaired by Mrs Katarina Ivanković Knežević, MELE.

After the presentations of priorities and projects there was a discussion of the HRDOP summary which had previously been distributed to the partners. Three organisations had responded in writing to the summary OP by the date of the consultation. Based on the discussion at the meeting and the written comments received by the date of the consultation, the following conclusions were reached:

- As the need for respecting the regional components in the implementation process of priorities and possible projects was stressed several times, the representatives of the MAs agreed that during the implementation of the OP the particular needs of specific counties should be taken into account. They also stressed the need to coordinate with the other IPA Components, especially Regional Competitiveness Operational Programme.
- Some partner representatives expressed the view that the OP should be expanded to also cover mainstream higher education. At the meeting it was agreed that due to the relatively small amount of funds available, the focus should remain on vocational education but also include higher level professional education.
- It was agreed that the Government Council for Development of the Civil Society should be included in future consultation.
- Regarding the priority related to the strengthening of administrative capacity, it was stressed that the strengthening of the Operating Structure for IPA Component IV should be a priority in order to enhance the absorption ability of Croatia to use funds from both the pre-accession funds and later Structural Funds.
- The technical assistance Priority Axis should include support for activities in relation to labour market analysis, demand for specific skills and the strengthening of Croatian statistics on human resources in general.

All the participants of the consultations were asked to send written comments by 28<sup>th</sup> March 2007 on the Summary of the OP. The MELE by that date received altogether 6 written comments (including the 3 received before the meeting). The comments related to: the improvement of conditions for persons with disability; the new role of the partners in the process of the development of the economy; the strengthening of institutions at all levels; the further development of the concepts of full employment and employment for all; the further development of higher education, and positioning of Croatia as knowledge-based society.

The **Inter-Ministerial Working Group (IWG)** have carefully discussed all of the received comments and concluded the following:

- Civil society will be included in the future development of the OP, and in its implementation.
- Many partners stressed the need for including the higher education in the OP; the Inter-Ministerial Working Group (IWG) has accepted that view and decided that higher education issues should be eligible for support by the OP but only insofar as they pertain to higher-level professional/vocational education.

A list of those who attended the partnership consultation meeting and who provided comments is attached in Annex 2.

### 1.3.2 Ex ante evaluation

An ex ante evaluation of this OP was undertaken by an independent evaluation team during March and April 2007. The evaluation comprised desk research and a series of meetings and interviews undertaken and led by a team of international evaluators supported by locally-based evaluators directly recruited by them.

The summary conclusions of the evaluation were as follows:

“The OP provides coherent and accessible coverage of the key issues under Human Resource Development, according to the Commission template for IPA OPs. The OP broadly integrates EU and Croatian priorities in the field. Although there are some gaps in the analysis, it provides a sound basis for the strategic approach taken by the programme. The structure of objectives and priorities flows logically from the analysis, though there could be room for further consideration of the structure of some priorities and measures. Systems for monitoring and evaluation and management and implementation have evolved between OP drafts but some further detail and clarification is required in certain areas.

Taking each of the three main policy headings in turn (employment, education and training and social inclusion), there are some areas where additional information could be added to the analysis, or the text restructured, to strengthen the justification for strategic objectives. Closer attention could be paid to the link between the SWOT and the analysis as there are some gaps and inconsistencies where specific aspects of the SWOT do not relate clearly to issues in the background analysis. There is a need for some further consideration of the structure of the priorities and measures. For instance, a general concern is that there is quite a large variety of activity streams included under some priorities and that these activities vary considerably in their nature and scope. More detail on how decisions on the allocation of resources and the sequencing of financial flows to different measures over the first three years would be valuable. It would be helpful to provide more detail on the Programme’s coherence with the Lisbon strategy and other IPA OPs. Work on indicators is still in progress and there are still significant gaps. Similarly, the consultation process was still in progress during the ex ante evaluation. Currently, the description of the consultation arrangements provides only a broad outline and more detail of the process and its outcome will be added in the next draft. Additionally, on the issues of programme management and implementation, some clarification concerning the identity, functions and timetable for the introduction of Implementing Bodies, and their relationship to other management bodies is required. Within the OP, environment is not well integrated. To address this issue, a broader interpretation of environment could be adopted”.

The evaluators provided detailed recommendations for the improvement of the OP which were generally balanced and constructive and have been taken into account as appropriate:

- The comments on the analytical section were deemed clear and constructive and many of those have been addressed. Moreover, the recommendation to provide more data on the administrative capacity of public employment services has been taken into account, as well as the suggestion to use a more inclusive definition of “employment”, to add a new heading on regional disparities and consider targeted support for the regions that lack labour supplies. It needs to be stated, however, that much of the additional data requirements proposed are not currently available, namely, additional information on the “mismatch” between the skill base of working-age population and the demands of employers; data on ICT skills of the workforce and the impact of ICT development trends on the labour force; data on regional-specific variations in skill needs; data on internal migration processes and labour force mobility; data on the elderly working in subsistence agriculture. It is acknowledged that these information gaps should be clearly identified and remedied to strengthen management and implementation of the Structural Funds on accession;

- The comments on the SWOT analysis accurately identified some inconsistencies between the earlier version and the analytical section, which have now been rectified;
- The comments on the rationale and consistency of the strategy in fact resulted from presentational weaknesses and re-structuring of priorities and measures which have also been addressed. The suggestion that Priority 1 should be restructured to include more than one measure was taken into account as well as the suggestion to prioritize potential activities. Moreover, the suggestion to establish a closer linkage with the Lisbon Strategy and the JIM document was accepted and implemented. Selection criteria for specific measures were also defined in more detail.
- The comments on results and impact were largely constructive although at certain points more appropriate to Structural Funds than to IPA. The recommendation to prepare a common set of indicator methodologies and definitions was particularly useful and taken into account. Significant additional effort has been invested to more clearly define monitoring indicators at the priority axis and measure level, to define their baseline value and sources for their collection. The evaluators also recommended development of the basic sheet of agreed indicators for projects so that they can develop comparable, collectable data for aggregation that breaks information down into target groups in the relevant measures. This suggestion was welcomed; it has, however, not been incorporated in the OP but will be taken into consideration in the next stages of the OP implementation;
- At the time of the ex-ante evaluation, there were many uncertainties regarding the management and implementation system for the OP that the evaluators rightfully addressed. In this context, their suggestion to provide more clarification with respect to this system has been taken into account in the later discussion with the European Commission services and the revision of Section 5 of the Operational Programme on implementing provisions;
- Finally, the points made in relation to environmental integration have also been incorporated to the extent that they are feasible. The OP does not contain specific references to environment protection due to the fact that, at this stage, specific projects are not elaborated to the point that would inform an assessment of their environmental dimension. No major infrastructure projects are envisaged in the OP, which implies that no environmental impact assessment measures are to be carried out. The OP will, however, include steps to ensure that promotion of environmental protection and sustainable development will be included in information and publicity campaigns targeted towards the applicants for assistance who will be expected to provide a statement of assurance or demonstrate that their projects have no detrimental impact on the environment.

All the recommendations provided by ex-ante evaluators were discussed among the members of the Inter-Ministerial Working Group and significantly contributed to a more coherent and precise formulation of specific priorities and measures within the Programme.

A copy of the full evaluation report is attached to the Operational Programme under Annex 6.

## 2. Assessment of medium term needs and objectives 9

### 2.1 Socio-economic analysis

This section of the Operational Programme presents and analyses information on relevant aspects of the Croatian context in order to identify needs and establish development priorities in an informed and accurate fashion.

#### 2.1.1 Demography and public health

According to the 2001 Census, Croatia had 4,437,460 inhabitants. During the last several years, the number of live births has been lower than the number of deaths, thus the natural increase has been negative (see Table 2: Population Data). On the other hand, net migration, particularly from Bosnia and Herzegovina, has been positive, offsetting the negative natural increase. Therefore the estimated population in 2005 was somewhat larger – around 4,442,000 inhabitants. The extent of size of net migration has declined in the last several years, but the number of live births has increased. As shown in Table 3, Croatia's demographic outlook is shared by Germany, Hungary and Bulgaria, all these countries lagging behind the European average.

Regarding age structure, the share of the old has been growing and the share of the young has been declining. Over the period between 1991 and 2005, the share of the population aged 65 and over increased from 11.8 to 16.6% (See Table 4). Unless offset by positive net immigration, the "ageing" of the Croatian population will continue because the young demographic cohorts are significantly less numerous than the older ones. For example, it is estimated that, in 2005, there were around 336,000 people aged 45-49, but only 296,099 people aged 30-34 and only 275,000 aged 15-19. The number of young persons entering the labour force has been falling and will fall further in the future. Both the growth of older population and the shrinking of work-age population have been and will be a great problem for the system of social security transfers and public health care spending but also for the future labour supply. In order to sustain similar levels of benefits for the increasing number of beneficiaries, a higher rate of labour force participation will be needed.

Life expectancy is 72.3 years for men and 79.2 for women. In EU-27 it is 76,5 for men and 80.6 for women (2005 figures). The infant mortality rate for EU-27 is 5.37 (2005) and for Croatia it is 5.7. In the majority of the post-communist countries the rate is around 7. Early neo-natal death is higher than in the more developed EU countries (4 in relation to 2.5 on average).

According to comparable estimates based on the national labour force survey (NLFS), the activity rate of the population aged 15-64 has been growing from 61.6% in 2001 to 63.5% in 2006. A breakdown of the activity rates by sex and age groups shows that the activity rate for the age group 15-24 has decreased from 2001 to 2006 (from 40.8% to 38.0%). The decrease has been more pronounced for women than for men (women: 38.1%-34.5%: men: 42.9%-41.1%). These activity rates are below the EU averages and the Lisbon targets will be difficult to achieve especially since the educational attainment of the working age inactive population is weaker than average (See Table 5).

The active population is unevenly distributed in Croatia. Four counties (Town of Zagreb, Split-Dalmatia, Primorje-Gorski kotar and Osijek-Baranja counties) account for 40% of the active population. Between 2000 and 2006 the active population has increased by 8.9% but most of this increase (67.8%) occurred in the above counties with decreases or below 1% increases of the active population in seven out of 21 counties.

The demographic framework for labour supply in Croatia is regressive with relatively low labour utilization and high working age demographic reserves. Policy measures need to reflect a strategy for increasing activity levels with focus on geographic distribution and particular groups such as women who consistently have a worsening labour market position.

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<sup>9</sup>Analytical tables and figures relevant to this section are provided at ANNEX 3.

## 2.1.2 Employment and unemployment

### *Introduction*

After a decade of falling registered employment, during and immediately after the war, employment in Croatia started to grow in 2001. From 2000 to 2006, employment rose from 1.34 to 1.47 million or 9.5%. LFS employment which includes all undocumented and informal economic activities is even higher at 1.62 million and a growth rate of around 10%. The growth rate of employment in small trades and crafts was particularly large, from 216,395 in 2001 to 262,690 in 2006 (i.e. 21.4%). The expansion of the “secondary” sector of small trades and crafts demonstrates flexibility and job-creation potential of that sector. On the other hand, this sector may also be associated with relatively low wages, long working hours, low job security and a relatively large amount of informal activities.

According to LFS data, the employment rate of the population aged 15-64 in Croatia amounted to a yearly average in 2006 of 55.4%. That was 7.7 percentage points lower than the EU-27 average but higher than in Poland (see also Table 6). At the same time, the male employment rate was 62.3%, and the female 51.0%, the latter higher than in Greece or Italy. At the annual level, the employment rate for the aged 55-64 was particularly low, just 34.3% versus 43.5% in the EU-27. However, it is possible to observe a positive trend in the employment rate of the older persons (55-64) in Croatia due to the effect of the pension system reform which has gradually increased the retirement age.

The low level of employment in general and of older persons in particular is mostly a consequence of the war destruction of economic capacities, and restructuring due to privatization, foreign competition, and changes in demand and technology. Further privatization, opening to foreign competition and reduction of state aid to enterprises can reduce employment in the short run, but it can increase productivity and thus labour demand in the long run. Enhanced entrepreneurship is also expected to contribute to long-term job-creation.

In general, employment opportunities are increasing in Croatia but job creation is very unevenly distributed and not adequate to absorb the labour surplus which has been generated over the transition period on the unemployment register. For example, monthly employment from the register of the Croatian employment service which still registers most of the labour market dynamics ranges from 10 to 20 thousand depending on the season. There are roughly between 13 and 26 unemployed per vacancy at any one time and the structure of the supply and demand is not congruent resulting in high employment rates for some groups and almost no demand for others<sup>10</sup>.

### *Employment by sector*

In comparison to the EU-27, Croatia has a considerably larger share of those employed in agriculture (13.80% vs. 5.89%) and a somewhat larger share of those employed in industry which includes mining, manufacturing, utilities and construction (28.50% vs. 27.64% - see Table 7). The share of those employed in industry in 2006 was 0.86 percentage points higher than in the EU but lower than in Bulgaria, Poland, Czech Republic, Slovenia, Slovakia, Hungary, Germany, Portugal and Spain (see Table 7). The share of those employed in market services (wholesale and retail trade, hotels and restaurants, transport and communication, and business services) was only 1.9 percentage points below EU-27 but at a higher level than all other new members except Hungary. The difference in the share of those employed in non-market services (education, social security, and other services – NACE categories M-Q) between Croatia and the EU-27 was somewhat higher – 6.0 percentage points in favour of the EU. The share of public administration in total employment at 6.3% in 2006 was below the EU-27 (7.12%) but also much lower than France, Greece, Germany, Hungary, Czech Republic, Bulgaria and Slovakia.

The sectoral structure of employment in Croatia is more similar to the EU than in most new member states and will converge further especially in the area of market services due to a growing interest of the private sector in this domain and the growing market for health, insurance and educational services across-the-

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<sup>10</sup> See Monthly Statistics Bulletin, Croatian Employment service, Table 3, various months 2006, 2007.

board. This will increase employment opportunities for women who are traditionally more dominant in these sectors. However, this will also increase the overall flexibility of the labour market.

#### *Flexible forms of employment*

Regarding flexible forms of employment, the share of employees with limited duration contract in the total number of employees is not substantially lower than in the EU-27. In 2006, that share amounted to 12.5% in Croatia and 14.3% in the EU-27 (see Table 8b). In some countries, like Poland (27.3%) and Slovenia (17.1%), it was much higher, and in Spain it comprised a third of all employees (34.1%), more among women than among men. Both in the EU and in Croatia, there were no significant differences between sexes in this respect (among temporary workers 54% are men and 46% women).

Another flexible form of employment is part-time employment. In 2006, the share of the employed working part-time in the total number of the employed was considerably lower in Croatia (10.1%) than in the EU (18.1%). The difference is particularly large for women – more than 31.2% of employed women in the EU work part-time, while in Croatia the share is only 13.4%. A relatively low share of part-time work among the employed in general and employed women in particular is also a feature of other transition countries like Slovakia, the Czech Republic, Slovenia and Bulgaria but also of EU Member States such as Greece, Spain and Portugal. It is likely that the expected return from a part-time job in those countries, including Croatia, is still too low for women to justify the fixed costs of working (transportation costs in time and money, childcare expenses, etc.).

Short-term service contracts are much more usual in Croatia than part-time work. Both the employed and the unemployed<sup>11</sup> can engage in work of this kind and there are, on average about 60 thousand such contracts monthly. Mandatory contributions are levied on these contracts; which has introduced more security for individuals who engage in this type of work. However, these contracts are not considered to be employment as such and are outside the realm of the Labour Law.

#### *The informal sector*

The size of the informal sector is difficult to estimate. There are no estimates of the size of the informal sector in Croatia more recent than 2004. Some estimates for the period 1990-2000 have shown an increase in the size of the informal sector in the early 1990s, due to war and hyperinflation and then a decrease in the second half of the decade where it was estimated to be 10.4%.

Most of the flexible forms of work are found in the informal economy. The most common practice in the informal economy is the truncation of the wage into two parts: the minimum mandatory wage is declared as the taxable wage on which contributions are levied while the rest of the wage is given in cash. In this way the head count of those employed in the informal economy is relatively low but the informal financial flows are considerable.

The incidence of the informal sector is an important issue in policy development. Care has to be taken that labour market policies do not increase the unemployment trap for those who are both registered as unemployed and working in the informal economy by raising their reservation wage for entry into formal employment.

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<sup>11</sup> The unemployed are allowed to work on such contracts and retain unemployment status if these earnings do not exceed the current level of unemployment benefit.

## *Unemployment*

The increase in the employment rate described above was accompanied by a decrease in the ILO unemployment rate from 16.1% in 2000 to 11.2% in 2006. The registered unemployment rate is much higher at 16.6% in 2006 but converging to LFS levels over time. The difference between unemployment rates of women from two sources (20.9% in relation to 12.4%) is particularly pronounced which points to high levels of inactivity or informal activity in this group. 47% of women on the unemployment register in 2006 did not measure up to international criteria for the definition of unemployment. The Croatian LFS unemployment rate is only 3 percentage points higher than the EU27 rate but the long-term unemployment rate in Croatia is 6.4% while it is 3.6% in EU27 (2006).

In absolute terms registered unemployment has been reduced to levels at the beginning of the 90's which is due to several factors. Firstly, the legislature has introduced more stringent rules in the Croatian Employment Service (CES) regarding monitoring of earnings of the unemployed, active job search and availability for work. Secondly, the demand for labour has increased which has two effects: on the one hand the inflow into unemployment, especially from inactivity has increased and the outflow from the register has also increased. Fluctuation of this kind as measured by the sum of inflows and outflows in relation to the stock of the unemployed has increased by 21% from 2000 to 2006. The third factor is the appearance of competition in mediation from the private sector and internet supported job search which has brought the job seekers and the employers into direct contact. This has particularly had an effect on young job seekers (15-24) whose share in registered unemployment fell from 27.4% in 2001 to 20.1% in 2006. This change has also been brought about by the increased interest for higher education, which is also shown in the next section on education.

Characteristic for the Croatian labour market are strong seasonal fluctuations, which affect both regional labour markets and certain sectors such as agriculture, tourism, trade and construction and food production among others. For example, the number of the registered employed went up from January to June 2006 by more than 90 thousand while registered unemployment went down in the same period by 40 thousand. Although short in duration, seasonal employment gives an opportunity to break a potentially long spell of unemployment or inactivity.

Unemployment in Croatia has a number of particularly concerning aspects:

55% of all unemployed people are **long-term unemployed**, but only 22.8% claim unemployment benefit (2006 average) since the maximum duration of benefit is shorter than average duration of unemployment. Croatia's had a long term unemployment rate of 6.4% in 2005 compared with the EU-27 average of 3.6% and an even higher female long-term unemployment rate of 8.4%.

**Women** are affected by unemployment more than men. Their share among all registered unemployed increased from 53,5% in 2001 to 60.0% in 2006, but a high percentage (47.5%) are not unemployed by international standards since they are either working in the informal economy, are not actively seeking work or are not available for work. The main motive for registration is often benefits which are linked to unemployment status or part of the demographic policy.

In relation to those **aged 50 and over**, in 2001 their share was only 12.5% of the registered unemployed but this rose steadily to 24.5% in 2006. This can be attributed to the various factors; firstly, the ratio of the older population in the total number of people has increased due to demographic changes. Secondly, retirement age has been raised and consequently older persons losing a job increasingly enter among the unemployed (versus inactive) and stay longer in this category. Finally, it is also important to note the trend of decreasing share of registered unemployed among the young probably due to the opening up of new jobs, which is especially conducive to their employment.



The share of unemployed persons between **15-24 years of age** among all registered unemployed decreased from 27.3% in 2001 to 19.4% in 2006.<sup>12</sup> This is thought to be largely due to the prolongation of participation by young people in education and a preference for seeking work without registering at the CES. However, youth unemployment remains significantly higher than the EU average.

The educational attainment and skills of the unemployed is one of the factors contributing to long-term unemployment, especially among older persons. 32.2% (May 2007) have primary school education or lower and 25.8% have finished gymnasias and have no occupation. Their employability depends on significant investment in market relevant skills.

Very significant **locational variations** exist (see section 2.1.5 below).

### 2.1.3 Education, training and skills development

At the time being, there is no analysis that would systematically examine the responsiveness of the education system to the labour market needs; it is however considered that a mismatch exists (As was mentioned earlier, at the end of 2006, 35.9% of all unemployed people had graduated from 3-year vocational schools.)

Educational attainment levels of the Croatian working age population are generally below EU standards. In 2006, 18.2% of the employed, 20.6% of the unemployed and 55.5% of the inactive working age population had primary school education or lower<sup>13</sup>. Those with educational qualifications above secondary school levels constituted 19.7% of the employed, 11.2% of the unemployed and only 7.1% of the inactive (See Table 10). The most dominant form of educational attainment is persons with 3 or 4 year vocational schools. At the moment it is not possible to enter university from 3 year vocational schools. Higher, especially university education is not efficient, with a high dropout rate but the demand for this kind of educational services is high and outstrips supply although private sector provision has shown very fast growth.

Illiteracy rates in Croatia are low, but the few years spent in education by a considerable proportion of the Croatian population suggest that further efforts will be required in Croatia to raise basic and overall skill levels. According to the 2001 census, 2.86% of the population had no schooling; 4.52% who had completed 1-3 grades at maximum, 11.24% who had completed only 4-7 grades and 21.75% who had completed basic school education.<sup>14</sup>

In comparison to the EU, Croatia has a considerably lower share of highly skilled workers in the total number of the employed. The share of highly skilled non-manual workers (including managers, professionals and technicians) in 2004 was 38.4 in the EU-27, but only 29.6 in Croatia – an 8.8 percentage point difference.

Similarly, Croatia is also lagging behind the EU-27 regarding the share of tertiary (ISCED 5 and 6) education graduates in the population, even in younger generations but it is ahead of countries like Italy and the Czech Republic (see Table 10). That lag is likely to become smaller since the number of the tertiary-education graduates has been growing in the past several years. That number of graduates increased from 13,510 in 2000 to 18,190 in 2006 – a 34.6% growth. The growth was particularly high for women and their share increased from 55.6 to 59.7% of all graduates. There does however appear to be a significant problem with university drop-outs, especially of those who finished only general preparatory (gymnasium) education and therefore do not have useful job skills. For example, the ratio of graduates in 2005 to the enrolled (in the first year) in 2000, was less than 40%, implying a drop-out rate higher than 60%. The problem of drop-outs is expected to be even greater in the future due to large and growing enrolment at universities. For example, the total number of the enrolled went up from 91,874 in academic year 1998/1999 to 132,952 in 2005/2006 – a 44.7% increase in just seven years.

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<sup>12</sup> Croatian Employment Service. This data is based on annual average, not on the data recorded on 31<sup>st</sup> of December of given years.

<sup>13</sup> Croatian Bureau of Statistics. LFS 2006/2 Release.

<sup>14</sup> ETF calculations based on published census 2001 data, [www.dzs.hr](http://www.dzs.hr)

Although Croatia has a relatively low share of highly skilled workers and a low share of highly educated population, it has a population well covered by secondary education, especially younger generations. The percentage of the adult population (25-64 years old) that has completed upper secondary education: 2005: EU27, 69.3%; Croatia 72.8% (Eurostat). This is similar to some recent Member States (such as Bulgaria and Romania) but lower than others (such as the Czech Republic, Slovakia and Slovenia). It is also higher than some older, more developed Member States (e.g. Belgium, France and the United Kingdom). However, the quality and adequacy of secondary (vocational) education in relation to the labour market needs requires further improvement.

In almost all EU countries, as well as in Croatia, a higher level of education is related to a lower level of unemployment rate. In the EU-27, according to *Eurostat*, the unemployment rate for the secondary-level educated (aged 25-59) in 2006 amounted to 7.4% and for the tertiary-level educated 4.3%, while in Croatia those magnitudes were 12.3% and 7.1%, respectively (see Table 11). The highest unemployment rate was for those with the primary-level education – 11.3% in the EU-27 and 15 % in Croatia. Thus, the lack of education puts an individual at a serious disadvantage on the labour market both in Croatia and in the EU.

The levels of provision of adult education and training, especially the application of life-long learning principle, are still significantly below those in the EU. Adult participation in education and training was only 2.3% in 2005 while the EU-27 rates for 2006 show levels around 9.6% of the population participating in any type of learning activity, which includes hobbies<sup>15</sup>.

*Overall*, the Croatian population has relatively high rates of secondary education but low rates of higher education and the workforce has relatively low skill levels. There appears to be a significant mismatch between the contents of education (even vocational education) and the requirements of the labour market and very low levels of provision of adult education and training. However, more reliable information needs to be gathered on skills availability and needs.

#### 2.1.4 Social protection, income and social inclusion

According to *Eurostat*, the share of social security contributions and income tax in the total labour cost for a low wage worker in the EU-25 in 2004 was 36.4%. The share of social security contributions in the total labour cost in Croatia is 31.7% and income tax paid by a low wage worker is not high because of a large personal deduction. Since unemployment benefits in Croatia also seem to be modest, the present Croatian tax and benefit system does not create a serious “unemployment trap”.

The income threshold for access to permanent social welfare in Croatia (about 53 euro per month for a working-age person) is determined by the government and is not related to any objective poverty line. Expenditures for all social welfare benefits account for about 0.64% of the GDP and they have increased compared to the year 2000 (by 0.59% of GDP). Regardless of the increase of expenditures for social welfare benefits they remain extremely low and are inadequate to meet minimum needs. In 2006 various forms of material social welfare covered about 5.7% of the population, while 2.5% of the population received permanent social welfare. Single households accounted for almost half of all households (49.14%) receiving permanent social welfare, which is considerably higher than their share is in the total number of households (20.8% by the 2001 census). Almost 30% of single persons and families receive social assistance benefit for 5 to 10 years, of whom 73.7% have no earnings outside the social welfare system. Unemployed persons account for about 46% of all permanent social assistance beneficiaries due to the large number of long-term unemployed and young people entering the labour market for the first time, who are not entitled to unemployment benefit.

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<sup>15</sup> It is likely that the very low rate of participation of the Croatia population in LLL activities is due to a misunderstanding of the question in the labour force survey since educational activities are usually associated with formal educational establishments.

In 2003 and 2004, social protection expenditures accounted for about 23.5% of GDP (4.5% below the EU-25 average of 27.7% GDP in 2002 and 28% in 2003). Despite a significant decrease since 2001, Croatia still has higher social expenditure than both the EU-10 and countries in South-East Europe (in 2003 this expenditure in Bulgaria and Romania was 17.6% and 16.1% of GDP, respectively). Despite receiving a relatively high share of GDP, the Croatian health system faces financial difficulties in its daily operations. Croatia is also obliged to meet the needs of war veterans and war victims (around 6% of social expenditure). According to the last review of the register, there are nearly half a million persons with recognized status of a homeland defender (war veteran). The number of war veterans who are registered as unemployed decreased significantly in the last several years. It dropped from 45,225 in 1997 to 26,771 in 2005 and to 24,721 in October 2006 which is an overall fall of 54.7%.

The Croatian at-risk-of-poverty rate varied between 17 and 18% in the period 2001-2005. Six EU countries had a higher at-risk-of-poverty rate than Croatia in 2003 (Slovakia, Italy, Portugal, Ireland, Spain, Greece), while Britain and Estonia had approximately the same rate as Croatia (the average for EU-25 was 16%, and for EU-10 15%).

Although income inequalities are often perceived as being high in Croatia, indicators (parallel Gini coefficients) for the year 2003 show them to be similar to the average in EU-15, EU-25 or EU-10. Among the EU-10 countries, only Slovenia, Hungary, Czech Republic and Cyprus had lower inequalities than Croatia while higher inequalities are found in the Baltic countries, Poland, Greece and Portugal. The at-risk-of-poverty rate for women (18.9%) is slightly higher than for men (15.9%) and poverty among the Roma is considerably more widespread than in other groups or society as a whole. Assuming the poverty line to be 60% of median per capita income, 76% of Roma and 20% of non-Roma living close to Roma settlements live in poverty.

Certain groups of the population are particularly vulnerable to social exclusion. These include unqualified or low qualified or narrowly skilled people, young people with inappropriate education and/or without work experience, war veterans, disabled people and minorities.

Croatia, in relation to other countries in the European Union, has far larger share of people with disabilities in the active working population (people with disabilities make 24.4% of all persons at the age between 15 and 64). Persons with disabilities continue to encounter barriers in accessing employment although the law guarantees them the right to professional rehabilitation and training for an appropriate job. At the end of 2004, 7,322 people with disabilities were registered as unemployed (2.3% of all the unemployed).

In June 2007, the government adopted the new *Strategy of Uniform Policy for People with Disabilities 2007 - 2015*. Regarding professional rehabilitation, employment and work of people with disabilities, the first measure is to evaluate current legislation and policy in the field by an independent body. Under the Strategy 2007-2015 additional stress is given to defining different models of employment for people with disabilities who need support in access to the labour market as well as providing support measures during employment; providing mechanisms of protection against discrimination as well as raising the awareness of employers. Within the public domain, employment of people with disabilities in government bodies and the civil service is legally regulated on the quota basis so that these services should have 6% of people with disabilities employed by 2020.

In terms of population and welfare, there are huge regional disparities in Croatia, indicated by a ratio of 17:1 between the most and least densely populated counties and a ratio of 55:1 for GDP levels (see also following section). Registered unemployed rates vary significantly between counties, ranging from 13% to 40%, with particularly high rates in regions bordering Croatia's eastern and southern neighbour countries (war affected areas). The highest poverty rates are in the counties of Karlovac and Sisak-Moslavina, and the lowest in Zagreb City, Primorje-Gorski Kotar and Istria. The number of permanent social assistance beneficiaries is above average in the areas affected by the war (e.g. in Šibenik-Knin county the number of permanent social assistance beneficiaries is three times higher than the average). The only county with an above-average number of beneficiaries and not affected by the war is Međimurje, where there is a great concentration of Roma.

Rural areas suffer from a declining and ageing population, as well as lower skill levels of their population. 2001 census data show that the percentage of population older than 15 years of age without any education in some rural areas is 3-4 times higher than a respective ratio in urban areas of the same county.

*Overall*, Croatia still needs to modernise its health and social welfare systems and to further promote social inclusion. Besides ethnic minorities, the most visible marginalised group appears to be the disabled. Moreover, certain individuals and groups can be the subject of multiple disadvantages. This means that the operations supported by this OP will either need to be targeted on specific disadvantages or be sufficiently flexible to allow the targeting of disadvantage of different types.

As is the case with education and employment, significant locational variations persist in relation to the provision of social and health services. However, the issue of social inclusion arguably is also, and importantly, related to employment. In line with programming principles for the Structural Funds, we therefore propose to **concentrate** the activities supported through this OP to promote social inclusion on assisting disadvantaged groups to gain access to employment and education for employment.

The provision of accurate and up to date data on those at risk of social exclusion also needs to be promoted.

#### 2.1.4.1 Promotion of Social Dialogue

In Croatia social dialogue is promoted by various bodies, such as follows:

- the Croatian Economic and Social Council (ESC), that started its work in January 1994. It consists of representatives of the government, trade unions and employers associations. The ESC commissions are dealing with the following issues: Salaries policy, tax system and life standard; Social policy; Employment, education and coordination with labor market; Legislation, collective bargaining and protection of law; Sustainable development, fostering economy, energy and climate changes;

- the Independent service for Social Partnership at the Ministry of Labour and Pension System, that was established by the government in September 2001, to provide support to the process of social dialogue in Croatia and deals with organizational, expert, administrative, technical and other services for the needs of the National ESC and its permanent and temporary bodies

- Five confederations of trade unions: The Union of Autonomous Trade Unions of Croatia (SSSH), the Croatian Independent Trade Unions (NHS), Association of Croatian Trade Unions, Croatian Trade Union Association (HUS), and the Workers Trade Union Association of Croatia (URSH);
- Only one employers' association is represented at national level – the Croatian Employers' Association (CEA).

Other national bodies where social partners are included:

- National Council for Occupational Health and Safety - a tripartite body established by the law on protection at work
- National Competitiveness Council ;
- Governing councils of Croatian Institute for Health Insurance, Croatian Pension Insurance Institute, Croatian Employment Service, Croatian Institute for Health Protection and Safety at Work etc.

Additionally, another group of stakeholder organisations that is indirectly involved in the process is the Croatian Mediation Association, an independent NGO whose purpose is to promote mediation in general, and mediation and conciliation centres for labour disputes under the auspices of the Independent Service for Social partnership. The association members are certified mediators for commercial and labour disputes, and who have been active in the preparation of a draft Code for Mediators.

Although there is an institutional framework for social dialogue, the quality of the social dialogue needs to be enhanced and strengthened. Currently, the social dialogue is handled predominantly on central level that gives the process a more formal and unilateral character. At the same time for the Government, it is essential that each of the social dialogue partners contributes equally to the process. Receiving feedback both from the employers' associations and from the trade unions on new laws is essential. Furthermore, fragmented structure of the trade unions poses additional challenge in continuity of the social dialogue process: the majority of trade unions are affiliated through five confederations, but they are insufficiently

organised to actively participate in the sectoral dialogue. Since the collective interest of employees is represented most effectively by their trade unions, unionization level has a crucial importance in the social dialogue. In Croatia there is still about a 26% level of unionization which is on par with the EU-25 level, and the four EU most populated countries, such Italy (30%), the UK (29%), Germany (27%) and France (9%). But it is substantially below the level of unionization in e.g. comparatively the same size countries such as Denmark where the level of unionization is 75% with a highly developed bargaining system that has been governing industrial relations since 1899.

Stronger bilateral social dialogue and more joint actions may result not only in improving the effectiveness of the social dialogue, but also translate into increased membership. At the moment this remains an issue, as low level of participation combined with low level of membership has a negative effect on the trade union organisations in terms of their financial ability to attract highly qualified expertise and participate on the same level in the social dialogue process: while most trade unions have declared that the number of their members has grown, or stagnated, since 2000, but they do not gain membership from the growing private service sector and from small employers.<sup>16</sup>

As a consequence, confederations and trade unions of smaller scale have faced continuous constraints with human resources when conducting legal reviews and that has been stated as hindering their ability to provide timely and professional opinion on legislative issues.

Also, despite the fact, that the employers association has more resources at its disposal, including human resources, they still experience shortage of highly specialised expertise, e.g. legal expertise in specific areas relevant to the social dialogue process.

Furthermore, there is a need for a more continuous dialogue to replace ad hoc discussions between social dialogue partners. Creation of joint work groups on issues relevant to the social dialogue process is considered as an essential component of continuity and sustainability of cooperation among the partners.

#### 2.1.4.2 Civil Society Organizations in Croatia- general facts and figures

Civil society organizations (CSOs) play an increasingly important role in Croatian society. Over past two decades, CSOs have become recognized as valuable partner to the State and private sector, carrying out a number of public benefit activities in various areas, contributing to the building of a society of wellbeing and equal opportunities for all.

In terms of the number of CSOs in Croatia, according to the data from July 2011, there are almost 44.364 registered citizens' associations, 176 registered foundations, 12 funds, 130 foreign citizens associations, over 600 private institutions and about 250 trade unions and employers' associations, together with 51 religious communities and 2008 legal persons of the Catholic Church. The number of citizens' associations is constantly increasing<sup>17</sup>.

Despite an ever growing number of citizens associations, the extent of civic engagement, measured through membership in organizations and the level of volunteering is considered to be the weakest aspect of civil society in Croatia. The 2010 Civil Society Index Country report for Croatia<sup>18</sup> indicates that only 17% of citizens are members of a civil society organization, while, on average, fewer than 7% of the population does voluntary work.

#### 2.1.4.3 Sources of Financing and Employment in CSOs in Croatia

CSOs in Croatia are financed from various sources: national State budget, regional and local self-government budgets, EU funds, funds provided on the basis of bilateral and multilateral assistance and

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<sup>16</sup> Capacity building for social dialogue at sectoral and company level, Croatia. Report by European Foundation for the Improvement of Living and Working Conditions, 2007

<sup>17</sup> <http://www.uprava.hr/default.aspx?id=666>

<sup>18</sup> Civicus Civil Society Index in Croatia – Policy Action Brief, January 2011, [www.civicus.org](http://www.civicus.org)

various sorts of private funds. One of the important sources of national public financing of civil society organizations is a part of the income coming from the games of chance, which is based on the Act on Games of Chance and the relevant Regulation on Criteria for Establishing Beneficiaries and the Manner of Distribution of a Part of the Income from Games of Chance.

It is worth mentioning that according to the research conducted by the National Foundation for Civil Society Development called "Assessment of the State of Development of Civil Society Organizations in Croatia in 2009"<sup>19</sup>, 69.3% of funding of CSOs comes from the national and regional and local self-government sources, which may be therefore considered as the most important source of funding of CSOs in Croatia. The "Report on Financial Supports Allocated to Projects and Programmes of Civil Society Organizations in the Year 2009"<sup>20</sup> published by the Government Office for Cooperation with NGOs has demonstrated that altogether 1.575.562.477,58 kunas (212.913.848,32 EUR) were provided for financing programmes and projects of CSOs from those sources. The Report<sup>21</sup> for the year 2010 demonstrates that 489.012.308,40 kunas (66.082.744,38 EUR) were provided for financing of programmes and projects of CSOs from the national sources<sup>22</sup> at the state level, among which around 25% of the sources were allocated for the CSOs active in the field of sports, around 21% for those active in the field of promotion of culture, culture and historical good, and preservation of nature, while around 18% of sources were allocated to the CSOs active in the field of provision of social services. Moreover, around 54% of those programmes and projects were implemented on the entire territory of the Republic of Croatia which represents around 59% of the entire allocated amount, while around 6% of them were implemented on the territory of several counties which represents around 9% of the entire allocated amount. All other sources were allocated for projects and programmes implemented within one County.

The data available in the above-mentioned research conducted by the National Foundation for Civil Society Development show that 50 % of civil society organizations do not have any employee, while one third of organizations employ up to one or two persons maximum. Only 4.6 % have more than 10 people employed. The participation of young people among the leading staff of organizations is very weak: almost half of organizations are being led by persons of age over 50 years old. The research demonstrated that the employment in CSOs, when it occurs, is predominately project based and is not for indeterminate time period (in 71% of cases).

Due to insufficient capacities, lack of information and geographical distance from the main decision-making bodies, there is considerable imbalance in the capacity for public advocacy and for delivering social services among national and regional or local CSOs. There is therefore a need for the activity of CSOs, as providers of innovative social services and independent advocates of social cohesion, tolerance and the rule of law, to be extended to all Croatian regions.

According to the data available in the Register of Non-Profit Organizations run by the Ministry of finance<sup>23</sup> the number of employees in non-profit organizations was as follows<sup>24</sup>:

- in 2008 – 17291, which is 1,11% of the total number of employed persons in the Republic of Croatia at the end of the year of 2008;

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<sup>19</sup> Croatian version of the research report is available at [http://zaklada.civilnodrustvo.hr/upload/File/hr/izdavastvo/digitalna\\_zbirka/procjena\\_stanja\\_2009.pdf](http://zaklada.civilnodrustvo.hr/upload/File/hr/izdavastvo/digitalna_zbirka/procjena_stanja_2009.pdf).

<sup>20</sup> Croatian version of the Report is available at <http://www.uzuvrh.hr/userfiles/file/lzvjesce%202009%20lowres.pdf>

<sup>21</sup> The Croatian version of the draft report is available at <http://www.uzuvrh.hr/userfiles/file/lzvjesce%20o%20financiranju-org%20civilnog%20drustva%20u%202010%20-%20usvojeno%20na%20vladi%201%20%20srpnja%202011.pdf>.

<sup>22</sup> The data for the sources of funding provided by local and regional self-governments were not yet compiled during the drafting of the present OP.

<sup>23</sup> <http://www.mfin.hr/hr/neprofitno-racunovodstvo>

<sup>24</sup> These data refer only to the non-profit organizations obliged to submit annual financial report to the Ministry of Finance, i.e. those whose annual revenue or overall possessions did not exceed 100.000 kunas (13.513,51 EUR) within the last 3 years.

- in 2009 – 18228, which is 1,21% of the total number of employed persons in the Republic of Croatia at the end of the year of 2009.
- In 2010 – 18667, which is 1,31% of the total number of employed persons in the Republic of Croatia at the end of the year of 2010.

Compared to other EU member states, these data demonstrate that there is a rather low level of employment in non-profit sector. A key recommendation from the latest Civil Society Index country report is for different funders to develop joint programs to finance employment in the civil society sector, as a key pre-requisite for developing solid partnership with the State.

In recent years, the overall infrastructure for supporting volunteering in CSOs has been strengthened, and provides new opportunities for building CSOs capacities for contributing to employability and employment. Civil Society Index 2010 Country report points out that “civil society organizations rarely have the necessary capacity to develop high quality sustainable programs for volunteers”. According to the research conducted by the association SMART in 2006<sup>25</sup>, 45,4% of the interviewees included in the survey stated that they have volunteered in one of the CSOs in 2006, while others were involved in some other form of volunteer engagement. Moreover, according to the above-mentioned research conducted by the National Foundation for Civil Society Development, 36,8% of the civil society organizations run an evidence of volunteering work carried out in their organization, out of which around 25% engage from 11 to 20 volunteers per year, while 20% engage from 21 to 50 and from 6 to 10 volunteers per year, respectively. The demographic structure of volunteers demonstrates that both genders are more or less equally represented among volunteers, while people aged up to 35 years and those with middle education volunteer more frequently than representatives of other age and educational groups.

The absorption of the EU funds designated to civil society sector so far has demonstrated that the CSOs are one of the most successful beneficiary of EU funded programmes and projects, and the amounts allocated for CSOs in the Republic of Croatia have been granted up to the 100%.

#### 2.1.4.4 Supporting CSOs Capacity for Advocacy and Motivation Programmes for Socially Excluded Groups

In Croatia, the process of democratization over the past decade resulted among others in the establishment of a sound institutional, legal and financial framework for supporting civil society organizations. In this period, there has been a significant increase in funding available for CSOs through various public sources, whose transparency and efficiency have been constantly increasing.

Yet, the CSOs active in the field of advocacy of public policies have been traditionally only to a limited extent supported through Croatian public sources, thus being financed mainly by international donor community that have been playing an important role in ensuring that reform and advocacy oriented, politically independent civil society organizations and initiatives survive and thrive. International funding has been instrumental for securing suitability of various kinds of advocacy-oriented CSOs, active in the fields such as democratization, human rights, peace-building, youth and community development etc. In a study conducted for the National Foundation of Civil Society development in 2007 on the sample of 745 Croatian CSOs – recipients of public funding in 2005 – 18.5% of the sample CSOs listed international funding as one of the sources they use, for 8.4% of them international donations were the main source of funding in 2006.<sup>26</sup>

But “while the prospects targeted EU funding for advocacy oriented in Croatia are good, during the pre-accession period they have been primarily available to highly professionalized CSOs with adequate organizational and human resources for the strict application process and project proposal formats”.<sup>27</sup> Furthermore, while international donor programmes provided sufficient support and enhancement of

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<sup>25</sup> Forčić, G. (2006.) "Volunteering and local community development - Research on civil participation in the community initiatives through volunteering", Association for Civil Society Development SMART

<sup>26</sup> *ibid.*, p. 11

<sup>27</sup> *ibid.*, p. 22

management skills among their grantees, there was not sufficient emphasis on facilitating practical application of these skills.<sup>28</sup>

This limitation was addressed through the provisions of the Ljubljana Declaration, which called upon the EU and national governments to create a longer-term strategy for CSOs support, and focus on capacity building as a platform for civil society organizations “enabling them to access EU and national resources more extensively.”<sup>29</sup> Supporting the advocacy oriented CSOs shall contribute to the long term sustainability of the Croatian advocacy oriented CSO and therefore ensures that such a situation is avoided when certain areas of public reforms would “remain constantly in focus while others remain without any support”.<sup>30</sup>

Support to advocacy oriented CSOs in the context of human resource development triggers off the potential of non-governmental sector to act as a promoter of employability of people in general, and especially of those who are distant from the labour market: people with disabilities, elderly people, poorly educated people, migrants, young people, the unemployed, people affected by poverty, and other. Advocating the access to employment and inclusion into the labour market of all, is at the same time promoting social inclusion of disadvantaged and vulnerable groups, but also strengthening civil dialogue in terms of creating supportive environment which enables CSOs to influence policies of public authorities and the public opinion in general. This kind of support represent, therefore, promoting of analytical capacity building of CSOs, as well as motivation element for providing programmes for socially vulnerable groups thus contributing to those groups’ sustainable inclusion in the labour market (as a cross-cutting intervention of the OP HRD interventions).

#### 2.1.4.5 Civil Society Organizations Active in the Field of Volunteering

In May 2007, the Croatian Parliament adopted the Law on volunteering, first of such kind in the country and the wider region. The law defines relations between the volunteer, the organiser of volunteering and the beneficiary of volunteering in order to secure an adequate social environment for development of volunteering and prevent any possible misuse. It also regulates volunteering terminology, principles of volunteering, conditions, volunteering contracts, code of ethics and volunteer certificates. In addition, it foresees allocation of governmental funds for the work of the National Board for the Development of Volunteering – a governmental advisory body in the field of volunteering - as well as the National Volunteer of the Year award which is being granted annually for the achievements in the field of volunteering.

Concerning the government/regional/local funding, in general, the support for the development of volunteering from the national as well as local and regional government still has a fairly low profile. However, some progress has been made within the last couple of years – in April 2008 the Ministry of War Veterans for example announced a public call for co-funding of the regional volunteer centres – there have been so far 4 such centres established in Croatia – whose purpose is to promote and develop volunteering activities on local, regional and national level, providing education in the area of volunteer management, connecting potential volunteers with volunteer opportunities, running the information and promotional campaigns, writing and publishing publications related to the volunteer management, conducting research in the area of volunteering and organizing community volunteer actions. Furthermore, the four volunteer centres have formed an informal Network of Volunteer Centres with the aim of strengthening their mutual cooperation.

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<sup>28</sup> *ibid.*, p. 41

<sup>29</sup> Ljubljana Declaration Development of civil dialogue and partnership relations between civil society, national governments and EU institutions in “Towards a Sustainable Europe-wide Civil Society”, by Government office for Cooperation with NGOs, Croatia, and European Citizen Action Service, ECAS, 2009, p. 14

<sup>30</sup> Ljubljana Declaration Development of civil dialogue and partnership relations between civil society, national governments and EU institutions in “Towards a Sustainable Europe-wide Civil Society”, by Government office for Cooperation with NGOs, Croatia, and European Citizen Action Service, ECAS, 2009, p. 20



Yet, despite of those developments, the issue of structured and permanent support to volunteering still remains one of the greater challenges in Croatia and should be therefore given a special attention also through the EU funding, particularly given its above-mentioned increasing role of a catalyst of the employability of the job-seekers and consequently their higher participation in the labour market.

#### 2.1.4.6 Support Structures for CSOs at the Regional Level

In spite of the solid institutional, legal and financial framework for civil society development in the Republic of Croatia, there is still a high inequality in terms of the development of CSOs across Croatian regions and local communities. This condition is a consequence of a general unbalanced development of different Croatian regions, lack of capacities of many local and regional governments to develop a strategic cooperation with civil society actors, and insufficient capacities of the latter to fully take advantage of existing opportunities for their financing and development. Moreover, there is a disproportionately high number of civil society organizations concentrated within the four main regional urban centres (Zagreb, Split, Rijeka, Osijek), which contributes further to the regional disparities in the development of civil society organizations.

Even though the level of socio-economic development of particular regions to some extent correlates with the development of civil society organisations, the latter highly depends also on the willingness of local and regional authorities to recognize the benefits of making partnerships with civil society organizations and to include them into the local/regional policy-making processes. In Croatia, there is currently no legal or institutional mechanism in existence, whereby a framework for a systematic involvement of civil society organizations into the various aspects of local and regional development would be provided.

In order to tackle the above-mentioned issues, the National Foundation for Civil Society Development already provides continuous financial support to 5 regional networks acting as regional support structures for CSOs, however there is an obvious need to expand the scope of services of the existing structures as well as to set up additional structures at the local level in order to spread out the reach of such specific services to the highest possible number of CSOs throughout Croatia

#### 2.1.5 Regional disparities

##### **Map 1. County (regional) self-government units in Croatia**



In administrative terms, Croatia is organised into 21 counties (the City of Zagreb has the dual status of a county and a city), another 126 cities and 429 municipalities which are growing in number.

Analysing socio-economic indicators, it is possible to observe considerable disparities among Croatian counties.

(i) Comparison of the basic economic indicator **GDP per capita (in current prices)** on county level (see Table 12) shows that in 2004 just a few counties exceeded the Croatian average GDP (e.g. City of Zagreb, County of Istria, Lika-Senj County and County of Primorje-Gorski Kotar). According to the latest available data, compared to the average EU-25 GDP per capita, the level of GDP p/c ranges from 81% of the EU level in case of the City of Zagreb, to 26% in the Vukovar-Srijem and the Brod-Posavina County.

(ii) In terms of demographic trends, Croatia is characterised by a concentration of population in a few macro-regional and regional centres (see Table 12). The highest population density is in the City of Zagreb, 7.5 times higher than the county which comes second (Međimurje) and 15.5 times higher than the Croatian average (78.4 inhabitants/km<sup>2</sup>). With the exception of the City of Zagreb, the ratio of population density between the least populated county (Lika-Senj) and most populated county (Međimurje) is 1:16.2. Furthermore, a trend of rural-urban divide is characterised by a growing concentration of population in Zagreb and a few other macro regional and regional centres and narrow coastal areas, while other regions of Croatia are being intensively depopulated. Because of their relatively high number, a great number of counties and municipalities in Croatia face the problem of ineffective policy delivery and lack of development funds due to their small tax base (number of inhabitants) on which many of these units are

reliant upon for local income. As a consequence, the local and regional self-government – and the assisted areas in particular – greatly rely on financial transfers and state aid from the national budget.<sup>31</sup>

(iii) Data on the level of **educational attainment**, which represents a significant factor for regional development, additionally reveal the level of disparities within the country. Whereas the Croatian labour force is relatively well educated and trained, very significant disparities exist at the level of counties. The latest census shows that the City of Zagreb has the highest proportion of inhabitants with higher education compared to total population (16.8%); it attracts almost twice as many highly educated people than any other County. According to some preliminary CBS estimates from end March 2006, educational attainment of the employed persons in legal entities in Croatian counties also show a substantial level of regional disparities i.e. the City of Zagreb has the highest share of the employed persons with the graduate or postgraduate education (ISCED 97-5a and 6) in the total number of the employed -22.63%, which is 8.21 percentage points higher than the county which comes out second (County of Primorje-Gorski Kotar with 14.42%). They are followed by County of Virovitica-Podravina (7.54%) and County of Bjelovar-Bilogora (7.96%).

(iv) The **unemployment** rate across Counties differs significantly. The range lies between the City of Zagreb (9.2%) and the County of Istria (8.4%) with the lowest administrative unemployment rates on one side, and the County of Vukovar-Srijem (31.3%) with the highest unemployment rate on the other side (See Table 12, data from end March 2006, CBC).

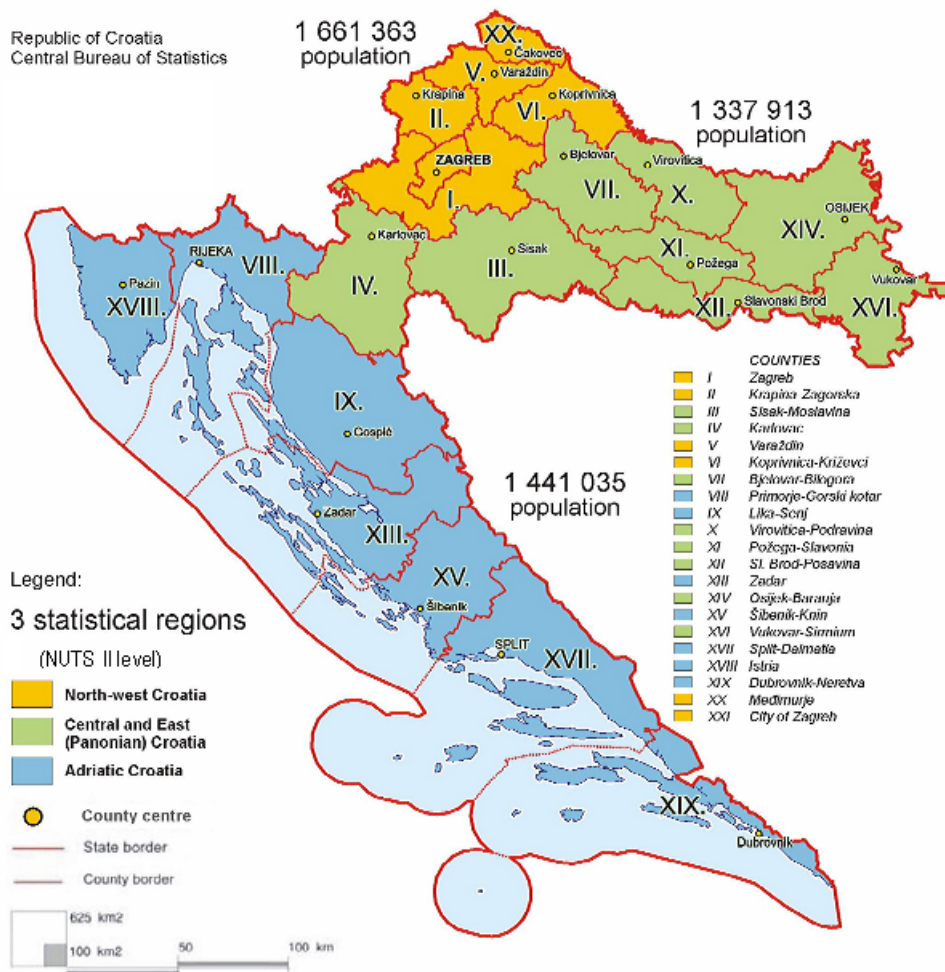
Croatia's division into **NUTS II regions** is shown below (Map 2). The most significant problems at the NUTS II level are faced within the Central and East (Panonian) Croatia region, which has experienced severe war damage and the decline of state-owned enterprises located in the ASSC. This region contains three of the four most war-damaged counties (Vukovar-Srijem, Sisak-Moslavina, and Osijek-Baranja) and Areas of Special State Concern cover about 80% of its territory.

- **Central and East (Panonian) Croatia** (Counties (8): Bjelovar-Bilogora, Virovitica-Podravina, Požega-Slavonia, Brod-Posavina, Osijek-Baranja, Vukovar-Srijem, Karlovac, Sisak-Moslavina County)
- **Adriatic Croatia** (Counties (7): Primorje-Gorski Kotar, Lika-Senj, Zadar, Šibenik-Knin, Split-Dalmatia, Istria, Dubrovnik-Neretva County)
- **North-West Croatia** (Counties (6): Zagreb, Krapina-Zagorje, Varaždin, Koprivnica-Križevci, Međimurje County and City of Zagreb)

#### Map 2. NUTS II regions in Croatia.

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<sup>31</sup> The situation should improve over time, as the process of fiscal decentralization continues and comes to mirror the scope of policy decentralization and as inter-county and inter-municipality cooperation on development projects and service supply is encouraged).



### Civil society and social dialogue

The sector of social dialogue has not been part of the mainstream research in Croatia until recently. Furthermore, due to the closure of the Centre of Industrial Relations, not qualitative data, that would confirm the needs as described in field 13, was collected centrally to confirm the needs for all the target groups. While there is no quantitative data to confirm, the TUC's in general believe that they do not have enough time for preparation of their positions in consultation during the legislative process. Small organisations in general state lack of qualified resources as a constraint. Their opinion is echoed by the Croatian Employers Association who stated that lack of time for serious preparation of their standpoint together with the overall negative influence of union fragmentation are the two major challenges for proper functioning of the social dialogue in Croatia.

With regards to international donor support to the sector, majority of international strategies and action plans in the pre-accession period tended to be concentrated on larger CSOs, while small CSOs and those in remote areas have had little information and possibility for involvements. As many of small organisations do not even have access to Internet, they have been left out of the information and consultation process on large schemes.

Generally speaking, sources of funding for CSOs in Croatia can be divided into state sources, local government sources, state or local government owned foundations or funds, international donor agencies and EU pre-accession funds. Corporate philanthropy is emerging as a systematic, business-community wide endeavour.

However, sectoral analysis shows that majority of funds are still aimed towards supporting initiatives and organisations in the area of culture and sport, e.g. the level of support to all CSOs in 2010 from the state budget amounted to over 489 million kunas (over 66 million EUR). Over 48% 44% of national funds have been disbursed to support CSOs' activities in the area of culture and sports. On the regional level there is also a clear tendency to provide substantial support to sports NGOs, with almost 68 % of regional government funding allocated to this group. By comparison, social protection of people with disability and vulnerable groups, the third largest recipient group of CSOs, received 17.9% of national funds, while only 2.6% and 5.1% at regional and local level, respectively. The level of support to democratization and civil society development amounted to 33,6 million kunas (around 4.5 MEUR), while only 0,5 i.e. 1 % at the national and local level were allocated to human rights issues.

## 2.2 SWOT analysis

Strengths (internal/current)	Weaknesses (internal/current)
<p><i>Employment</i></p> <ul style="list-style-type: none"> <li>▪ Growing registered employment particularly in SME and business services sectors.</li> <li>▪ No significant disincentive effects from unemployment benefits or taxation</li> <li>▪ IT infrastructure for mediation and other types of LM information in place in the CES</li> <li>▪ Private sector in mediation strong and developing</li> <li>▪ Unemployment rate falling, especially among the young</li> <li>▪ The informal economy is a buffer for poverty</li> </ul>	<p><i>Employment</i></p> <ul style="list-style-type: none"> <li>▪ Demographic indicators detrimental to growth of working-age population in the long-run</li> <li>▪ Low workforce participation rate and consequently low employment rate.</li> <li>▪ High unemployment, particularly among the young.</li> <li>▪ High long-term unemployment, especially amongst women.</li> <li>▪ Low regional mobility of labour force.</li> <li>▪ Informal economy gives rise to insecure and flexible work arrangements</li> <li>▪ Regional differences considerable</li> </ul>
<p><i>Education and Training</i></p> <ul style="list-style-type: none"> <li>▪ Recently increased funding for education including vocational education.</li> <li>▪ Broad political consensus on common European goals in education and training.</li> <li>▪ New institutions recently established to support reform and build on existing strengths.</li> <li>▪ Some strong faculties and scientific organizations.</li> <li>▪ Increasing research programs &amp; fellowships for young researchers</li> <li>▪ High coverage by secondary education especially among the young</li> <li>▪ Low drop-out rate from secondary school</li> </ul>	<p><i>Education and training</i></p> <ul style="list-style-type: none"> <li>▪ VET curricula inflexible and not sufficiently linked to labour demand. Inadequacy of statistical information on educational performance.</li> <li>▪ Life-long education and training neglected as a part of education system.</li> <li>▪ Lack of single legal framework for the entire system of education.</li> <li>▪ Inadequate basic infrastructure in education – particularly in certain locations</li> <li>▪ Underdeveloped teacher training system.</li> <li>▪ High levels of university drop-out rates</li> <li>▪ Key competences missing from educational outcomes in formal education</li> <li>▪ Few links between the economy and education</li> </ul>
<p><i>Social inclusion</i></p> <ul style="list-style-type: none"> <li>▪ Growing number of tertiary-level female graduates.</li> <li>▪ Income inequalities generally close to EU levels</li> <li>▪ Solidarity of family and social networks still strong</li> </ul>	<p><i>Social inclusion</i></p> <ul style="list-style-type: none"> <li>▪ Low workforce participation rate and consequently low employment rate of older people and women.</li> <li>▪ High youth unemployment.</li> <li>▪ Increasing female at-risk-of-poverty rates especially among older women.</li> <li>▪ Poverty concentrated in war-affected areas and among the Roma minority</li> <li>▪ Social security benefits (unemployment and welfare) are too low and there is little income security</li> <li>▪ Inadequate cooperation between labour and welfare institutions</li> </ul>
<p>Civil society and social dialogue</p> <ul style="list-style-type: none"> <li>• Existence of a critical number of influential CSOs active in the field of advocacy of public policies in Croatia</li> <li>• Existence of cases of good practice of</li> </ul>	<p>Civil society and social dialogue</p> <ul style="list-style-type: none"> <li>▪ Insufficient analytical capacities of CSOs active in the field of advocacy of public policies</li> <li>▪ Insufficiently developed infrastructure for sustainable development of CSOs at the local</li> </ul>

<p>cooperation between CSOs and authorities at the local level</p> <ul style="list-style-type: none"> <li>• Existence of infrastructure for cooperation among CSOs active in the field of volunteering at the regional and local level</li> <li>• Availability of programmes of multi-annual public financing of CSOs, contributing to the sustainability of organizations</li> <li>• Two main trade union confederations are affiliated to the European Trade Union Confederation (ETUC)</li> </ul>	<p>level</p> <ul style="list-style-type: none"> <li>▪ Insufficient capacity of CSOs active in the field of volunteering for effective organization and promotion of volunteering activities/low levels of volunteerism among citizens</li> <li>▪ Inaccurate legislative framework for development of social contracting</li> <li>▪ Insufficient capacities of the trade unions are resulting in weak and inefficient participation in policy/law decision making</li> <li>▪ Low level of competence of social partners</li> <li>▪ Fragmentation and the lack of coordination among unions</li> </ul>
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Opportunities (external / future)	Threats (external/ future)
<p><i>Employment</i></p> <ul style="list-style-type: none"> <li>▪ Further economic reforms could increase labour demand in the long run.</li> <li>▪ Enhanced entrepreneurship could contribute to job-creation.</li> <li>▪ Reformed VET could allow the Croatian workforce to adopt new and more competitive technologies/practices</li> <li>▪ Some of the rising mobility of highly educated EU students and workforce could be captured</li> <li>▪ The traditional positive immigration balance may serve to reduce labour shortages in the medium term</li> </ul>	<p><i>Employment</i></p> <ul style="list-style-type: none"> <li>▪ Further industrial re-structuring may reduce employment in the short run.</li> <li>▪ Workforce might prove resistant to adequately improving its skills</li> <li>▪ Brain drain.</li> <li>▪ Ageing population could lead to the decrease in working age population rising share of older workers</li> <li>▪ Failure to make formal sector work related legislature more flexible</li> <li>▪ Social benefits increasingly hinge on unemployment status.</li> <li>▪ Capacity for policy development and implementation, monitoring and evaluation remains weak</li> </ul>
<p><i>Education and training</i></p> <ul style="list-style-type: none"> <li>▪ Rising demand for education services especially at the tertiary level</li> <li>▪ Further increase in public financial resources to support education</li> <li>▪ Increased private sector participation and support.</li> <li>▪ Implementation of recently adopted strategies</li> <li>▪ AVETAE,ETTA could develop inter-linkages at an early date for building synergies in policy development and research</li> </ul>	<p><i>Education and training</i></p> <ul style="list-style-type: none"> <li>▪ Policy design may be hindered by inadequate data and implementation hindered by weak action plans.</li> <li>▪ Low priority given to employee training</li> <li>▪ Capacity for policy development, implementation, monitoring and evaluation remains weak</li> </ul>
<p><i>Social inclusion</i></p> <ul style="list-style-type: none"> <li>▪ Active labour market measures (e.g. re-training) could enhance the employability of the disadvantaged groups</li> <li>▪ Rising activity of the civil sector especially at the regional level could have a bearing on strengthening social inclusion</li> </ul>	<p><i>Social inclusion</i></p> <ul style="list-style-type: none"> <li>▪ Aging population puts pressure on social security system.</li> <li>▪ Inadequate measures taken to counter youth unemployment</li> <li>▪ Capacity for policy development, implementation, monitoring and evaluation remains weak</li> </ul>
<p><i>Civil society and social dialogue</i></p> <ul style="list-style-type: none"> <li>▪ progress in implementing the code on public participation in policy-making adopted by Croatian Government</li> <li>▪ European networking offers opportunities for building capacities of CSOs at all levels</li> <li>▪ development of local philanthropy and social innovation programs at the community level</li> <li>▪ Trade union representatives are aware of the trade union weaknesses and interested in building up their capacities and expertise</li> </ul>	<p><i>Civil society and social dialogue</i></p> <ul style="list-style-type: none"> <li>▪ The willingness of state institutions to cooperate with CSOs in the policy-making process is low</li> <li>▪ Scarce resources for providing funds for sustainable financing of CSOs at the local level</li> <li>▪ Insufficiently developed culture of volunteering in Croatia</li> <li>▪ Further reduction in financial resources from the membership fees of the unions due to the recession</li> </ul>



On the basis of the above analyses, the underlying strategic approach set out under section 2.3 hereunder places a strong focus on **institutional and capacity building** which concentrates on a limited number of priorities and measures identified by their **strategic relevance to the promotion of socio-economic cohesion in line with European Union and national policies**.

At the same time, the strategy set out under this Operational Programme seeks to establish component IV as the 'pre-cursor' towards the progressive development of effective preparations for the **future management and implementation of future ESF assistance**.

## 2.3 Strategic priorities

### 2.3.1 Introduction

In 're-launching' the Lisbon strategy, the European Council endorsed a single set of Guidelines which brought together the Broad Economic Policy Guidelines as well as the Guidelines of the European Employment Strategy thereby integrating the macro, micro and employment policies for growth and jobs.

In the sphere of employment and human resources in particular, the priorities set out under the Community Strategic Guidelines on cohesion (CSGs) have as their source those of the European Employment Strategy (EES).

As highlighted in the CSGs, the drive for full employment and higher productivity depends on a wide variety of actions. Indeed, as an illustration, investment in infrastructure, combined with business development and research, will normally improve job opportunities both in the short run (as a result of 'first-round' effects) and in the longer run as a result of their positive effect on competitiveness.

However, in order to maximise the employment effects from such investment, human capital must be further developed and enhanced.

To this end, the Employment Guidelines highlight 3 priorities in particular in the context of promoting '*more and better jobs*':

- Attract and retain more people in employment and modernise social protection systems
- Improve adaptability of workers and enterprises as well as flexibility of labour markets, and
- Increase investment in human capital through better education and skills.

In line with these priorities, appropriate focus will also be given to investments, which improve the efficiency and effectiveness of public administration.

Deriving its 'guidance' from the EES priorities outlined above, the **Strategic Coherence Framework** sets out the 'strategic direction' for this operational programme as described in section 1.2.2 above.

In practical terms, this approach will form the cornerstone of Croatia's human capital development over the shorter-term duration of the OP as well as representing a 'platform' for the longer term perspectives identified under future ESF assistance.

While recognising that the setting of OP priorities at strategic level will involve policy inter-action across the employment, education and training and social inclusion fields, the strategic priorities identified in this Section are designed to provide a clear focus on what can be achieved over the duration of the programme and which can be further developed under the next-generation ESF.

In relation to administrative capacity, the strategic priority will likewise focus on what is attainable under the programme that can be further strengthened under ESF post accession.

### 2.3.2 Employment

Building on the existing capacity developed under CARDS and Phare pre-accession funding, the overriding strategic priority in the sphere of employment remains one of **strengthening and modernising the Croatian Employment Service (CES)**.

As the key instrumentation in building an efficient and effective labour market institutional set up, the CES must develop the strategic capacity to respond to the challenges of rapid socio-economic restructuring and demographic ageing.

In this context, the CES must strengthen its support service and delivery to job seekers as well as to the unemployed and disadvantaged. To this end, its role in providing effective mediation, vocational guidance and implementing active labour market policies will remain pivotal for promoting occupational and geographical mobility at both the national and local levels.

At the same time, such an approach should facilitate the development of more effective anticipatory mechanisms in addressing skills shortages while alleviating bottlenecks across the sectors and/or occupations concerned.

In setting these strategic priorities for the CES, there remains the wider recognition of the need to strengthen the 'interface' between its functions in administering unemployment benefits and assistance on the one hand and its role in brokering a more effective response to the requirements of the labour market on the other.

In parallel with the modernisation of the CES, and in the light of the continuing low employment and activity rates, the **promotion of active labour market policies** will remain a key strategic priority over the duration of the programme and beyond into future ESF.

At the same time, as highlighted in section 2.3.1 above, such policies must be accompanied by appropriate 'demand-led' measures if they are to be rendered effective from a supply side perspective.

While employment subsidies will continue to play a role in the promotion of active labour market policies, the underlying strategic policy direction under the programme will gradually shift the focus towards better evaluated and targeted measures incorporating higher quality formal training and skills input.

### 2.3.3 Education, training and skills development

**Supporting the development of reforms in education and training systems** is also a key strategic priority of this operational programme. In particular, the need to ensure an adequate supply of attractive, accessible and high-quality education and training provision at all levels (including flexible learning pathways) will be complemented by measures to reduce the incidence of a high drop-out rate from tertiary education in order to achieve more efficient education outcomes.

However, in view of the limitations on the levels of assistance available under component IV, the OP strategic priorities set out below have been adjusted and presented in a manner that will facilitate their further development and elaboration under future ESF assistance.

In the area of VET reform, a key strategic priority will be the establishment of a **national CROQF Working Group** in order to ensure a coherent follow-up to the Green and White Papers and its focus on the development of a range of key elements forming a strategy for life-long learning. In particular, there is a need to develop a **comprehensive Croatian Qualifications Framework (CROQF)** which is compatible with the European Qualifications Framework and based on the achievement of HRD goals linked to the needs of the labour market as well as to national and regional economic development strategies.

As an integral part of this national framework, occupations and qualifications will be linked to the parallel identification of economic branches and related skills profiling. Competence (output) based qualifications as well as strengthened certification standards will also form a cornerstone of the framework.

Since Croatia has very low adult learning participation levels in comparison to EU-27, the need to address this structural weakness represents an additional strategic priority for the programme to be further developed under future ESF assistance. In particular, new legislative, institutional and delivery standards for **Adult**

**learning provision** will be accorded strategic focus in the formulation of a new and more comprehensive approach to the development of life-long learning.

#### 2.3.4 Social inclusion

As an integral part of promoting a more sustainable and inclusive approach to labour market integration, the key strategic priority will be to ensure **greater access for people at a disadvantage or at risk of social exclusion to education and employment**. In particular, the strategic focus of the interventions will be on the specific problems of the long-term unemployed with low levels of qualifications and skills as well as minority groups and people with disabilities. **Strategic focus will also be to broad the network of community based social services for disadvantaged groups**. Underpinning this approach will be the need to develop a broader range of support to building pathways to labour market integration while combating discrimination.

Strengthening care and support structures in the labour market will also form part of the approach including the development of the secondary labour market (social economy) where appropriate. This approach has the added value of itself for promoting economic development.

As in the case of employment and education and training provision, the strategic priority set for social inclusion will be further elaborated and built on in the framework of future ESF assistance.

#### 2.3.5 Administrative capacity

In view of the broader strategic role accorded to the future ESF in promoting a more efficient and effective public administration, it is acknowledged that a wider and more significant contribution to the reform process will take place when higher levels of assistance become available to Croatia after accession. Indeed, setting this wider ESF remit in context, the overriding objective will be to strengthen public policy and capacity with a view to ensuring effective management of the socio-economic factors which contribute to a more competitive and inclusive society.

Within the perspective of the OP itself, the strategic focus has been framed in line with the scope and funding limitations of component IV. In particular, the key underlying strategic priority will be to **strengthen capacity and promote good governance in the employment, education and training and social inclusion fields**.

As outlined above, the modernisation of the CES remains an on-going strategic priority while the strengthening of the Croatian Qualifications Framework is also highlighted (ref. section 2.3.3 above).

While the scope of component IV incorporates institutional capacity building at national, regional and local level, the strategic focus will be to ensure that **capacity at central level** is strengthened during the initial phases of the process.

#### 2.3.6 Social dialogue and civil society organizations

Civil society organizations have an ever-increasing role in the countries in transition, assisting in the democratic transition, promoting the right to education and health care and providing humanitarian aid, especially in the areas where, for different reasons, certain states and state institutions have difficult access and a low level of influence. A large number of civil society organizations in Croatia possess valuable experience and knowledge, acquired through their engagement in the building of the Croatian state, in transition-related issues, as well as in dealing with the problems that occurred as a consequence of the war. The National Strategy for the Creation of Enabling Environment for Civil Society Development from 2006 to 2011 and the related Operational Implementation Plan that were adopted by the Croatian Government in July 2006 and February 2007, respectively, provide basic guidelines for improving the existing legal, financial and institutional framework of support for the civil society development and to create an enabling

environment for the further development of civil society in Croatia. It is important to note that the Republic of Croatia is one of the first countries in Central and Southeast Europe that has adopted a systematic approach to supporting the development of civil society. The first draft of the National Strategy for civil society sector for the forthcoming five-year period was presented in May 2012 and first round consultation process should be finalised in June 2012. This process is coordinated and administered by the Government Office for Cooperation with NGOs.

The role of civil society organizations in the process of Croatia's accession to the EU could be examined through several aspects: by promoting public dialogue on Croatia's accession process to the EU, by participating in the process of negotiations, and through monitoring progress in fulfilling the requirements for full membership of the EU.

Moreover, in the context of the current global financial and economic crisis, the role of social economy, non-profit entrepreneurship and volunteerism could become ever-more important as these activities will be of crucial importance in terms of mitigation of the social implications of the crisis.

Another important focal area are civil society organizations active in the field of advocacy of public policies which are an important instrument of citizens' control over the entire system of designing, implementing and monitoring of public policies. One of the preconditions for autonomous and authentic operation of those civil society organizations is the diversity of their sources of funding which decreases their overdependence from individual donor(s). The latter is particularly true in the case of funding provided by the institutions of state at all levels, which should not in any way influence their agendas. Moreover, after many important international donors that were providing funds for this type of organizations over the past 15 years (USAID, SIDA, OSI etc.) have retreated from Croatia, it is of great importance to find other sources of sustainability of activities of advocacy on the part of civil society organizations in Croatia.

The European Commission's report on Croatia's progress and Main Challenges<sup>32</sup> for the period of 2010 states that with regards to social dialogue, in the last period there has been some progress. Tripartite social dialogue continues to be relatively well developed, and the influence of social dialogue on the decision-making process and policy design has continued to improve. Sectoral social dialogue has improved; there are now seven sectoral agreements signed.

Acknowledging work that has been done in the area so far, the report provides indications of further challenges, such as representativeness criteria for participation of trade unions in collective bargaining have not been adopted yet and bipartite social dialogue is not yet sufficiently developed. Also, the capacity of social partners continues to be somewhat weak.

During the joint seminar hold under the auspices of the EU funded Joint Seminars of the European Social partner Organisations, on November 6, 2008 in Dubrovnik, the following priorities and issues were identified with regards to the Croatian social partners:

- The need to strengthen social partners' organisations in terms of the quantity and quality of human resources;
- The ongoing need to clarify "rules of representation" to facilitate the development of an effective model for bipartite social dialogue;
- The need to pursue fundraising opportunities more actively with a view to strengthen social dialogue in Croatia.

Croatia has an adequate institutional framework for promoting social dialogue, comprising in particular the Economic and Social Council as an advisory body to the Croatian Government, the Independent Service for Social Partnership within Ministry of Labour and Pension System, the economic and social councils at county level, the representatives of the social partners in three working bodies within the Croatian Parliament and other public institutions. At the level of companies, institutions and particular branches and industries, social dialogue is developed through the activities of the labour union associations and employers' associations, in concluding collective agreements and facilitating labour union activities in companies and in employee councils and supervisory boards. But despite established institutional

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<sup>32</sup> [http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/package/hr\\_rapport\\_2010\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/hr_rapport_2010_en.pdf)

mechanisms and some positive examples of active participation by social partners in the formulation and implementation of individual policies (e.g. during the vocational education reform or the preparation of the national employment programme), social dialogue has not yet reached a satisfactory level since such positive practices are still more the exception than the rule.

**Joint Assessment Programme (JAP) 2008** on employment priorities especially warns of the problem of union fragmentation. It states that the competencies of the social partners that need to be enhanced in order to create an environment for constructive dialogue and intensify bipartite social dialogue are of concern. "In general, the influence of social dialogue on the decision-making process and policy design remains weak. The contribution made by the tripartite dialogue remains modest".

JAP defines the following priority measures for enhancing the social dialogue in Croatia:

- Closely involve the social partners in the implementation of the JAP.
- Develop a strategy for the bipartite dialogue and the social dialogue at sectoral level.
- - Establish clear criteria for representativeness of the social partners in the various economic and social councils. Establish a programme to enforce the capacities of the social partners' organisations

### 3. Programme strategy

#### 3.1 Concentration of assistance - priority axes and measures

Within the overall aim of **ensuring that the relevant institutions of the Republic of Croatia achieve readiness for EU membership and develop institutional capacity and practical experience with the management of European Social Fund - type interventions**, the following framework objective is established under IPA Component IV in Croatia -

*To create more and better jobs. More immediately, to attract and retain more people in employment by increasing human capital investment, reinforcing social inclusion and promoting adaptability of enterprises and workers.*

An account of the rationale and specific objectives for each **Priority Axis** of this Operational Programme is provided hereunder together with a short description of the type of activities that they may support. In the following Section (3.2), further detail is provided on the **Measures** established as the means to achieving each of the Priority Axes, including information on the implementation mechanisms employed including the selection criteria and targets/expected outputs.

While a priority axis on **Improving adaptability of enterprises and workers** will not be addressed directly during the initial phase of the programme's implementation, it will nevertheless remain an integral part of the key strategic policy framework within which employment and HRD-related priorities will be established both under component IV as well as under future ESF assistance.

In order, however, to provide the necessary foundations for developing appropriate measures under the afore-mentioned priority axis, technical assistance under priority axis 4 will be used for capacity building purposes (see also section 1.2.1 above and section 4.1 hereunder).

#### **Priority Axis 1 – Enhancing access to employment and sustainable inclusion in the labour market**

##### *Rationale*

While the Croatian Employment Service has progressively developed more effective delivery of employment and training measures, the results (whether funded entirely through Croatian sources or with EU assistance) have been 'mixed' in that resources and capacity remain relatively weak in comparison to the challenges to be met. Based on the analysis provided in Chapter 2, Croatia's SDF and other relevant national policies all identify the need to improve the functioning of the labour market as an important priority, as do relevant EU agreements and guidelines. To this end, enhanced mainstream and targeted active and preventative labour market measures that build on improved partnership arrangements have been identified as a requirement for the consolidation of an effective Croatian labour market.

As an integral function of developing a more effective labour market, the policy focus under this priority axis will also seek to promote the design and dissemination of innovative and more productive forms of work organisation under the provisions of Article 151.2(a)(ii) of Commission Regulation (EC) No 718/2007. To this end, the promotion of health and safety at work will be accorded particular focus in line with future structural fund requirements under the ESF (for its part, component I will focus on upgrading the legislative provision, as well as strengthening the institutional framework for the health and safety at work).

##### *Specific Objectives*

To reduce existing unemployment and the 'threat' of new unemployment and also promote the reintegration of the unemployed by supporting the design and implementation of both active and passive labour market measures that target the specific conditions of the Croatian labour market and build on previous experience and best practice.

To support the development of the capacity of Croatia's public institutions and relevant non-government partners in the employment field.

### *Description*

Labour market policies should improve the employability of the unemployed and the inactive and provide services and training to support their participation in the labour market, and also improve the competitiveness of the workforce. To this end, the provision of targeted training programmes that develop the specific types of knowledge and skills required by the labour market will be promoted while support will be provided to the Croatian Employment Service to enhance the range and content of training and counselling services which better respond to the particular demands of the Croatian economy. In developing such services, the CES should help establish and build on developing partnerships between the institution itself and representatives of business and labour at the regional and local (multi-county) level.

Within the context of the economic 'demands' arising from the accession process, Croatia's public services in the employment field will require substantial strengthening. This priority will also, therefore, support the development of institutional capacity of public bodies at the central and local level in the field of employment including in particular strategy design, programme implementation, programme monitoring and evaluation, and legislative reform. It will also support cooperation with partners from non-governmental sectors (business associations, trade unions, civil society organisations).

Under this Priority Axis, it is proposed to concentrate, in the initial phase, on assisting the strengthening of core labour market measures including mediation, vocational guidance and delivery of training and active labour market policies, especially activation building on the experience of recent EU supported projects such as the CARDS 2004 *Local partnerships for Employment – Phase 2* project.

## **Priority Axis 2 – Reinforcing social inclusion and integration of people at a disadvantage**

### *Rationale*

Analysis of the Croatian context (see Chapter 2) indicates that particular groups such as the long-term unemployed and inactive, unemployed youth, women, older unemployed, disabled, Roma, minority groups, and those located in lagging-behind regions face significant obstacles to participation in employment in Croatia. Such obstacles are not only a barrier to genuine social cohesion, they also reduce the effectiveness and efficiency of the labour market.

### *Specific Objectives*

To increase the employability of disadvantaged persons and assist their access to the education and labour market.

### *Description*

This priority axis will support measures and promote the integration of disadvantaged groups into the labour market. Although not in the initial phase of the programme, assistance will also be provided to strengthen access to education within the 'pathways' approach to labour market integration. Under this priority axis, the disadvantaged will be assisted through relevant education and training provision as well as the creation of support networks and improved support services to enhance their overall employability potential. This priority axis will support also projects that will further develop community based social service, aimed at disadvantaged groups.

## **Priority Axis 3 – Enhancing human capital and employability**

### *Rationale*

Despite a wide and ambitious range of recent initiatives, Croatia still faces challenges in delivering education and training that prepares and qualifies people for employment. Effective educational and training systems that are responsive to labour market needs are crucial for the development of the knowledge-based economy and to increasing levels of employment. Moreover, education should also ensure that students are equipped with the skills and competencies that provide a foundation for lifelong learning that is of central importance in improving the competitiveness of the workforce.

This priority axis will accordingly also support the development of institutional capacity of public bodies at the central and local level in the field of VET for strategy design, programme implementation, programme monitoring and evaluation, legislative reform, and consolidation of the initiatives that have been taken in recent years. In addition, it will support cooperation with partners from both government and non-governmental sectors (business associations, trade unions, civil society organisations).

#### *Specific Objectives*

To strengthen investment in human capital in Croatia and promote greater employability by helping Croatia develop and implement a coherent HRD policy and national qualifications framework and increase the overall labour market relevance, efficiency and quality of the education and training systems.

To support the development of the capacity of Croatia's public institutions and relevant non-government partners in the vocational education and training field and in the field of adult education.

#### *Description*

Within the wider policy framework of preparations for future ESF, this priority axis will progressively focus on the establishment of closer links between the academic sector and enterprises both in regard to equipping students with skills that will better prepare them for the world of work and to carrying out research that promotes economic and social development likely to attract external funding support. Also within this framework, it will improve the labour-market relevance of initial and vocational education and training. The implementation of life-long learning principles and practice will be supported and, within that context, assistance will be provided under this priority axis to support continuing adult education and training. In addition, this priority will support the establishment of a national network for the recognition of professional qualifications (Croatian qualifications framework) in line with the EU requirements.

### **Priority Axis 4 – Technical assistance**

#### *Rationale*

The IPA Implementing Regulation identifies a number of areas and forms of assistance for Component IV, including, in particular Article 151.2(f) -

*strengthening institutional capacity and the efficiency of public administrations and public services at national, regional and local level and, where relevant, the social partners and non-governmental organisations with a view to reforms and good governance in the employment, education and training, as well as social fields.*

However, while specific capacity-building activities to this end have been incorporated under all 3 operational Priority Axes, Priority Axis 4 will focus its support on project pipeline development and programme capacity activities directly related to the delivery of the HRDOP as specified under Article 151.3 (i.e. to support the preparatory, management, monitoring, administrative support, information, evaluation and control activities of the programme, and preparatory activities with a view to the future management of European Structural Funds).

Building on the use of pre-accession assistance, Croatian programme and project management capacity – from design through to commissioning and operation – is evolving at the national, regional and local levels, supported in recent years by 76 technical assistance and twinning projects under PHARE, CARDS and bilateral assistance. This practical experience will continue to grow and become embedded in future years, as more projects and operations come 'on-stream'.

Management of IPA component IV specifically relates to this OP and will involve additional expenditure which does not form part of the Croatian administration's traditional operating expenses (e.g. information and publicity; the development of monitoring indicators and an EU funds Management Information System as well as the commissioning of external, independent experts for interim and ongoing evaluations).

Accordingly, Component IV will be designed as a 'pre-cursor' towards the future European Social Fund with a focus on developing the required capacity to manage and implement assistance under the Fund's rules



and requirements. As an integral part of this approach, priority will be accorded towards building sustainable institutional structures and developing systems support structures for the transition to Structural Funds. Furthermore, the preparation of sufficient, well-designed and mature project proposals will ensure use of EU assistance in a timely and technically feasible manner.

#### *Specific objectives*

To ensure efficient and effective OP management and develop the institutional capacity for managing and absorbing IPA allocations to the HRD OP.

To support the generation of a 'project pipeline' to ensure sufficient projects come 'on stream' in a timely manner and are fully mature and ready for submission to the Project Selection Committee in each year of the programme.

#### *Description*

Four types of operations will be supported under this Priority Axis:

Specific, tailored support to coordination and management of the OP, including programming, information and publicity, project appraisal and selection, implementation, financial management, control, monitoring, evaluation, reporting and audit;

Aid to enhance the specification, collection and use of statistical data which will be necessary for effective monitoring and evaluation under IPA component IV and, subsequently, the ESF;

Sectoral assistance to strengthen the capabilities of potential beneficiaries, including the generation of project ideas and their ultimate elaboration into viable, eligible and high quality proposals.

Consultancy support (including advice and training) to the OP Operating Structure, regarding any aspect of management, monitoring, evaluation and control, including grant scheme management and procurement (e.g. fees for expert assessors and evaluators of project applications).

### **Priority Axis 5- Strengthening the role of civil society for better governance**

#### **Rationale**

The development and implementation of public policies in accordance with the principles of good governance implies the presence of active and experienced civil society organizations effectively communicating with public authorities in areas of public interest. Civil society organizations are an important instrument of citizens' control over the entire system of designing, implementing and monitoring public policies. The EU has long recognized the valuable role that civil society organizations play in identifying priorities for national reforms; in the context of European integration, the abilities of advocacy-oriented CSOs in the identification, formulation, promotion and representation of citizens' interests has helped ensure the compliance of national policy with the fundamental principles of the EU *acquis*.

Croatian strategic documents provide basic guidelines for further improvement and strengthening of the capacity of civil society organizations. In fact, civil society, through its active role in society, is assisting in the effective implementation of the reforms and development axes of the OP HRD 2012-2013/2. In this regard, building the CSOs' capacities and partnerships on national, regional and local levels in order to deliver a wide range of quality public services is a basic focus during the present programming phase. The CSOs' ability to advocate effectively for public policies is also a matter of interest.

As today, the main obstacles for the social dialogue in Croatia are weak experience and the technical capacities of social partners to represent effectively the interests of their members; there remains more focus on tripartite social dialogue than on bilateral discussions. The government is a too strong participant in comparison with the social partners. Further on, at the level of industrial sectors, or of individual companies, partnership between employers and trade unions remains weak. Financial and human capacities of the social dialogue partners remain very limited in the face of increasing challenges. Furthermore, while the two largest confederations have substantial exposure on the EU level, smaller trade unions are not very aware of the best European and international practices in the field of the social dialogue. In this respect, the aim of

strengthening the capacities of the main partners in social dialogue to network on the national - and especially on the regional and local - levels is to upgrade the quality and effectiveness of the dialogue (with or without the parallel involvement or coordination of the state). A further goal is to enable the social partners to play a more important and financially sustainable role in the development process. Support will be given through promoting interventions to expand the social dialogue at the level of economic sectors and enterprises, so that the partners may take an increasing role in mediation and conciliation.

#### *Specific objectives*

The specific objective of priority Axis 5 is to **support and reinforce civil society, and to enhance the quality of social dialogue in Croatia;**

This target shall be fulfilled by achieving the following objectives:

- Increase effectiveness and sustainability of the Croatian social dialogue partners and improve their organizational abilities to contribute positively to the quality and continuity of the bi-and tri- partite social dialogue process
- To improve the level and quality of participation of small CSOs in local community development process for better employment and governance
- To increase effectiveness and sustainability of the Croatian CSOs in undertaking independent advocacy initiatives; volunteering

#### *Description*

The main anticipated impact of this priority axis is overcoming the limitations faced by the civil society in Croatia today and removing important obstacles for social dialogue, such as the lack of experience and the low technical capacities of the social partners in effectively representing the interests of their members. More importantly, it is expected that they will contribute in strengthening the dialogue between the government and social partners and the partnership between employers and trade unions, as well as in enhancing social dialogue at the local level, both at the municipal and company level, and in developing sectoral social dialogue and sectoral collective bargaining.

The interventions planned under the OP HRD are expected to support civil society organizations and the social partnership to improve the institutional, financial and legal context for their activities and thus contribute to the strengthening of their capacity to advocate the effective and qualitative implementation of public policies and enable them to deliver qualitative and effective public services.

#### **Measures**

Detailed information on each measure proposed for support through this Operational Programme is presented hereunder in tabular format including information on:

- Measure description
- Specific objectives
- Main types of operations
- Target groups
- Head of Operating Structure
- Specific bodies under Operating Structure (Articles 28.1 and 31 of the IPA Implementing Regulation)
- Final beneficiaries
- State aid [Art 28.2(d) of the IPA Implementing Regulation]
- Output and result indicators
- Selection modalities and specific related criteria

#### *Types of support*

In line with the nature and scope of each type of operation, the types of support will be adapted to ensure the most effective implementation and delivery mechanisms towards achieving the specific measure-level

objectives set. Such mechanisms will include, *inter alia*, an appropriate mix of Grant Schemes , Service contract, Supply and Direct grant awards and will adhere to the principles for tendering procedures and grant awards laid down in the Financial Regulation (as revised under Council Regulation 1995/2006 of 13 December 2006) in respect of external actions.

#### *State Aid*

The Head of the Operating Structure will be responsible for ensuring that operations are selected for funding and approved in accordance with the criteria and mechanisms applicable to the programmes, and that they comply with the relevant European Union and national rules including those related to state aid and competition policy.

### **Priority Axis 1 – Enhancing access to employment and sustainable inclusion in the labour market**

<b>Title of Measure</b>	<b>Measure 1.1. Supporting the design and implementation of active and preventative labour market policy.</b>
<b>Description</b>	<p>Assistance under this measure will be directly allocated to support and develop the active and preventative labour market programmes implemented by the public employment services in Croatia. These programmes should target both the unemployed and those facing the likelihood of unemployment. It will also promote the development of partnerships between public employment services, local authorities and other public bodies in the field of education, labour market and regional development as well as representatives of business, labour (social partners) and the community in the design and delivery of employment activities.</p> <p>The development of HRD strategies at the county / cross-county level and their regular revision is to provide a basis for more targeted project partnerships and pipelines and develop local capacities to make effective use of ESF and other funding.</p> <p>While Local Employment Partnerships have a valuable role to play across Croatia's national territory, particular care will be taken under this measure to ensure their coverage of the lagging-behind regions (see section 2.1.5).</p>
<b>Specific objectives</b>	To develop a participatory institutional framework with a regional focus for the promotion of employment
<b>Main types of operations</b>	<p>Indicative operations under this measure will focus on active and preventive labour market measures implemented on centralized level by CES and by promoting local initiatives through grant schemes:</p> <ol style="list-style-type: none"> <li>1. developing partnerships for employment at the county and inter-county level to: <ul style="list-style-type: none"> <li>• carry out labour market analyses;</li> <li>• elaborate local HRD strategies;</li> <li>• undertake local employment initiatives;</li> <li>• Develop project generation and articulation facilities within the CES at the regional level, and</li> </ul> </li> <li>2. Direct grant award to CES for provision of training for employment of redundant workers, those threatened by the unemployment and long term unemployed</li> </ol>

	3. Implement grant schemes in line with the HRD OP objectives and strategy
<b>Target groups</b>	The unemployed (particularly those located in lagging-behind regions). Those facing the threat of unemployment. Within this cohort, those lacking skills for which there is a demand as well as those working in declining industries or industries undergoing re-structuring, will form the main focus. Those on short-term contracts will also be targeted.

<b>Head of Operating Structure</b>	Ministry of Economy, Labour and Entrepreneurship (MELE).
<b>Specific bodies under Operating Structure (Art 31 of IPA IR)</b>	The Croatian Employment service (CES DFC) as <b>Implementing Body</b> . The Head of the Operating Structure will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation. This Committee will be co-chaired by the Head of the Operating Structure and a representative of the European Commission. Its members will include the National IPA Coordinator or his/her representative, the National Authorising Officer or his/her representative, a representative of the European Commission, the Strategic Coordinator for Components III and IV or his/her representative, the Head of the National Fund or his/her representative, representatives of all specific bodies making up the Operating Structures as well as representatives from civil society and socio-economic partners; the Committee will also include regional and/or national organisations with a relevant interest in contributing to the effective implementation of the programme to be agreed at its 1 <sup>st</sup> meeting. In order to ensure sufficient representation and membership, the composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the European Commission
<b>Final beneficiaries</b>	Final beneficiary of all IPA projects of this measure will be Croatian Employment Service. Non- exhaustive list of eligible applicants for the operations implemented: for direct grant - Croatian Employment Service; for grants under grant schemes: NGOs, regional employment offices, chambers, private and public education institutions; trade unions, employers associations, counties, municipalities, local and regional development agencies, local (county) partnerships for employment, private enterprises.
<b>Selection modalities and specific related criteria</b>	Appraisal and selection will be performed by Selection Committees at two levels: <ul style="list-style-type: none"> <li>• Project Selection Committees – these will consider any applications for funding from grant schemes, and will be chaired by CES DFC as Implementing Body;</li> <li>• Tender Selection Committees – these will select contractors for works, supply and/or service contracts, which are put out to tender under EU procurement rules, and will be chaired by the CES DFC as Implementing Body.</li> </ul>

	<p>Project selection criteria shall include:</p> <ul style="list-style-type: none"> <li>• Potential for placing the unemployed and those at risk of unemployment in sustainable jobs;</li> <li>• Degree of involvement of partners (from the public, non-profit and private sectors) in both the management and financing of the activity;</li> <li>• Financial efficiency, including costs per unit output;</li> <li>• Orientation towards the specific requirements of qualification (re-qualification);</li> <li>• Degree of sensitivity to specific HRD/labour market needs and appropriate strategies at the county and multi-county level;</li> <li>• Orientation towards regional inequalities in access to education and training, as well as employment.</li> </ul> <p>The project selection process will take appropriate account of the regional disparities in employment and unemployment rates to ensure that the needs of under-performing regions in this regard are effectively addressed.</p>
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<b>Title of Measure</b>	<b>Measure 1.2. Supporting the effectiveness and quality of Croatia's public employment services.</b>
<b>Description</b>	<p>Croatia's public employment services will need further modernisation if it is to meet the challenges of EU accession. Although many elements of an effective policy framework are in place, both the Labour Directorate of Ministry of Economy, Labour and Entrepreneurship (MELE) and Croatian Employment Service (CES) need to acquire substantially more professional capacity, in relation to: (i) accelerated harmonisation with EU labour legislation and standards of the public employment services in the EU member states; (ii) absorption capacity for managing funds from IPA Component IV in Croatia's run-up to accession and corresponding effective regional structures in order to monitor and evaluate relevant HRD measures; (iii) efficient implementation of the National Reform Programmes and Integrated Annual Employment Action Plans.</p> <p>This measure will focus on supporting the further development of both the MELE and the CES (on both the national and local levels).</p>
<b>Specific objectives</b>	To improve the quality, effectiveness and efficiency of Croatian public employment services.
<b>Main types of operations</b>	<p>Indicative operations under this measure include:</p> <ul style="list-style-type: none"> <li>• Development of the capacity to formulate a coherent legislative framework for lifelong career guidance provision.</li> <li>• Support the work of a future National Forum for Lifelong career guidance.</li> <li>• Establishment of a pilot lifelong career guidance centre in partnership with relevant business support services</li> <li>• Establish a training facility within CES for key skills for counsellors (focusing on the unemployed), advisors (focusing on the employers), lifelong career guidance counsellors, specialised counsellors for disadvantaged groups and skills for other CES processes.</li> <li>• Strengthen the analytical capacity of CES and MELE and introduce links with the academic community to develop policy oriented research</li> </ul>

	<ul style="list-style-type: none"> <li>• Design and implementation of a comprehensive information strategy for CES that takes account of the evolving requirements of the European Employment Strategy and respective integrated guidelines</li> <li>• Support design and implementation of improved business processes with the CES's IT system and user-friendly IT solutions, including upgrading of the IT equipment &amp; software</li> <li>• Create a system of quality assurance, monitoring, evaluation and training-needs assessment for CES business processes.</li> <li>• Improvement of CES performance in work with employers</li> <li>• Development , management and implementation of active labour market measures by CES</li> </ul>
<b>Target groups</b>	<p>The Croatian Employment Service at both national and local level. The relevant departments of MELE. Agency for VETAE.</p>
<b>Head of Operating Structure</b>	Ministry of Economy, Labour and Entrepreneurship (MELE)
<b>Specific bodies under Operating Structure (Art 31 of IPA IR)</b>	<p>The CES DFC as <b>Implementing Body</b>.</p> <p>The Head of the Operating Structure will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation.</p> <p>This Committee will be co-chaired by the Head of the Operating Structure and a representative of the European Commission. Its members will include the National IPA Coordinator or his/her representative, the National Authorising Officer or his/her representative, a representative of the European Commission, the Strategic Coordinator for Components III and IV or his/her representative, the Head of the National Fund or his/her representative, representatives of all specific bodies making up the Operating Structures as well as representatives from civil society and socio-economic partners; the Committee will also include regional and/or national organisations with a relevant interest in contributing to the effective implementation of the programme to be agreed at its 1<sup>st</sup> meeting.</p> <p>In order to ensure sufficient representation and membership, the composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure inn agreement with the European Commission</p>
<b>Final beneficiaries</b>	<p>The Croatian Employment Service at both national and local level. The relevant departments of MELE Agency for VETAE (AVETAE).</p>

<p><b>Selection modalities and specific related criteria</b></p>	<p>Appraisal and selection will be performed by Selection Committees at two levels:</p> <ul style="list-style-type: none"> <li>• Project Selection Committees – these will consider any applications for funding from grant schemes, and will be chaired by CES DFC as Implementing Body;</li> <li>• Tender Selection Committees – these will select contractors for works, supply and/or service contracts, which are put out to tender under EU procurement rules, and will be chaired by the CES as Implementing Body.</li> </ul> <p>Selection criteria shall include:</p> <ul style="list-style-type: none"> <li>• A clear demonstration between the relationship of the project with the requirements of the European Employment Strategy.</li> <li>• Orientation towards efficient implementation of National Action Plans for Employment;</li> <li>• Orientation towards upgrading capacity building activities carried out within the framework of the Phare 2005 Labour Market project.</li> </ul> <p>The project selection process will take appropriate account of the regional disparities in employment and unemployment rates to ensure that the needs of under-performing regions in this regard are effectively addressed.</p>
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**Priority Axis 2 – Reinforcing social inclusion of people at a disadvantage**

<p><b>Title of Measure</b></p>	<p><b>Measure 2.1. Supporting access to employment by disadvantaged groups.</b></p>
<p><b>Description</b></p>	<p>Supporting integration into the labour market by those groups that experience particular difficulties in accessing employment will incorporate a number of elements including: strengthening motivation to take part in education and employment programmes; providing psychological and social support services as well as personal development and training programmes adjusted to individual needs. Support will build in the engagement of both employment and social services operating in an integrated fashion and will be targeted on, and customised to, identified specific needs. It will also be delivered in close partnership with local actors.</p> <p>Special attention will be given to support access to employment of national minorities.</p>
<p><b>Specific objectives</b></p>	<p>To promote the social inclusion of disadvantaged groups through their integration to the labour market.</p>
<p><b>Main types of operations</b></p>	<p>Indicative operations under this measure will include:</p> <ul style="list-style-type: none"> <li>• Development of new inter-institutional models and inter-sectoral business solutions for work with disadvantaged groups;</li> <li>• Training of staff (basic and advanced) in the employment and social welfare services for work with disadvantaged groups;</li> <li>• Training and retraining of disadvantaged groups;</li> <li>• Establishing a network of 'Mentors for Social Integration' (MfSI) in the private sector and civil society organizations including provision of institutional arrangements for its effective functioning;</li> </ul>

	<ul style="list-style-type: none"> <li>Implementation of grant schemes supporting work placements and other relevant services to the disadvantaged by both public institutions and non-governmental/non-profit organizations.</li> </ul>
<b>Target groups</b>	<p>Disadvantaged groups of the unemployed; these may include:</p> <ul style="list-style-type: none"> <li>persons with disabilities</li> <li>those with low levels of educational attainment</li> <li>youth unemployed;</li> <li>older and long-term unemployed</li> <li>women,</li> <li>people living in less developed regions,</li> <li>national minorities</li> <li>other disadvantaged groups.</li> </ul>
<b>Head of Operating Structure</b>	<p>Ministry of Economy, Labour and Entrepreneurship (MELE).</p> <p>In fulfilling its responsibilities and delegating tasks in relation to this measure, the MELE will work closely with the Ministry of Health and Social Welfare (MHSW), through operational agreements, which will be subject to the accreditation process.</p>
<b>Specific bodies under Operating Structure (Art 31 of IPA IR)</b>	<p>The CES DFC as <b>Implementing Body</b>.</p> <p>The Head of the Operating Structure will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation.</p> <p>This Committee will be co-chaired by the Head of the Operating Structure and a representative of the European Commission. Its members will include the National IPA Coordinator or his/her representative, the National Authorising Officer or his/her representative, a representative of the European Commission, the Strategic Coordinator for Components III and IV or his/her representative, the Head of the National Fund or his/her representative, representatives of all specific bodies making up the Operating Structures as well as representatives from civil society and socio-economic partners; the Committee will also include regional and/or national organisations with a relevant interest in contributing to the effective implementation of the programme to be agreed at its 1<sup>st</sup> meeting.</p> <p>In order to ensure sufficient representation and membership, the composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the European Commission</p>
<b>Final beneficiaries</b>	<p>Final beneficiaries shall be the Ministry of Health &amp; Social Welfare, Counties-Social Welfare Units, Centres for Social Welfare and the Croatian Employment Service (central and regional employment offices).</p> <p>Eligible applicants/partners for grants shall include: Non profit organizations, private/public institutions, private companies operating at the regional/local level; local and regional authorities; regional/municipal development agencies and SME support centres/technical incubators.</p>
<b>Selection modalities and specific related criteria</b>	<p>Appraisal and selection will be performed by Selection Committees at two levels:</p> <ul style="list-style-type: none"> <li>Project Selection Committees – these will consider applications for grant support, and will be chaired by CES DFC as Implementing Body;</li> </ul>



	<ul style="list-style-type: none"> <li>• Tender Selection Committees – these will select contractors for works, supply and/or service contracts, which are put out to tender under EU procurement rules, and will be chaired by the CES DFC as Implementing Body.</li> </ul> <p>Project selection criteria shall include:</p> <ul style="list-style-type: none"> <li>• The creation of new jobs for those in danger of social exclusion (including in particular the target groups referred to above) or the retention of existing ones;</li> <li>• A clear demonstration of the relationship between the project and requirements of the social integration of specific groups in line with the best-practice examples (including previous initiatives within the framework of the EQUAL programme);</li> <li>• The involvement of the public, non-profit and private sectors;</li> <li>• Financial efficiency, including costs per unit output;</li> <li>• Orientation towards comprehensive approaches to treating unemployment among specific socially excluded groups (including specialised rehabilitative, psycho-social and job-market and social activation oriented services);</li> <li>• Orientation towards setting up various models of social employment planning on regional/local level, based on periodic participatory needs assessment in the field of community and care services.</li> <li>• Orientation towards the specific requirements of qualification and re-qualification;</li> <li>• Orientation towards regional inequalities in access to education and training, as well as employment. Project selection process will take appropriate account of the regional disparities with respect to employment of socially excluded persons to ensure that the needs of the regions faced with high unemployment rates are effectively addressed.</li> <li>• Orientation towards regional inequalities regarding the share of population receiving social assistance. Project selection process will take appropriate account of the regional disparities with respect to counties with the highest shares of population receiving social assistance.</li> </ul>
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<b>Title of Measure</b>	<b>Measure 2.2. Supporting access to education by disadvantaged groups.</b>
<b>Description</b>	This measure is intended to promote equal opportunities in access to education by the development and introduction of inclusive educational and teaching methods, and by promoting the elimination of segregation and discriminatory practices. The measure will also seek to promote greater educational attainment (by activities targeted on reducing school-failure and drop-outs) and also improve the labour-market prospects and social integration of the disadvantaged and those with special educational needs.
<b>Specific objectives</b>	To support access to education for employment by disadvantaged groups through, <i>inter alia</i> , promoting a more flexible policy framework and innovative provision of relevant services.
<b>Main types of operations</b>	<ul style="list-style-type: none"> <li>• Supporting the design and implementation of educational programmes specifically targeted on disadvantaged groups (including upgrading facilities and equipment where appropriate).</li> <li>• Building the capacity of education professionals in new services for the</li> </ul>

	<p>disadvantaged, primarily in the VET sector</p> <ul style="list-style-type: none"> <li>• Operations regarding integration of students belonging to disadvantaged groups in mainstream schools</li> </ul>
<b>Target groups</b>	Those facing disadvantage in access to or within education including those with special educational needs (including primary and secondary school drop-outs, those in lagging-behind regions, persons with disabilities and minorities).
<b>Head of Operating Structure</b>	<p>Ministry of Economy, Labour and Entrepreneurship (MELE).</p> <p>In fulfilling its responsibilities and delegating tasks in relation to this measure, the MELE will work closely with the Ministry of Science Education and Sport (MSES), through operational agreements, which will be subject to the accreditation process.</p>
<b>Specific bodies under Operating Structure (Art 31 of IPA IR)</b>	<p>The AVETAE DEFCO as <b>Implementing Body</b>.</p> <p>The Head of the Operating Structure will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation.</p> <p>This Committee will be co-chaired by the Head of the Operating Structure and a representative of the European Commission. Its members will include the National IPA Coordinator or his/her representative, the National Authorising Officer or his/her representative, a representative of the European Commission, the Strategic Coordinator for Components III and IV or his/her representative, the Head of the National Fund or his/her representative, representatives of all specific bodies making up the Operating Structures as well as representatives from civil society and socio-economic partners; the Committee will also include regional and/or national organisations with a relevant interest in contributing to the effective implementation of the programme to be agreed at its 1<sup>st</sup> meeting.</p> <p>In order to ensure sufficient representation and membership, the composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the European Commission</p>
<b>Final beneficiaries</b>	<p>The Ministry of Science, Education and Sports (MSES) as the key institution at national level, responsible for overall policy and co-ordination of reform activities in the field of education agencies;</p> <p>Non- exhaustive list of eligible applicants for the operations implemented as grant schemes includes preschool education institutions, primary and secondary schools, higher education institutions, non- governmental and youth organisations, enterprises, Centres for education and rehabilitation of students with disabilities, state administrative offices at regional (county) level, city and administrative offices for education.</p>
<b>Selection modalities and specific related criteria</b>	<p>Appraisal and selection will be performed by Selection Committees at two levels:</p> <ul style="list-style-type: none"> <li>• Project Selection Committees – these will consider applications for grant support, and will be chaired by AVETAE DEFCO as Implementing Body;</li> <li>• Tender Selection Committees – these will select contractors for works, supply and/or service contracts, which are put out to tender under EU procurement rules, and will be chaired by AVETAE DEFCO as Implementing Body.</li> </ul> <p>Project selection criteria shall include:</p>

	<ul style="list-style-type: none"> <li>• A clear demonstration of the relationship between the project and requirements of the social integration of specific groups in line with the best-practice examples (including previous initiatives within the framework of the EQUAL programme);</li> <li>• Orientation towards the specific requirements of qualification and re-qualification;</li> <li>• Orientation towards regional inequalities in access to education and training. Project selection process will take appropriate account of the regional disparities to ensure that the needs of the regions faced with high unemployment rates are effectively addressed.</li> </ul>
<b>Title of Measure</b>	<b>Measure 2.3. Development of social services to improve employment opportunities.</b>
<b>Description</b>	This measure will support the activities that will further develop social services for disadvantaged groups in particular deinstitutionalization and that will further improve the quality of social services.
<b>Specific objectives</b>	To improve employment opportunities by supporting further development of efficient and inclusive social services
<b>Main types of operations</b>	<ul style="list-style-type: none"> <li>• Operation will support the social welfare sector in the process of further deinstitutionalisation and development of more efficient and inclusive social services</li> <li>• Operation implemented as a grant scheme supporting projects that will further develop social services for disadvantaged groups and projects that will support reconciliation of work and family life balance of families with dependant family members.</li> </ul>
<b>Target groups</b>	<p>Disadvantaged groups.</p> <p>Family members taking care of dependant persons.</p> <p>Staff members of social welfare institutions, social welfare units of counties and municipalities and of civil society organizations providing social services.</p>
<b>Head of Operating Structure</b>	<p>Ministry of Economy, Labour and Entrepreneurship (MELE).</p> <p>In fulfilling its responsibilities and delegating tasks in relation to this measure, the MELE will work closely with the Ministry of Health and Social Welfare (MHSW), through operational agreements.</p>
<b>Specific bodies under Operating Structure (Art 31 of IPA IR)</b>	<p>The CES DFC as Implementing Body.</p> <p>The Head of the Operating Structure will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation.</p> <p>This Committee will be co-chaired by the Head of the Operating Structure and a representative of the European Commission. Its members will include the National IPA Coordinator or his/her representative, the National Authorising Officer or his/her representative, a representative of the European Commission, the Strategic Coordinator for Components III and IV or his/her representative, the Head of the National Fund or his/her</p>

	<p>representative, representatives of all specific bodies making up the Operating Structures as well as representatives from civil society and socio-economic partners; the Committee will also include regional and/or national organisations with a relevant interest in contributing to the effective implementation of the programme to be agreed at its 1<sup>st</sup> meeting.</p> <p>In order to ensure sufficient representation and membership, the composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the European Commission</p>
<p><b>Final beneficiaries</b></p>	<p>Final beneficiary of IPA project is the Ministry of Health and Social Welfare.</p> <p>Eligible applicants for grants are: non-governmental organizations, non-profit organizations, public institutions, private institutions, private companies, local and regional authorities that have proven experience in providing services in the field of social inclusion.</p>
<p><b>Selection modalities and specific related criteria</b></p>	<p>Appraisal and selection will be performed by Selection Committees at two levels:</p> <ul style="list-style-type: none"> <li>• Project Selection Committees – these will consider applications for grant support, and will be chaired by CES DFC as Implementing Body;</li> <li>• Tender Selection Committees – these will select contractors for works, supply and/or service contracts, which are put out to tender under EU procurement rules, and will be chaired by the CES DFC as Implementing Body.</li> </ul> <p>Operations will be selected on the basis of following criteria:</p> <p>Project selection criteria shall include:</p> <ul style="list-style-type: none"> <li>• A clear demonstration of the relationship between the project and requirements of the social integration of specific groups in line with the government policy for deinstitutionalization, reintegration and inclusion of beneficiaries into the community</li> <li>• Orientation towards efficient implementation of National Implementation Plan on Social Inclusion</li> <li>• Orientation towards concept of Renewed Social Policy Agenda where social services are considered as services of general interest to improve employment opportunities</li> <li>• The involvement of the public, non-profit and private sectors;</li> <li>• Orientation towards regional inequalities in access to social services. Project selection process will take appropriate account of the regional disparities in access to social services to ensure that the needs of under-performed regions in this respect are effectively addressed.</li> <li>• Orientation towards developing new and improving quality of existing community based social services.</li> <li>• Orientation towards services ensuring the reconciliation of work and family life for the families with dependant family members</li> <li>• Supporting experts working in the field of social services delivery in monitoring and evaluation of processes ongoing on the local and regional levels</li> <li>• Supporting experts working in the field of social services regarding social planning, the promotion of growth and more varied mix of</li> </ul>

	services and the usage of resources that are available within the local community
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**Priority Axis 3 – Enhancing human capital and employability.**

<b>Title of Measure</b>	<b>Measure 3.1. Further development of the Croatian Qualifications Framework.</b>
<b>Description</b>	<p>The development of the Croatian Qualifications Framework (CROQF) will be designed to:</p> <ul style="list-style-type: none"> <li>• establish benchmarks for the comparability of competences</li> <li>• encourage Lifelong Learning and especially prior learning and non-formal and informal learning</li> <li>• promote labour mobility</li> <li>• promote high quality employability</li> </ul> <p>Pursuant to laying the groundwork for establishing the complete CROQF (basic concepts, CROQF Committee, initial proposal for a number of levels/sub-levels) and its eventual adoption (envisaged by the end of 2008), this measure will ensure adequate provision of support concerning the overall coherence of the implementation/co-operation process with a view to a possible review of the main outcomes/deliverables in the first years following the CROQF's adoption. It should, <i>inter alia</i>, address the following issues: development of the sustainable CROQF's implementation structure (including sustainable platforms for on-going consultations at the national level), ensuring consistency with emerging policies and objectives of the EU/EC Directives in the field of education and employment, more targeted linking/pilot-testing of the CROQF with respect to the particular levels, validation of non-formal and informal learning as well as quality assurance and accreditation.</p> <p>Within the context of developing a CROQF, this measure is intended to foster modernisation and the further development of the vocational education and training (VET) system in particular in order to facilitate its adaptation to structural changes in the economy and compliance with the EU <i>acquis</i>, most notably with the ongoing VET Copenhagen process.</p> <p>Building on the experience of the successive CARDS VET 2001-2003 projects, and the imminent implementation of further VET reform, this project addresses issues of immediate concern following the first phase of the reform including: a more comprehensive modernisation of VET curricula in line with the new sectoral approach at the national level; establishment of a quality assurance system (including further development of the management information system); and the introduction of sustainable institutional structures (including the funding mechanisms) at the national level in the field of VET innovation.</p> <p>The measure is intended to effectively consolidate and implement reformed VET policy at the national level. It should establish a core network of VET establishments and pilot-centres with the capacity to meet the required modernisation of education content and delivery (most notably, new high-</p>

	<p>quality curricula and relevant quality assurance activities) and providing for the necessary continuous review and adaptation of VET provision to suit particular local needs.</p> <p>Development of CROQF includes also the Reform of Higher Education in line with Bologna Process.</p>
<b>Specific objectives</b>	<p>To strengthen investment in human capital in Croatia and promote greater employability by assisting the development and implementation of a coherent HRD policy and national qualifications framework</p> <p>To increase the overall labour market relevance including the efficiency and quality of the education and training systems</p>
<b>Main types of operations</b>	<p>Indicative operations under this measure include:</p> <ul style="list-style-type: none"> <li>• Support for the introduction of a systematic CROQF peer-review process with a joint-participation of the national and EU member states experts and ensure regular provision of relevant modifications (process, outcomes).</li> <li>• Establishment of the framework for the pilot-testing of specific elements of the CROQF addressing the specific needs of national stakeholders and sectors, including (i) robust and transparent quality assurance mechanisms, (ii) promotion of validation of non-formal and informal learning, (iii) CROQF related guidance and counselling, and/or (iv) introduction relevant outcomes as the basis of curricula delivery as well as other needs based on the priorities of the CROQF Committee.</li> <li>• Further improvements of the CROQF consultation and mainstreaming process at the regional/national level and related awareness-raising/capacity building campaigns. (</li> <li>• Targeted support to continuous development of the VET Sectoral Councils, the methodology for qualification &amp; framework curricula development and further curricular interventions in selected occupational sectors.</li> <li>• Support for the design and implementation of a 'VET Innovation Approach' in respect of on-going initiatives to be carried out by VET establishments at the regional and local level (depending on the specific priorities - e.g. VET curricula innovations, innovative in-service training schemes, quality assurance);</li> <li>• Pilot-testing of the VET Innovation approach through identification and selection of a core network of 'model' VET secondary schools including a grant scheme to promote curricular innovations in line with the local and/or regional needs (activities will largely be 'soft' but will also include small-scale purchase of relevant equipment and other study aids, building adaptation and refurbishment).</li> <li>• Support to institutional and policy development in the field of VET quality assurance</li> </ul>

	<ul style="list-style-type: none"> <li>• Further capacity building of relevant VET secondary school staff and other key practitioners and stakeholders.</li> <li>• Introduction and implementation of entrepreneurial, student-centred pedagogical methods of teaching and content into VET curricula</li> <li>• Further improvements of the Vocational Education and Training Information System (VETIS) and systematic exchange of experience and information on the VET QA</li> <li>• Establishment/consolidation of partnerships between VET secondary schools and economic/social actors at the local and national level.</li> <li>• Promotion of reforms in Higher Education</li> <li>• Development of new VET curricula in line with the changing needs of the labour market</li> <li>• Implementation of the National Framework Curriculum for Preschool, General Compulsory and Secondary Education</li> </ul>
<p><b>Target groups</b></p>	<p>Teachers non- teaching staff and students in education and training institutions at all levels</p> <p>Trainers involved in practical training (including apprentice schemes) at enterprises</p> <p>CROQF bodies/ all other relevant stakeholders involved in the overall development of the CROQF</p> <p>Representatives of VET institution maintainers</p> <p>Representatives of employers and trades unions.</p> <p>Relevant officials of MSES, AVETAE</p>
<p><b>Head of Operating Structure</b></p>	<p>Ministry of Economy, Labour and Entrepreneurship (MELE).</p> <p>In fulfilling its responsibilities and delegating tasks in relation to this measure, the MELE will work closely with the Ministry of Science, Education and Sport (MSES) through operational agreements, which will be subject to the accreditation process.</p>
<p><b>Specific bodies under Operating Structure (Art 31 of IPA IR)</b></p>	<p>The Agency for Vocational Education and Training and Adult Education (AVETAE DEFCO) as <b>Implementing Body</b>.</p> <p>The Head of the Operating Structure will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation.</p> <p>This Committee will be co-chaired by the Head of the Operating Structure and a representative of the European Commission. Its members will include the National IPA Coordinator or his/her representative, the National Authorising Officer or his/her representative, a representative of the European Commission, the Strategic Coordinator for Components III and IV or his/her representative, the Head of the National Fund or his/her representative, representatives of all specific bodies making up the Operating Structures as well as representatives from civil society and socio-economic partners; the Committee will also include regional and/or national organisations with a relevant interest in contributing to the effective implementation of the programme to be agreed at its 1<sup>st</sup> meeting.</p>

	In order to ensure sufficient representation and membership, the composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the European Commission
<b>Final beneficiaries</b>	The Ministry of Science, Education and Sports and education agencies Non-exhaustive list of eligible applicants for the operations implemented as grant schemes includes: educational establishment at all levels including providers of non-formal education).
Selection modalities and specific related criteria	<ul style="list-style-type: none"> <li>Appraisal and selection of operations will be performed by Body Responsible for Priority/Measure: The Ministry of Science, Education and Sports</li> </ul> <p>Directorate for Secondary Education</p> <p>Service contracts (and supply and works contracts, if applicable) will be put out to tender under EU procurement rules. Appraisal and selection of tenders will be performed by Tender Selection Committee chaired by the AVETAE DEFCO as Implementing Body.</p> <p>Appraisal and selection of projects within grant schemes will be performed by Project Selection Committees chaired by the AVETAE DEFCO as Implementing Body.</p> <p>Selection criteria shall include:</p> <ul style="list-style-type: none"> <li>Demonstrated orientation towards transparency and co-ordination of the actions applied in the functioning of the CROQF</li> <li>A clear demonstration of the relationship between the project and requirements of the creation of consistent educational programmes/framework curricula within the VET system in line with the comprehensive Croatian Qualifications Framework (CROQF);</li> <li>The involvement of the public, non-profit and private sectors;</li> <li>Financial efficiency, including costs per unit output;</li> <li>Participation of the private sector and/or the non-governmental/non-profit sector in financing the project.</li> <li>Orientation towards comprehensive approaches in the curricula development/implementation involving higher-level skills, multi-skills and a mix of technical, methodological and behavioural competences;</li> <li>Orientation towards introduction and development of innovative standards, quality assurance mechanisms and of recognition of non-formal and informal learning;</li> <li>Orientation towards regional inequalities in access to education and training, as well as employment.</li> <li>Orientation towards student accessibility to existing and new study programmes.</li> </ul> <p>The project selection process will take appropriate account of regional disparities to ensure that the needs of the regions faced with high unemployment rates are effectively addressed through appropriate education and training provision</p>



<b>Title of Measure</b>	<b>Measure 3.2. Strengthening the provision of Adult Learning</b>
<b>Description</b>	<p>This measure is intended to improve Croatia's adult and higher education system and enable students of all ages to acquire skills and competencies and thus better respond to labour market needs. It will build on the experience of previous EU assisted projects, in particular CARDS 2004 Adult learning.</p> <p>It will also build on the new Act on Adult Education (adopted in February 2007) and the National Strategy for Adult Education and its respective Yearly Action Plans. The strengthening of the Croatian adult education system will proceed in line with the development of the Croatian Qualifications Framework.</p> <p>Finally, it is intended that support will be available under this measure to polytechnics as the institutions that offer professional study programmes related to higher VET education.</p>
<b>Specific objectives</b>	<p>To improve skills and competences of adults to enable them to participate more actively in the labour market.</p> <p>Further development of the teachers, managers and expert staff of adult education institutions knowledge in methodology, teaching skills, projects planning, implementing and managing.</p>
<b>Main types of operations</b>	<p>Indicative operations under this measure include:</p> <ul style="list-style-type: none"> <li>• Development of an institutional framework of local centres/bodies for entrepreneurial and other skills;</li> <li>• Basic capacity building of selected local centres/institutions;</li> <li>• Procurement of equipment for selected local centres/institutions;</li> <li>• Comprehensive development of the basic competences programmes in line with the EU Reference Framework for Key Competences</li> <li>• Further development of existing and design/implementation of new teaching methods and teaching skills, customization of the curriculum and improvement of knowledge of designing and implementing projects for the promotion of adult learning.</li> </ul>
<b>Target groups</b>	<p>Adult students.</p> <p>Staff, trainers in adult education institutions, polytechnics and higher education institutions.</p> <p>Managerial staff of education institutions</p> <p>Local government and regional/local CES offices.</p>
<b>Head of Operating Structure</b>	<p>Ministry of Economy, Labour and Entrepreneurship (MELE).</p> <p>In fulfilling its responsibilities and delegating tasks in relation to this measure, the MELE will work closely with the Ministry of Science, Education and Sport (MSES) through operational agreements, which will be subject to the accreditation process.</p>
<b>Specific bodies under Operating Structure (Art 31 of IPA IR)</b>	<p>The Agency for Vocational Education and Training and Adult Education (AVETA E DEFCO) <b>Implementing Body.</b></p> <p>The Head of the Operating Structure will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation</p> <p>This Committee will be co-chaired by the Head of the Operating Structure</p>

	<p>and a representative of the European Commission. Its members will include the National IPA Coordinator or his/her representative, the National Authorising Officer or his/her representative, a representative of the European Commission, the Strategic Coordinator for Components III and IV or his/her representative, the Head of the National Fund or his/her representative, representatives of all specific bodies making up the Operating Structures as well as representatives from civil society and socio-economic partners; the Committee will also include regional and/or national organisations with a relevant interest in contributing to the effective implementation of the programme to be agreed at its 1<sup>st</sup> meeting.</p> <p>In order to ensure sufficient representation and membership, the composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the European Commission</p>
<b>Final beneficiaries</b>	<p>Institutions providing adult education.</p> <p>Non-governmental organisations in the field of adult education.</p> <p>Polytechnics and schools of higher learning.</p> <p>Ministry of Science, Education and Sports, education agencies</p>
<b>Selection modalities and specific related criteria</b>	<p>Appraisal and selection will be performed by Selection Committees at two levels:</p> <ul style="list-style-type: none"> <li>• Project Selection Committees – these will consider any applications for funding from grant schemes, and will be chaired by AVETAE DEFCO as Implementing Body ;</li> <li>• Tender Selection Committees – these will select contractors for works, supply and/or service contracts, which are put out to tender under EU procurement rules, and will be chaired by the AVETAE DEFCO as Implementing Body.</li> </ul> <p>Project selection criteria shall include:</p> <ul style="list-style-type: none"> <li>• A clear demonstration between the relationship of the project with the specific requirements of the adult and life-long learning;</li> <li>• The involvement of partners from the public, non-profit and private sectors in management and financing;</li> <li>• Financial efficiency, including costs per unit output;</li> <li>• Orientation towards the needs of unemployed adults and adults who need to improve their skills and competencies to labour market needs;</li> <li>• Orientation towards regional inequalities in access to education and training, as well as employment.</li> </ul> <p>The project selection process will take appropriate account of the regional disparities to ensure that the needs of the regions faced with high unemployment rates are effectively addressed through appropriate adult education provision.</p>

<b>Title of Measure</b>	<b>Measure 3.3 Supporting the quality and effectiveness of institutions responsible for policy design and provision of education and training</b>
<b>Description</b>	Providers of vocational education and training in Croatia will need to be strengthened if they are to meet the challenges of EU accession. Although

	<p>many elements of an effective policy framework are in place, all education agencies and institutions such as the Agency for Vocational Education and Training and Adult Education, the Education and Teacher Training Agency and the teaching establishments themselves all need to acquire substantially more professional capacity.</p> <p>This measure is closely related to, and will be designed and delivered in coordination with, the other measures delivered under this Priority Axis.</p>
<b>Specific objectives</b>	To support the development of the capacity of Croatia's public institutions and relevant non-governmental partners at all levels of education and training
<b>Main types of operations</b>	<p>Measure will be implemented through Operations which focus on:</p> <p>Development of the National information system.</p> <p>Capacity building of educational institutions responsible for policy design in education reforms</p> <p>A review of current responsibilities of the education agencies and specific recommendations, reflecting the evolving requirements of the Croatian education system</p> <p>Support to education agencies and institutions in organisational and management activities and in the design and preparation of manuals, operational procedures, guidelines, checklists and templates.</p> <p>Elaboration of a mid-term plan for the education agencies' research and analysis function.</p> <p>Elaboration of an international partnership programme and Action Plan for: internal development planning, decision-making, project preparation and co-financing, etc.</p> <p>Establishment of a training system for education agencies staff and relevant staff members of other key institutions.</p> <p>Development and establishment of database for supporting and managing In-service Teacher Training</p>
<b>Target groups</b>	Teaching staff, staff from institutions dealing with education policy design and policy implementation, education agencies and institutions staff, higher education administrative and non-teaching staff.
<b>Head of Operating Structure</b>	<p>Ministry of Economy, Labour and Entrepreneurship (MELE).</p> <p>In fulfilling its responsibilities and delegating tasks in relation to this measure, the MELE will work closely with, the Ministry of Science, Education and Sport (MSES) through operational agreements, which will be subject to the accreditation process.</p>
<b>Specific bodies under Operating Structure (Art</b>	The Agency for Vocational Education and Training and Adult Education

31 of IPA IR)	<p><b>(AVETAE DEFCO) Implementing Body.</b></p> <p>The Head of the Operating Structure will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation.</p> <p>This Committee will be co-chaired by the Head of the Operating Structure and a representative of the European Commission. Its members will include the National IPA Coordinator or his/her representative, the National Authorising Officer or his/her representative, a representative of the European Commission, the Strategic Coordinator for Components III and IV or his/her representative, the Head of the National Fund or his/her representative, representatives of all specific bodies making up the Operating Structures as well as representatives from civil society and socio-economic partners; the Committee will also include regional and/or national organisations with a relevant interest in contributing to the effective implementation of the programme to be agreed at its 1<sup>st</sup> meeting.</p> <p>In order to ensure sufficient representation and membership, the composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the European Commission</p>
<b>Final beneficiaries</b>	Ministry of Science, Education and Sports, education institutions and all agencies
<b>Selection modalities and specific related criteria</b>	<p>Appraisal and selection of operations will be performed by Body Responsible for Priority/Measure: The Ministry of Science, Education and Sports Directorate for Secondary Education</p> <p>Service contracts (and supply and works contracts, if applicable) will be put out to tender under EU procurement rules. Appraisal and selection of tenders will be performed by Tender Selection Committee chaired by the AVETAE DEFCO as Implementing Body.</p> <p>Appraisal and selection of projects within grant schemes will be performed by Project Selection Committees chaired by the AVETAE DEFCO as Implementing Body.</p> <p>Selection criteria shall include:</p> <ul style="list-style-type: none"> <li>• Coherence with education sector development plan (2005-2010);</li> <li>• Coherence with the outcomes of the CARDS 2001-2004 projects.</li> </ul>

**Priority Axis 4 – Technical assistance**

<b>Title of Measure</b>	<b>Measure 4.1. Project preparation.</b>
<b>Description</b>	<p>The measure will support the preparation of project pipeline and support relevant institutions and potential beneficiaries in the preparation of the required documentation. This includes the generation of project ideas and their elaboration into mature and high-quality proposals with all the supporting technical documentation. The measure will also support to provide knowledge to potential grant scheme project beneficiaries of project preparation and project management.</p>

<b>Specific objectives</b>	To prepare a project pipeline for all operations and measures and ensure sufficient projects are fully mature and ready for submission to the Project Selection Committee throughout the programme's duration.
<b>Main types of operations</b>	<ul style="list-style-type: none"> <li>• Support to final beneficiaries in the preparation of tender documentation for service and supply contracts;</li> <li>• Support to implementing bodies in the preparation of guidelines for potential applicants;</li> <li>• Support to potential grant applicants in the preparation of their applications and in providing knowledge in project management</li> </ul>
<b>Target groups</b>	<p>Those employed by:</p> <p>VET institutions and local government (as owners of such institutions)</p> <p>Centres for Social Welfare,</p> <p>Local partnerships for employment.</p> <p>Non-profit private/public institutions operating at the regional/local level;</p> <p>Regional/municipal development agencies and technological incubators;</p> <p>VET schools and adult learning institutions;</p> <p>Employment brokers</p> <p>Non-profit organizations</p> <p>Open universities</p> <p>Representatives of employers and trades unions.</p> <p>Public primary schools</p> <p>Local government bodies and their institutions</p> <p>Non-governmental / non-profit organisations and their institutions</p> <p>The MELE, MSES and MHSW as final beneficiaries of service/supply contracts</p> <p>The CES DFC and AVETAE DEFCO as Implementing Bodies – in relation to organising grant schemes.</p>
<b>Head of Operating Structure</b>	<p>The Ministry of Economy, Labour and Entrepreneurship (MELE).</p> <p>In fulfilling its responsibilities and delegating tasks in relation to this measure, the MELE will work closely with other relevant line ministries, where appropriate, namely, the Ministry of Science, Education and Sport (MSES) and the Ministry of Health and Social Welfare (MHSW), through operational agreements.</p>
<b>Specific bodies under Operating Structure (Art 31 of IPA IR)</b>	<p>The Croatian Employment Service (CES DFC) as <b>Implementing Body</b>.</p> <p>The Head of the Operating Structure will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation.</p> <p>This Committee will be co-chaired by the Head of the Operating Structure and a representative of the European Commission. Its members will include the National IPA Coordinator or his/her representative, the National Authorising Officer or his/her representative, a representative of the European Commission, the Strategic Coordinator for Components III and IV or his/her representative, the Head of the National Fund or his/her representative, representatives of all specific bodies making up the Operating Structures as well as representatives from civil society and socio-economic partners; the Committee will also include regional and/or national organisations with a relevant interest in contributing to the effective</p>

	<p>implementation of the programme to be agreed at its 1<sup>st</sup> meeting.</p> <p>In order to ensure sufficient representation and membership, the composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the European Commission</p>
<b>Final beneficiaries</b>	For this measure final beneficiaries are the institutions employing those officials identified under target groups.
<b>Selection modalities and specific related criteria</b>	<p>Appraisal and selection of the service contact holder will be performed by a Tender Selection Committee to select the contractor for a service contract. The tender will follow EU procurement rules, and the committee will be chaired by the CES DFC as Implementing Body.</p> <p>Individual Technical Assistance activities will be planned on a rolling annual basis for the duration of the HRDOP.</p>

<b>Title of Measure</b>	<b>Measure 4.2. Programme management and capacity building</b>
<b>Description</b>	The measure will support the Croatian public administration in the development of the systems, processes and skills for managing and implementing IPA Component IV at both national and regional/local level and to support potential final beneficiaries in the public, non-governmental and private sectors, as appropriate. Given the need to address staff turnover within the public administration allied to the demands of EU funds management which are typically higher than comparable civil service positions, co-financing of the salary costs of public officials within the management structure and project selection committees will be provided as appropriate under this measure. As part of this co-financing, staff development will focus in particular on advanced language and communication skills, as well as specific competences in EU programme management.
<b>Specific objectives</b>	To ensure efficient and effective OP management, and develop the institutional capacity for managing and absorbing IPA component IV assistance.
<b>Main types of operations</b>	<ul style="list-style-type: none"> <li>• Support to the Croatian OP administration regarding any aspect of management, monitoring, evaluation and control, including grant scheme management and procurement;</li> <li>• The preparation and implementation of information and publicity activities;</li> <li>• Support to the elaboration of sector studies and master plans;</li> <li>• Support (including advice and training) to socio-economic partners, beneficiaries and civil society, to support the development and implementation of measures (including grant schemes) in specific sectors;</li> <li>• Provision of translation and interpretation services;</li> <li>• Co-financing of staff salary costs;</li> </ul>
<b>Target groups</b>	<p>Officials within the following agencies.</p> <p>MELE (Labour Directorate)</p> <p>The CES central office</p> <p>CES county offices</p>

	<p>Agency for Vocational Education and Training and Adult Education  Ministry of Science, Education and Sports  Ministry of Health &amp; Social Welfare  Counties-Social Welfare Units  ETTA  The Audit Authority  Members of the Monitoring Committee  Project Selection Committees  the Croatian Bureau of Statistics  CODEF</p>
<b>Head of Operating Structure</b>	<p>Ministry of Economy, Labour and Entrepreneurship (MELE).  In fulfilling its responsibilities in relation to this measure, the MELE will work closely with other relevant line ministries, where appropriate, namely, the Ministry of Science, Education and Sport (MSES) and the Ministry of Health and Social Welfare (MHSW), through operational agreements, which will be subject to the accreditation process.</p>
<b>Specific bodies under Operating Structure (Art 31 of IPA IR)</b>	<p>The Croatian Employment Service (CES DFC) as <b>Implementing Body</b>.  The Head of the Operating Structure will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation.  This Committee will be co-chaired by the Head of the Operating Structure and a representative of the European Commission. Its members will include the National IPA Coordinator or his/her representative, the National Authorising Officer or his/her representative, a representative of the European Commission, the Strategic Coordinator for Components III and IV or his/her representative, the Head of the National Fund or his/her representative, representatives of all specific bodies making up the Operating Structures as well as representatives from civil society and socio-economic partners; the Committee will also include regional and/or national organisations with a relevant interest in contributing to the effective implementation of the programme to be agreed at its 1<sup>st</sup> meeting.  In order to ensure sufficient representation and membership, the composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the European Commission.</p>
<b>Final beneficiaries</b>	<p>For this measure final beneficiaries are the national-level institutions employing those officials identified under target groups above.</p>
<b>Selection modalities and specific related criteria</b>	<p>Appraisal and selection of the service contact holder will be performed by a Tender Selection Committee to select the contractor for a service contract. The tender will follow EU procurement rules, and the committee will be chaired by the CES DFC as Implementing Body.  Individual Technical Assistance activities will be planned on a rolling annual basis for the duration of the HRDOP.</p>

Priority Axis 5 – Strengthening the role of Civil Society for better governance

Title of Measure	<b>Measure 5.1. Promotion of social dialogue</b>
<b>Description</b>	Although there is an institutional framework for social dialogue, the quality of the social dialogue needs to be enhanced and strengthened. Currently, the social dialogue is handled predominantly on central level that gives the process a more formal and unilateral character. Through enhancement and support of the partners conducting the social dialogue, higher quality of new government laws and policies will be achieved, thus contributing to the objective of good governance - transparency of (non)governmental institutions. Further on, the employers' association still has experience, but there is a shortage of highly specialised expertise, e.g. legal expertise in specific areas relevant to the social dialogue process. Assistance under this measure will provide support to strengthening the human and organizational capacities of the social partners (trade unions, employer organizations and public institutions in charge of social dialogue policy) with the aim of promoting and enhancing the quality of social dialogue.
<b>Specific objectives</b>	To increase effectiveness and sustainability of the Croatian social dialogue partners and improve their organizational abilities to contribute positively to the quality and continuity of the bi- and tri-partite social dialogue process.
<b>Main types of operations</b>	Indicative operations under this measure will focus on <i>a. Enhancing analytical capacity for quality social dialogue</i> <i>b. Awareness raising and education actions</i> <i>c. Capacity building actions</i>
<b>Target groups</b>	Trade unions and trade union associations, employers' associations, government institutions and mediation organization active in the area of peaceful resolution of labour disputes
<b>Head of Operating Structure</b>	Ministry of Labour and Pension System (MLPS)
<b>Specific bodies under Operating Structure (Art 31 of IPA IR)</b>	Croatian Employment Service will act as <b>Implementing Body</b> .  The Head of the Operating Structure will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation.  This Committee will be co-chaired by the Head of the Operating Structure and a representative of the European Commission. Its members will include the National IPA Coordinator or his/her representative, the National Authorising Officer or his/her representative, a representative of the European Commission, the Strategic Coordinator for Components III and IV or his/her representative, the Head of the National Fund or his/her representative, representatives of all specific bodies making up the Operating Structures as well as representatives from civil society and socio-economic partners; the Committee will also include regional and/or national organizations with a relevant interest in contributing to the effective implementation of the programme to be agreed at its 1st meeting.  In order to ensure sufficient representation and membership, the composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the European Commission
<b>Final beneficiaries</b>	- Ministry of Labour and Pension System, Independent Service for Social



	Partnership <ul style="list-style-type: none"> <li>- Employers associations and their regional, local and sectoral branches</li> <li>- Trade unions and their regional, local and sectoral branches</li> <li>- The Economic and Social Committee</li> <li>- NGOs</li> </ul>
<b>Selection modalities and specific related criteria</b>	Appraisal and selection will be performed by Project Selection Committee - it will consider any applications for funding from grant scheme, and will be chaired by CES as Implementing Body.

<b>Title of Measure</b>	<b>Measure 5.2. Strengthening the role of Civil Society Organizations for socio-economic growth and democratic development</b>
<b>Description</b>	<p>Assistance under this measure will be directed at :</p> <p>Building capacities and supporting sustainability of Croatian CSOs active in the field of advocacy of public policies that will administer enhancement, effectiveness and transparency of Croatian public administration.</p> <p>Also, under this measure the promotion of volunteering will be fostered while it is one of the crucial elements for enhancing social capital and strengthening social cohesion in society. Supporting regional support structures for CSOs shall help local CSOs in developing and implementing their projects as well as in strengthening their administrative and financial capacity for their sustainable development.</p>
<b>Specific objectives</b>	To strengthen the role of civil society organizations for socio-economic growth and democratic development.
<b>Main types of operations</b>	<p>Indicative measures under this operation include</p> <p>Advocacy and Motivation Programmes</p> <p>Volunteering for Strengthening of Economic and Social Cohesion</p> <p>Support Structures for CSOs</p>
<b>Target groups</b>	Socially vulnerable groups, such as disabled persons, addicts and victims of domestic violence, children, elderly, long term unemployed, other minority or disadvantaged groups.
<b>Head of Operating Structure</b>	Ministry of Labour and Pension System (MLPS)
<b>Specific bodies under Operating Structure (Art 31 of IPA IR)</b>	<p>National Foundation for Civil Society Development as <b>Implementing Body</b>. The Head of the Operating Structure will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation.</p> <p>This Committee will be co-chaired by the Head of the Operating Structure and a representative of the European Commission. Its members will include</p>

	<p>the National IPA Coordinator or his/her representative, the National Authorizing Officer or his/her representative, a representative of the European Commission, the Strategic Coordinator for Components III and IV or his/her representative, the Head of the National Fund or his/her representative, representatives of all specific bodies making up the Operating Structures as well as representatives from civil society and socio-economic partners; the Committee will also include regional and/or national organizations with a relevant interest in contributing to the effective implementation of the programme to be agreed at its 1st meeting.</p> <p>In order to ensure sufficient representation and membership, the composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the European Commission</p>
<p><b><i>Final beneficiaries</i></b></p>	<p>Small CSOs are defined as civil society organizations that conform to such conditions: their annual turnover is equal or less than 15,000 EUR since there is no pre-defined, universally accepted definition or criteria that would allow distinguishing between a small and a large civil society organization. Beside those, final beneficiaries will be CSOs and citizens' groups, foundations, their associations and networks active in the field of advocacy of public policies in Croatia, such as: employment, human right protection, protection and representation of interests of socially vulnerable groups, protection and representation of interests of women and children, protection and representation of interests of minority groups, support to democratization process and transparency in public policies, poverty alleviation, anti-corruption, environment. In addition, final beneficiaries are CSOs and their associations active in the fields of: elderly and handicapped care, working with socially vulnerable groups, rehabilitation of addicts and victims of domestic violence other disadvantaged groups and minorities, child care, counselling and psychological care for young, economic reintegration and employment of people with disabilities and socially vulnerable groups.</p>
<p><b><i>Selection modalities and specific related criteria</i></b></p>	<p>Appraisal and selection will be performed by Project Selection Committees - they will consider any applications for funding from grant schemes, and will be chaired by National Foundation for Civil Society Development as Implementing Body.</p>

### 3.2. Indicators

#### **Priority axis 1: Enhancing Access to Employment and Sustainable Inclusion**

The Baseline value is the year 2007 if not differently stated in the table

\*\* Final target is the year 2016 for the OP HRD 2007-2013 financial allocations (according to N+3 rule)-In this respect all of specified indicators are changed by aggregating the amounts (shares) of output indicators further by adding the targets for the final year of 2016.

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
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Priority Axis 1: Enhancing Access to Employment and Sustainable Inclusion							
Measure 1.1: Supporting the design and implementation of active and preventative labour market measures							
To develop regional participatory institutional framework for promotion of employment	Number of Human resources development plans (prepared by Local Employment Partnerships) accepted by the county assemblies <sup>33</sup>			Number	4	21	

<sup>33</sup> All the indicators in this section which are defined at the measure level have been formulated on the basis of the operations listed under that specific measure

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
	Number of persons who acquired job after receiving assistance through the measure			Number	0	975	<p>22 % of the persons with disabilities divided by gender</p> <p>24% young people without working experience divided by gender</p> <p>12% of unemployed persons over 50 divided by gender</p> <p>32% of women in the prime-age group (25-49)</p> <p>13% of long term unemployed divided by gender</p>

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		Fostering employment initiatives of local partnerships	Number of employment partnerships established	Number	8	21	
			Number of Local employment development projects which are in accordance with HRD strategies objectives implemented	Number	0	75	
		Elaborate local HRD strategies	Number of HRD strategies developed	Number	8	21	
		Develop project generation and articulation facilities in CES at the regional level					

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		Implement grant schemes in line with the objectives of the regional strategic documents.	Number of grant beneficiaries	Number	0	120	At least 10 % of the persons with disabilities who received assistance divided by gender
		Design and implementation of non- formal educational programmes for unemployed youth, highly educated long-term unemployed persons	Number of persons who received assistance (training, re-training schemes, soft skills development, life skills development) through the grant schemes	Number	0	5000	At least 20% of young people without working experience who received assistance divided by gender At least 10% of unemployed persons over 50 who received assistance divided by gender At least 30% of women in the prime-age group (25-49) who received assistance At least 20% of long term unemployed who received assistance divided by gender At least 10% of highly educated long-term unemployed persons who received assistance through the grant schemes divided by gender

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		Development of innovative measures which combine identification of target groups, tailor made counselling for employment, training in job seeking skills and job coaching  training subsidies	No of beneficiaries who received assistance (training and retraining schemes) through direct grant	Number	0	At least 4750	At least 20% of women who received assistance
<b>Measure 1.2: Supporting the effectiveness and quality of Croatia's employment services</b>							
To improve the quality, effectiveness and efficiency of Croatian	Number of CES staff certified for provision of different types of services by type			Number	0	300	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
employment service	of services as a result of capacity building operations and improves Business processes provided through the measure						



Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		Development of the capacity to formulate a coherent legislative framework for lifelong career guidance provision including the establishment of National Forum for lifelong career guidance	Number of lifelong carrier guidance units established	Number	0	7	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		Capacity building of CES counsellors	Number of CES employees trained for providing new and improved services	Number	0	170	At least 60 % of women trained

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		Support design and implementation of improved business processes with the CES's IT system and user-friendly IT solutions, including upgrading of the IT equipment & software	Number of key business processes supported with ICT solutions	Number	3	5	

Priority Axis 2: Reinforcing social inclusion and integration of people at a disadvantage

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
<b>Measure 2.1: Supporting access to employment by disadvantaged groups</b>							
To promote social inclusion of the disadvantaged groups through their integration to the labour market	Number of target group beneficiaries who acquired job			number	0	1000	At least 60 % women
		Training and retraining of disadvantaged groups, supporting work placements, other relevant services such as strengthening motivation to take part in employment and education programmes, providing psychological and social support services.	Number of target group beneficiaries who increased employability potential through project activity participation	number	0	6000	At least 25% of the persons with disabilities divided by gender  At least 20% of Roma and other minorities divided by gender  At least 40 % of women in the prime-age group (25-49) and older women
			Number of beneficiaries who obtained diploma or certificate (formal/non formal) by the end of the Grant scheme implementation	number	0	3000	At least 40% of the persons with disabilities divided by gender  At least 20% of Roma and other national minorities divided by gender

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
							At least 30 % of women in the prime-age group (25-49) and older women
		Development of new inter-institutional and inter-sectoral business processes for the work with disadvantaged groups	Number of new business processes targeted at the social inclusion of the disadvantaged	Number	0	3	
	Number of staff using new methods of work with disadvantaged groups in the employment and social welfare services	Training of staff (basic and advanced) in the employment and social welfare services (governmental, self-governmental, public, non-governmental) in order to improve their personal skills for working with disadvantaged groups		Number	0	200	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
			Number of staff participating in training divided by gender	Number	0	600	At least 80 % women
		Provision of professional rehabilitation to persons with disabilities, employment in the open labour market according to individual capabilities and needs.	Number of beneficiaries received professional rehabilitation services	Number	0	At least 200	At least 40% of women who received professional rehabilitation  60% of persons with disabilities who received professional rehabilitation divided by gender  40% of Roma and other national minorities who received professional rehabilitation divided by gender

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		Social inclusion activities aiming at raising employability of social welfare beneficiaries by supporting their social capabilities and incentive social environment	Number of social welfare beneficiaries socially included	Number	0	At least 2000	At least 30 % of older social welfare beneficiaries (age 45<) divided by gender  At least 20 % of Roma and other national minorities social welfare beneficiaries divided by gender
<b>Priority Axis 2: Reinforcing social inclusion and integration of people at a disadvantage</b>							
<b>Measure 2.2. Supporting access to education by disadvantaged groups.</b>							
To support access to education for employment by disadvantaged groups through, inter alia, promoting a more flexible policy framework and innovative provision of relevant services	Number of disadvantaged persons having a new/second access to targeted educational services and/or modernised facilities divided by gender			Number	0	300	Number of students with disabilities having access to targeted educational programmes and /or modernised facilities divided by gender  Number of Roma having access to targeted educational programmes and /or modernised facilities. divided by gender

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		Supporting the design and implementation of educational programmes specifically targeted on disadvantaged groups (including upgrading facilities and equipment where appropriate)	Number of institutions and organisations dealing with disadvantaged groups provided with any kind of equipment	Number	0	At least 50	
			Number of persons (employers, school experts, teachers, external experts) assisted through the grant scheme divided by gender	Number	0	600	
			Number of new/revised educational programmes developed	No	0	At least 50	



Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
<b>Measure 2.3: Development of social services to improve employment opportunities</b>							
To improve employment opportunities and promote reconciliation of work and family life by developing of new and improving quality of social services in the community	Number of target group beneficiaries received deinstitutionalized social services			number	0	1200	<p>At least 60 % of women</p> <p>At least 10 % of Roma and other national minorities</p> <p>At least 30 % of family members taking care of dependant persons increased employability potential divided by gender</p> <p>At least 20 % of disadvantaged persons increased employability potential divided by gender</p>

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
	Number of target group beneficiaries who acquired job			number	0	50	At least 60 % of women
	Number of experts using new methods of work in developing community based social services	Supporting experts working in the field of social services delivery in further development of community based social services		Number	0	150	
			Number of staff participating in training divided by gender	Number	0	250	At least 80 % women
<b>Priority Axis 3: Enhancing human capital and employability</b>							
<b>Measure 3.1: Further development of the Croatian Qualifications Framework</b>							
To strengthen investment in human capital in Croatia and promote greater employability by	Number of institutions at all levels of formal education using new/revised curricula based			Number	0	At least 100	Number of primary / secondary education institutions out of total number using new curricula based on CROQF principles

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
helping Croatia develop and implement a coherent HRD policy and national qualifications framework, and to increase the overall labour market relevance, efficiency and quality of the education and training systems	on CROQF principles						Number of higher education institutions out of total number using new curricula based on CROQF principles
		Support to the introduction of a systematic CROQF peer-review process	Number of partners and relevant stakeholders participated in training activities	Number	0	50	
		Implementation of the pilot-testing of specific CROQF elements	Number of developed learning outcome units				
		Further improvements of the CROQF consultation and mainstreaming	Number of developed	Number	0	70	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		process and related awareness-raising/capacity building campaigns	<p>qualifications standards</p> <p>Number of developed and/or revised curricula and/or study and joint study programmes according to principles of CROQF</p> <p>Number of modules in foreign languages developed and offered for international and Croatian students</p>	Number	0	60	
				Number	0	50	
				Number	0	50	
		Targeted support to continuous development of the	Number of VET occupational standards and VET qualifications and VET	Number	14	78	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		VET Sector Councils, the methodology for qualification & framework curricula development	curricula developed to a specified standard				
		Further capacity building of relevant VET secondary school staff and other key practitioners in the field of QA	Number of staff and practitioners included in capacity building activities	Number	0	At least 90	
		Further improvements of	Number of new modules within VETIS developed	Number	4	At least 7	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		the Vocational Education and Training Information System (VETIS) and systematic exchange of experience and information on the VET QA					
		Support to institutional, policy and methodology development in the field of VET in-service teacher training	Number of all VET teachers having followed newly developed teacher training curriculum	Number	0	at least 150	
		Support for the design and implementation of new features in VET curricula	Number of VET schools implementing new features in VET curricula	Number	14	50	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
<b>Measure 3.2. Strengthening the provision of Adult Learning</b>							
To improve skills and competences of adults and so enable them to participate more actively in the labour market	Number of adult learners who finished existing / new / adjusted AE programmes (short and post-secondary) leading to improved skills and competences			number	0	At least 500	
			Number of adult learners trained in modernised existing / new adjusted short programmes leading to the more active participation in the labour market divided by gender	Number	0	300	
			Number of adult education institutions involved in capacity building activities	Number	0	At least 100	
		Basic capacity building of selected	Number of trained teachers in education techniques for adult	Number	18	At least	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		local institutions	learners			23	
<b>Measure 3.3: Supporting quality and effectiveness of the institutions and their partners responsible for the policy design and provision of education and training</b>							
To support the development of the capacity of Croatia's public institutions and relevant nongovernmental partners in the field of education and training	Number of the employees and external expert/ associates of the Croatian public institution and other institutions who successfully completed specialist capacity building activities and are certified to provide adequate support to ongoing reform in the field of education and training divided by gender			number	0	At least 100	E employees who successfully completed specialist capacity building activities and are certified to provide adequate support to ongoing reform in the field of education and training divided by gender
		Development of the National Information System for Science and Higher Education	National Information System for Science and Higher Education developed	Number	0	1	



Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		(NISSHE)	Number of higher education institutions delivering data to NISSHE	Number	0	100	
		Establishment of a training system for education agency staff and relevant staff members of other key institutions	Number of persons trained	Number		At least 50	
<b>Priority Axis 4: Technical Assistance</b>							
<b>Measure 4.1: Project preparation</b>							
To prepare a project pipeline for all operations and measures and ensure sufficient projects are fully mature and ready for submission to the Project Selection Committee	Number of mature projects ready for contracting			Number	0	At least 25	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
throughout the programme duration							
		Support to potential grant applicants in the preparation of their applications	Number of potential applicants receiving support through TA	Number	0	100	
<b>Measure 4.2: Programme management and capacity building</b>							
To ensure efficient and effective OP management, and develop the institutional capacity for managing and absorbing IPA component IV assistance							
			Number of approved Annual Implementation Reports by Sectoral Monitoring Committee	Number	0	7	
		Support to the Croatian OP administration, regarding any aspect of management,	Number of staff from OP administration bodies involved in the capacity building operations divided by gender	Number	0	80	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		<p>monitoring, evaluation and control, including grant scheme management and procurement.</p> <p>Support to the Croatian OP administration in elaboration of sector studies and master plans</p>					
		The preparation and implementation of information and publicity activities	Number of information events organised	Number	0	10	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
<b>Priority Axis 5: Strengthening the Role of Civil Society for Better Governance</b>							
<b>Measure 5.1.: Promotion of social dialogue</b>							
To increase effectiveness and sustainability of the Croatian social dialogue partners and improve their organizational abilities to contribute positively to the quality and continuity of the bi-and tri-partite social dialogue process.	Number of partnerships developed/sustained	Increasing the capacities of the Independent Service for Social Partnership within Ministry of Labour and Pension System in the field of Social partnership		Number	0	at least 5	
			Number of In-house mentorship/ training, courses executed	Number	0	20	
		Strengthening the Social Dialogue	Number of representatives of the organizations involved in social dialogue trained divided by gender	Number	0	200	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
<b>Priority Axis 5: Strengthening the Role of Civil Society for Better Governance</b>							
<b>Measure 5.2: Strengthening the Role of Civil Society Organizations for Socio-economic Growth and Democratic Development</b>							
To strengthen the role of civil society organizations for socio-economic growth and democratic development.	Number of CSOs' members and volunteers involved in the implementation of the projects contributing to socio-economic growth and democratic development (one of the indicators of measuring economic success and human well-being is the proportion of the population who are members of civil society in general).			Number	N/A	30	
		Advocacy and motivation programmes for	Number of new initiatives in the field of advocacy of public policies and/or motivational	Number	0	5	

Specific objective	Result indicator	Main type of operations	Output indicator	Measurement unit	Baseline value*	Final target (2016)**	Subindicators
		socially excluded groups	programmes aimed at socially excluded groups				
		Support structures for CSOs at regional level	Number of CSOs receiving various forms of help through programmes provided by regional support structures for CSOs	Number	0	100	
		Actions of CSOs active in the field of volunteering aimed at strengthening of economic and social cohesion	Number of volunteers participating in new initiatives/programmes aimed at strengthening the role of volunteering in Croatia	Number	0	50	

### 3.3 Horizontal issues

#### 3.3.1 Gender equality and prevention of discrimination

In September 2006, the Croatian Government adopted the National Policy for the Promotion of Gender Equality, 2006-2010 (Official Gazette, no. 114/06). The legal basis for the adoption of the National Policy for Gender Equality was introduced into Croatian legislation with the coming into force of the Gender Equality Act (Official Gazette, no. 116/03), by which gender equality means that men and women are equally present in all fields of public and private life, that they have the same status, equal opportunities to realize all rights, and equal benefit of the results realized. The objectives of the policy, which are of particular relevance to Components III & IV of IPA, include the reduction of female unemployment and elimination of discrimination, promotion of women's entrepreneurship and improved enforcement of relevant labour laws. It also strengthens and promotes measures that support the reconciliation of professional and family obligations.

The application of the principle of gender equality and prevention of discrimination on the basis of gender, race, ethnical origin, religion or beliefs, injuries, age or sexual orientation including taking account of accessibility for disabled persons in defining and selecting operations is a compulsory integral part of the EU's policies and practices.

Equal opportunities and non-discrimination will be respected regarding gender, as well as minorities, at the programming, implementation and evaluation stage of the HRDOP. This will be reflected in the monitoring indicators and data collection, and implementation procedures and guidelines.

The Member States and the Commission shall ensure that equality between men and women and the integration of the gender perspective is promoted throughout the various stages of implementation of the Funds.

The Member States and the Commission shall also ensure appropriate access to funding. In particular, accessibility for disabled persons shall be one of the criteria to be observed in defining operations co-financed by the Funds which should be taken into account during the various stages of implementation.

Since IPA will prepare Croatia for the Structural Funds (the ESF in particular), the HRDOP was designed and will be implemented in accordance with Article 16 of the SF regulation, which states that appropriate steps shall be taken to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the various stages of implementation. In relation to gender equality in particular, a gender mainstreaming approach will be combined with specific action to increase the sustainable participation and progress of women in employment (under Priority Axes 2).

To ensure that these principles are taken into account at all levels of implementation, the following procedures will be adopted:

**Participation of the representatives of the Government Office for Gender Equality and the Government Office for Human Rights** will be ensured in the work of the Sectoral Monitoring Committee, in order to monitor implementation of the principle of gender equality and anti-discrimination;

The requirement to ensure and demonstrate gender equality and non-discrimination in the operation of IPA projects will be included in both **information and publicity campaigns**, and materials provided during calls for proposals / tender processes;

**Applicants** for IPA assistance will be expected to demonstrate how their project promotes equal opportunities or otherwise takes account of potential gender bias (e.g. by providing gender segregated information on the local labour market, and the efforts of the project to overcome any barriers to equality);

Gender and anti-discrimination implications will be taken into account through the **project appraisal process and selection criteria**;

The requirement to observe equality of opportunity and avoid discrimination during project implementation will be built into **agreements** with beneficiaries, and will be checked, as part of the **internal controls and independent audit** process;

The outputs and results **indicators** for projects will be broken down by gender where appropriate for the purposes of project and programme **monitoring**, as set out in section 3.2<sup>34</sup>;

Commentary will be prepared on operations linked to equal opportunities in the **annual implementation reports** of the Operational Programme;

The impact of the OP on gender equality will be considered as part of its **evaluation**, where relevant.

The Operating Structure will make sure that all operations co-financed by the IPA programme are in compliance with and contribute to the equal opportunities policy and legislation of the European Union.

### 3.3.2 Sustainable development and environment protection

There are no specific environmental measures in this Operational Programme. However, to ensure that sustainability and environmental protection are taken into account throughout programme management and implementation, the following procedures will be adopted:

The requirement for IPA to promote environmental protection & sustainable development will be included in both **information and publicity campaigns**, and materials provided during calls for proposals / tender processes;

**Applicants** for IPA assistance will be expected to demonstrate that their project will not have a detrimental environmental impact, to certify that it is environmentally neutral, and/or to present how the project will make a positive contribution to sustainable development; these factors will be taken into account through the project appraisal process and selection criteria, if appropriate; where appropriate, projects should be compliant with EU Environmental Impact Assessment standards

Any consequences of the appraisal of environmental impact during the selection stage will be reflected in **agreements** with beneficiaries, and will be checked, as part of the internal controls and audit process;

Commentary will be prepared on operations linked to environmental protection & sustainable development in the **annual implementation reports** of the Operational Programme;

The impact of the OP on environmental protection & sustainable development will be considered as part of its **evaluation**.

All necessary environmental impact assessment procedures will be carried out by MEPPPC or competent local authority. To implement the environmental impact assessment procedure, existing institutional structures will be used, and TA assistance will be sought to enhance professional capacity.

The Republic of Croatia has been performing environmental impact assessment for single developments since 1984, when the procedure was defined by the Act on Physical Planning and Spatial Development. Since 1994, when the Environmental Protection Act was adopted (OG 94/1994, 128/1999), the environmental impact assessment procedure is governed by this Act and its implementing regulation. The effective implementing regulation is the Ordinance on Environmental Impact Assessment (OG 59/00, 136/2004, 85/2006). The Act and Ordinance partly include requirements from Council Directive 85/337/EEC of 27 June 1985 as amended by 97/11/EEC and 2003/35/EC on the assessment of the effects of certain public and private projects on the environment, relating to: establishment of responsible bodies, EIA in a trans-boundary context, description of the EIA procedure, and assessment of direct and indirect effects.

The transposition of the remaining provisions of the Directive into Croatian legislation will be ensured by adoption of the new Environmental Protection Act in the second half of 2007, and the implementation regulation on environmental impact assessment, in addition to it. In that sense the CARDS 2003 project "EIA Guidelines and Training", which started in July 2005 has been recently implemented. This project assisted in the transposition of Council Directive 85/337/EEC, as well as in the building of administrative capacities of

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<sup>34</sup> Please note, the indicators under priority axes will be broken down by gender where applicable



civil servants working on EIA at the national and county level, as well as in promoting public participation in the EIA procedure. Further capacity-building actions are likely to be required.

By adopting the new Environmental Protection Act and its subordinate special regulations:

the provisions of Directive 2001/42/EC of the European Parliament and Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment will be transposed,

the provisions of Council Directive 96/61/EC of 24 September 1996 on Integrated Pollution Prevention and Control (IPPC) will be transposed.

Moreover, a transposition of Directive 2004/35/EC of the European Parliament and Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage is envisaged. Recognised principles of environmental protection, including also the polluter pays principle, are already in force in Croatia.

### **3.4 Complementarities with other forms of assistance**

#### **3.4.1 Previous and planned EU assistance**

The programming of assistance from IPA takes account of the experience of previous EU assistance in the fields of human resources development and social inclusion. Attention is also focused on the need to co-ordinate IPA assistance with interventions financed by international financing institutions and international donors.

As an integral part of the review of all previous and planned EU assistance, all measures and their constituent operations under this Operational Programme will be assessed insofar as is feasible to ensure no duplication with such assistance.

Overall, EU assistance to Croatia has evolved from post-war re-construction and humanitarian aid (in the late 1990s) through stabilisation and association support (CARDS programme) to the use of three pre-accession programmes (Phare, ISPA and SAPARD) for 2005 and 2006. However, it remains the case that much EU assistance to Croatia has been devoted to alleviate the after effects of the war and that only relatively recently has the focus shifted to developing the capacity of the public administration at either the national or local level.

EU assistance in this area has so far targeted three sets of issues: policy development, institutional reform and capacity building and preparation for delivery of ESF through experience with grant schemes.

In the field of employment, projects aim at enhancing the administrative capacity at both national and local level, as well as preparing the administration for the effective absorption of future assistance under the European Social Fund, but to a limited degree.

A CARDS 2001 project, 'Labour Market Restructuring', started in the middle of 2003, and was completed at the end of 2005. This programme achieved the following:

A Labour Market Survey was conducted in four counties and subsequently based on the obtained results a Labour Market Study for these counties was undertaken.

A strategy for the Vocational Guidance Services was designed; 12 counsellors from the Vocational Guidance Department were trained to in turn train those in schools and the CES itself who provide students with information and counselling services about their opportunities on the labour market.

26 CES counsellors were trained to provide services to disabled and hard-to-place persons.

The CASCAiD Programme has been established in order to improve the system of vocational guidance.

Information equipment was purchased and installed in the CES Central and Regional Offices and 36 computers were also given to the Ministry of Science, Education and Sports for the needs of the CASCAiD Programme.

A donation contract for €1.500.000 was signed between the Fund for Development and Employment and the European Commission financing the work of Mobility Centres.

Seven Mobility Centres were established with the purpose of providing services for the workers in enterprises undergoing the process of restructuring. Counsellors for that work were also trained.

One of the lessons learned from the project related to the complexities of the preconditions that it was necessary to meet to establish mobility centres.

Under the CARDS 2002 and CARDS 2004 'Local Partnerships for Employment' projects, 8 counties benefited from technical assistance for establishing local partnerships for employment, developing county human resources strategies, setting up the accompanying institutional system and creating a project pipeline.

Four Regional Labour Market Councils (RLMC) and four thematic working groups on Human Resources Development have been established. It is planned that the counties in which they are based will benefit from a grant scheme aiming to promote access to employment (including self-employment) within the local labour markets.

The CARDS 2002 project was considered to be a success by all stakeholders except for the fact that no associated grant scheme was available immediately. The CARDS 2004 project was more successful in this regard but consideration still needs to be given to the sustainability of the partnerships established and to the fact that the county level may be too low a basis for formulating effective employment strategies; co-operation between counties to establish multi-county strategies (on the NUTS II level or below) also merits consideration. In any event, on the basis of the lessons learned from these two projects the local partnerships still need to be established in the other 13 counties of Croatia.

The CARDS 2003 project 'The Decentralization and Reorganization of the Croatian Employment Service' is expected to strengthen the regional and local capacity of the Croatian Employment Service using the promotion of skills, technological knowledge and experience necessary for the decentralized activities of the CES, which will result in a more direct involvement in the local developmental needs and initiatives. The outputs and impact of this project should be evaluated on its completion to draw conclusions regarding the further de-centralisation of the CES. At the same time, appropriate account will be taken of the CES's on-going modernisation as assisted under this Operational Programme.

The Phare 2005 project 'Active Employment Measures for Groups Threatened by Social Exclusion' has recently started. The aim of the project is to facilitate access to the labour market by unemployed persons threatened by social exclusion using active labour market policies tailored to their needs. The following results are expected from this project and will be closely monitored in the context of appropriate complementarity and synergy with this Operational Programme:

- In-depth analysis of the existing employment incentive measures;
- Designing a new range of measures which will build, as appropriate, on previous measures and their follow-up evaluation
- In the context of the on-going modernisation process referred to above, higher professional capacity of the CES in designing and implementing active employment policies;
- Raised level of employability of the groups threatened by social exclusion.

The reform of the VET sector was one of the primary targets of the CARDS programme. In particular, the process of modernisation of the Croatian VET system has received continuous TA support. A VET strategy and a proposal for the content of VET legislation was elaborated with support of CARDS 2002 VET: Modernisation and Institution building programme.

A grant scheme, launched within the same programme and implemented under the CARDS 2003 VET Project aims to improve the quality and responsiveness of vocational education and training in Croatia through the development of partnership-based initiatives to raise the quality and responsiveness of VET and increase its relevance to the needs of the labour market and individuals. The Grant Scheme within the

CARDS 2003 project was successful in terms of the number of applications received but the 'centres of excellence' approach was not pursued as originally intended. However, this concept, as well as wider VET reform, will be given further consideration in the context of future developments both under component IV and future ESF.

These CARDS projects are also supporting the development of Sector Councils and the creation of new qualifications and learning programmes. The CARDS programme will also assist in developing modern and flexible concept of adult education for Croatia in line with new labour market requirements, the lifelong learning approach and EU best-practice examples.

In the social inclusion sphere, interventions under the Phare programme will support full participation of the Roma and other minorities in the economic, educational, cultural and social life of Croatian society.

A CARDS 2002 project supporting Social service delivery by the non-profit sector ended in 2006. This marked the first substantial support to partnerships with the voluntary sector in the provision of social services. Key outputs included technical assistance to the National Foundation for Civil Society Development, line ministries and end-beneficiaries as well as implementation of the Grant Scheme. 105 project proposals were submitted, ten selected and nine completed.

A CARDS 2003 project supporting Social service delivery by the non-profit sector continues to support the innovative capacities of NGOs in this area and another such project is ongoing under CARDS 2004.

A CARDS programme in the higher education sector has been focusing on legal approximation and strengthening the administrative capacity of the relevant state administration bodies for the implementation of the aligned legislation. This primarily relates to the issues of accreditation and quality assurance of higher education institutions, with the aim of removing the obstacles for the mobility of students and creation of a flexible labour market.

Through the TEMPUS programme, the Croatian authorities and universities acquired experience in the management of grant schemes in the field of higher education. The National Tempus office is placed within the Agency for Science and Higher Education and it is responsible for coordinating the implementation of the TEMPUS program; in the experience in the management of grant schemes remains within various universities, which are the main beneficiaries of the TEMPUS programme.

Through the projects listed in the table below, administrative capacity has been improved to the point where it provides some basis for the management, implementation, audit and control of future ESF type measures. However, many areas (such health and safety at work, antidiscrimination, social dialog and gender equality policy) have not yet been addressed.

### EU-financed Projects in Croatia (2001-2006) relevant to HRD OP.

Programme/Year	Project Title	Status
CARDS 2001	Human Capital – Vocational Education and Training	completed
CARDS 2001	Labour Market Restructuring	completed
CARDS 2002	Vocational Education and Training: Modernisation and Institution Building	completed
CARDS 2002	Social service delivery by the non-profit sector	completed
CARDS 2002	Local Partnership for Employment	completed
CARDS 2002	Higher Education Mobility: Diploma Recognition Policy and Legislation	completed
CARDS 2003	Support to National Development Planning	ongoing
CARDS 2003	Upgrading of Vocational Education and Training Schools – Establishing Centres of Excellence	ongoing
CARDS 2003	Social Service Delivery by the Non-profit Sector	ongoing
CARDS 2003	Decentralisation and Reorganisation of the Croatian Employment Service	ongoing
CARDS 2003	Furtherance of the Agency for Science and Higher Education in its Quality Assurance Role and the Development of a Supporting Information System	ongoing
CARDS regional 2003	Social Institutions support project.	ongoing
CARDS 2004	Adult Learning	planned
CARDS 2004	Social Service Delivery by the Non-profit Sector	ongoing
CARDS 2004	Local Partnership for Employment – Phase II	ongoing
Phare 2005	Active Employment Measures for Groups Threatened by Social Exclusion	ongoing
Phare 2005	Roma Support Project	planned
Phare 2006	Roma Support Project	planned
Phare 2006	IB for all elements of IPA/SF structures – follow up to first CARDS 2003 project listed above	planned
Phare 2006	IPA project pipeline preparation	planned

- *Previously implemented activities regarding civil society sector:* CARDS 2001 “Capacity Building of the Civil Society Organisations in the Areas of Special State Concern”, (0,5 m€)
- CARDS 2001 “Small Scale Operations”, (1,0 m€)
- CARDS 2002 “Promotion of Democracy and Human Rights”, (0,5 m€)
- CARDS 2002 “Social Service Delivery by the Non-Profit Sector”, TA (0,59 m€)
- USAID 1998 -2001 “NGO Development Programme”, (2,85 m\$)
- USAID “NGO Legal Reform initiative”, (0,2 m \$)
- USAID "CroNGO I - Support for Croatia's Non-Governmental Organizations" 2002-2005, (5,1 m\$)
- DFID - «Building Strategic Partnerships between Government and CSOs», (0,9 m€)

- YouthNET – European School, Youth and Community Network. “Development of Regional and International Cooperation of Organizations of Youth, Schools and Communities”, (0,3 m€)
- Life III 2002 – “Building up a National Ecological Network as part of the Pan-European Ecological Network and NATURA 2000 (CRO - NEN),
- CARDS 2002 “Social Service Delivery by the Non-Profit Sector”, Grant scheme (0,7 m€)
- CARDS 2003 – Capacity Building and Grants to Civil Society Organizations in Social Services (0,5 m€)
- CARDS 2003 “Support of Civil Society Active in the Field of Environment”, (0,2 m€)
- CARDS -"Good Governance and the Rule of Law (CARDS 2003 0,5 m€ and CARDS 2004 0,7 m€ )
- USAID "CroNGO II - Support for Croatia's Non-Governmental Organizations" 2005-2007, (6,7 m\$)
- CARDS 2003 "Social Service Delivery by the Non-Profit Sector", TA (0,5 m€)
- European Initiative for Democracy and Human Rights "Micro-project scheme" (0,25 m€)
- USAID - "CroNGO - Support for Croatia's Non-Governmental Organizations" (5,1 m€)
- UNDP programme “Millennium Development Goals” (approx. 35 000\$)
- USAID "CroNGO - Support for Croatia's Non-Governmental Organizations 2005-2007” (6 m\$)
- LIFE 2002 project “Building up National Ecological Network as a part of the Pan-European Ecological Network and NATURA 2000 (CRO-NEN)” LIFE 2002 project “Conservation and Management of Wolves in Croatia” “Pilot project Emerald Network in Croatia” (€539 700)
- World Bank’s Karst Ecosystem Conservation Project (KEC) (8,3 m\$)
- CARDS 2002 project “Capacity building of the State Institute for Nature Protection”
- The PHARE 2005 project “Institutional Building and Implementation of NATURA 2000 in Croatia” (€497 000)
- The project „Capacity building of local public institutions for management of protected natural values, in process of legislative alignment with EU” (150 000 €)
- The project “Protected Areas Management System (PAMS) - Phase II - capacity building for county public institutions (CPI) for management of protected areas” (1,3 m€)
- CARDS 2004 “Social Service Delivery by the Non-Profit Sector” (2m€)
- CARDS 2004 “Support to Civil Society Organisations active in the Field of Environmental Protection and Sustainable Development” (0,7€)
- PHARE 2006 “Enabling Active Contribution of the Civil Society Sector in the Pre-accession Period” (3,0 m€)
- Community Programme “Europe for Citizens” 2007-2013
- PHARE 2005 (Project Preparation Facility) “Capacity-Building for the Council for Civil Society Development and the Government Office for Cooperation with NGOs”, 2008 (39 400 €)
- PHARE 2006 (Project Preparation Facility) “Capacity building for the Government Office for Cooperation with NGOs in the monitoring and the evaluation of the IPA project”, 2008-09 (52 360 €)

*Current and prospective actions:*

- IPA 2008 “Enhancing the capacities of the civil society sector for the monitoring of implementation of the EU Acquis”, 2010 (3 m€)
- IPA 2009 “Enhancing the Sustainability and the Development of Civil Society Organizations (CSOs) as Proactive Social Actors in the Implementation of the EU Acquis) (3,125 m€)
- IPA 2010 “Assisting Civil Society Organisations in developing, implementing and monitoring public and Acquis related policies (under Civil Society Facility)” (3 m€)
- Capacity Building of Civil Society in the IPA Countries and Territories – Croatia
- Continued public funding provided to advocacy oriented CSOs, primarily by the National Foundation for Civil Society Development, Government Office for Human Rights and the Government Office for National Minorities
- The project „Strategic Partnership for the Mediterranean Sea Large Marine Ecosystem - Pilot-project for Croatian marine protected areas “(MedPan) (2008-2013) (640 000 €)
- The Dinaric Arc Ecoregion Project (2007-2011) (1,15 m€)
- IPA 2007 TAF “Identification and Setting-up of the marine part of NATURA 2000 network in Croatia – Marine NATURA 2000”(€525 700).

- IPA 2007 TAF “Development of faunistic and speleological databases (CRO fauna and CRO-speleo)”(€300 000).
- IPA 2009 TAIB “Natura 2000 management and monitoring”(1,25 m€).
- EU NATURA 2000 Integration Project (NIP)(20,8 m€)
- In addition, CSOs are being provided support through People 2 People visit programmes to stimulate civic participation in the region by offering individuals and CSOs the possibility of participating in short-term visits to EU institutions and organisations, becoming familiar with a number of key EU policies and legislation and creating the opportunity for CSOs to interact network and significantly influence public policy.
- In 2008 Croatian CSOs as applicant and/or partner participated in more than 5 projects within the EU Programme Europe for Citizens
- In 2009 Croatian CSOs as applicant and/or partner participated in over 10 projects within the EU Programme Europe for Citizens
- In 2010 Croatian CSOs as applicant and/or partner participated in 27 projects within the EU Programme Europe for Citizens
- Participation of Croatian CSOs in the Programme Progress
- Participation of Croatian CSOs in the EU Programme Culture 2007 – 2013
- Participation of Croatian CSOs in EU Youth in Action Programme

#### 3.4.2 Principles governing complementarity with IPA Component I

Component I may be used to re-enforce institutional capacity and to finance preparation for management and implementation of future ESF but only to the extent that this is not already covered by Component IV (under which this is explicitly mentioned in the IPA Implementing Regulation as an eligible activity).

Given the variety and scale of projected demands on Component I, it is not envisaged to make wide use of it in support of preparations for the management of ESF with the possible exception of 'twinning' projects set at either the level of component IV itself or in conjunction with component III and the wider IPA arrangements. In any event, it is envisaged that Component I will make a significant contribution towards improving the effectiveness of the public administration generally that will complement the delivery of HRDOP and preparations for ESF management through assistance delivered under Component IV.

Accordingly, Component I may contribute to varying degrees in financing related activities such as:

- the modernization of mainstream education provision and the strengthening of administrative capacity in this area;
- upgrading legislative provision for health and safety at work and the enforcement of this and labour law in general;
- alignment with the *acquis* in relation to both labour law and anti-discrimination and gender equality matters.

#### 3.4.3 Complementarity with the Regional Competitiveness OP

Under the RC OP, two operational priority axes are included as follows -

- *Improving the development potential of lagging-behind regions*
- *Enhancing the competitiveness of the Croatian economy.*

For its part, the HRD OP contains three operational priority axes, namely

- *Enhancing access to employment and sustainable inclusion in the labour market*
- *Reinforcing social inclusion of people at a disadvantage*
- *Enhancing human capital and employability.*

It is clear that the implementation of the measures under the RCOP Priority Axes will strengthen the potential for achieving a more efficient labour market. At the same time, the measures implemented under this Operational Programme should contribute to the development of a more cohesive and competitive Croatian economy.

In the context of developing "complementarity" across both OPs, the combination of the proposals presented in the table hereunder should achieve a net effect of strengthening cohesion as well as competitiveness. While all such proposals will be assessed in terms of appropriate delivery mechanisms, their acceptance and implementation will be determined at the level of the individual activities undertaken including the application of appropriate selection criteria which reflect the objectives of both OPs.

Also in the context of achieving a wider complementarity, certain indirect effects will also contribute to this objective. In particular, the overall strengthening of cohesion and competitiveness should promote an *increased and sustainable demand for an appropriately qualified workforce* in line with Priority Axes 1 and 3 of this Operational Programme. At the same time, the results arising under Priority Axis 2 (*Reinforcing social inclusion of people at a disadvantage*) should also contribute towards this objective though less immediate in terms of impact.

Priority Axis 1 (HRD OP)	RC OP/HRD OP complementarity
<p><b>Priority axis 1 (HRD OP)</b></p> <p><i>Enhancing access to employment and sustainable inclusion in the labour market</i></p>	<p>Measure 1 will focus on the establishment of Local Employment Partnerships (LEPs) in each Croatian county; moreover, since the first eight such LEPS are already established in the lagging-behind regions, 'inter-county partnerships' will be promoted in these areas.</p> <p>A 'pilot lifelong career guidance centre' will be established through Measure 2 and located in a disadvantaged area with a local 'Centre for SMEs' included as a partner. At the same time, activities of a more horizontal nature will incorporate specific selection criteria which take account of regional disadvantage.</p>
<p><b>Priority axis 2 (HRD OP)</b></p> <p><i>Reinforcing social inclusion of people at a disadvantage</i></p>	<p>For both Measures proposed under <b>Priority Axis 2</b> (<i>Supporting access to employment <u>and</u> to education by disadvantaged groups</i>), new activities will also be developed which focus specifically on regional disadvantage and will be supported by more horizontally-based activities which will also build in this focus through specific selection criteria.</p>

<p><b>Priority Axis 3 (HRD OP)</b></p> <p><i>Enhancing human capital and employability</i></p>	<p>Under Measure 1 (<i>Strengthening the development of Croatian Qualifications Framework</i>), the development of initial curricula will include IT and Biotechnology-related<sup>48</sup> disciplines and will involve representatives of the '<i>ICT cluster</i>' and '<i>Biotechnology Incubator</i>' projects under <b>Priority Axis 2 of the RCOP</b> in the work of the relevant VET Sectoral Councils charged with curricula development in these sectors; moreover, a significant proportion of the 'model' schools to be supported under the VET innovation fund will be located in the lagging-behind regions.</p> <p>Under Measure 2 (<i>Strengthening the provision of lifelong learning and professional higher education</i>), steps will be taken to ensure that activities related to lifelong learning will also focus on disadvantages areas.</p>
<p><b>Priority Axis 1 (RC OP)</b></p> <p><i>Improving the development potential of lagging-behind regions</i></p>	<p>Because of their 'geographical' focus, the activities supported under this measure will target certain groups of disadvantaged, in particular those located within the lagging-behind regions. In addition, further priority may also be given to projects which promote increased employment particularly for groups most affected by other forms of disadvantage including the long-term unemployed, women, the disabled and minority groups.</p>
<p><b>Priority Axis 2 (RC OP)</b></p> <p><i>Enhancing the competitiveness of the Croatian economy.</i></p>	<p>Training and capacity-building activities supported under this Priority Axis will be complementary to the wider role of the HRD OP. In particular, they will focus on targeted consultancy services for SMEs as well as support which contributes to the creation and growth of technological and knowledge-based 'spin-offs' (mostly from universities and research establishments) as well as SMEs through enhanced infrastructure and access to technology and business development services especially for high value-added sectors.</p>
<p><b>Priority axe 5 (HRD OP)</b></p> <p><i>Strengthening the role of civil society for better governance</i></p>	<p>Support given to the social partners (trade unions and employers' associations) will enable more qualitative framework for developing more flexible and adaptive labour market policies with the aim of supporting the development of the Croatian economy and its entrepreneurs.</p>
<p><b>Priority Axis 1 (Regional Competitiveness - RC OP)</b></p> <p><i>Improving the development potential of lagging-behind regions</i></p>	<p>Targeting the enhancement of sectoral branches of the trade unions will provide support in developing the labour policy measures in the lagging behind regions.</p>

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<sup>48</sup> NB – these could include basic laboratory technology and support skills as well as advanced vocational qualifications in research activity.



<p><b>Priority Axis 2 (RC OP)</b>  <b>Enhancing the competitiveness of the Croatian economy.</b></p>	<p>By conducting and insisting on continuity of consultations, negotiations, information-sharing and joint actions undertaken by the social partner organisations representing the two sides of industry (owners and labour), the private firms will have a clear framework for exercising the potentials for competitiveness in its labour component part.</p>
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In practice, co-ordination and complementarity between these two OPs will be assured by cross-membership of their respective sectoral Monitoring Committees. See Chapter 5 for details.

#### 3.4.4 Other OPs and IPA components

In relation to **Component II**, Cross-Border Cooperation - CBC, the position will be monitored closely with the relevant authorities particularly in view of the fact that CBC OPs together potentially cover Croatia's whole national territory while the measures they support may be similar to those supported by HRDOP.<sup>36</sup>

Under **Component V** (Rural Development), it is envisaged that this will cover specific training of farmers with more general training being included under component IV. Here also, the position will be monitored closely by the Sectoral Monitoring Committee for the IPARD OP (in which the Commission, DG AGRI, will participate in an advisory capacity) including all support provided under national training schemes to meet the specific training needs of farmers.

Though likely to arise only in particular circumstances, complementarity with both the Transport and Environment Operational Programmes will also be carefully monitored with the relevant authorities.

As specified under chapter 5.1, a number of institutional arrangements have been established to promote complementarity and coherence between the various Components of IPA and the OPs that they support. To this end, CODEF will assume overall responsibility for coordinating programming and monitoring activities under the IPA programme in Croatia while its Department for EU Programmes in the Field of Capacity Building for EU Accession will be responsible for co-ordinating IPA **Components I, II and V**. For its part, the Department for EU Programmes in the Field of Economic and Social Cohesion will assume responsibility for the co-ordination of IPA **Components III and IV**.

In addition to the overall co-ordination function that will be assumed by the IPA Monitoring Committee, representatives of the Sectoral MCs for Component II (Cross-Border Cooperation) and Component V (Rural Development) will be invited, as deemed appropriate, to attend the RCOP/HRDOP Monitoring Committees. The committees will be chaired by the Deputy State Secretary of CODEF who has also coordinating responsibility for the elaboration of all four OPs.

#### 3.4.5 IFIs and other international donors

The **World Bank** approved a US\$ 85 million (€ 67.8 million) loan for an Education Sector Development Project (ESDP) in 2005. The overall objective of the ESDP is '*to improve teaching and learning at all levels*'.

Key priorities of the ESDP include **(i)** the establishment of an externally administrated school-leaving examination (*Matura*) and the introduction of evaluation practices at system and institutional levels; **(ii)** the development of decision support systems, such as an Education Management Information System; **(iii)** efforts to improve management, including policy development, planning and financial management

<sup>36</sup> From early drafts that we have seen of the CBC OPs that Croatia is elaborating with Hungary and Slovenia, it appears that there is relatively little danger of overlap with HRDOP but there should still be scope to promote complementarity.

capacities at the central level; administration and coordination capacities at the regional level, and educational leadership at the school level, and (iv) school-level improvement and the creation of professional learning communities in schools by training school curriculum specialists, in-service training for teachers, new teaching and learning facilities, upgrading regional teacher training centres and new curriculum materials for teachers.

Implementation of the project started in 2006 and will be used also for financing physical infrastructure for VET schools, combined with national co-funding. The preparatory phase of the project has identified a number of 'teething problems' with regard to institutional capacity of the MSES, including the need to develop a coherent vision for education development and a detailed implementation plan on the use of the funds over the forthcoming period.

Given the nature and scope of this project, steps will be taken to ensure that it is closely monitored with all policy, operational and capacity aspects of the education-related measures included in this Operational Programme.

A World Bank Social Welfare Development Project (of which the main beneficiary is the MHSW) is providing a 31 M EUR loan which the Government of the Republic of Croatia is co-financing with 14 M EUR, and for which the Swedish International Development Agency has approved the donation of 1,6 M EUR.

The SWDP includes the three components: to improve the quality of social services and to reduce the proportion of residential care; to improve the premises of social welfare institutions; and to develop the information – operating system.

Other major bilateral donors include:

**GTZ, Germany** (€1million VET project; focusing on the 3-year VET stream, fostering schools of excellence)

**Kulturkontakt, Austria** (projects in the tourism sector, on entrepreneurship training and the training of school managers) and

**DfID, UK**: The project '*Strengthening Labour Market Strategies in Croatia and Service Delivery in the Croatian Employment Service*' was financially supported by the British Department for International Development and under the professional leadership of experts from the British Department for International Development, Department for Work and Pensions and Department for Education and Skills. The main objective of the project was to strengthen the Social Policy Framework for the development of Croatia's National Employment Action Plan and to support the development of the Croatian Employment Service. It consists of two components:

- The development of the first National Employment Action Plan in accordance with European Employment Strategy;
- Development and implementation of training and skills development programme for staff in the Croatian Employment Service.

The implementation of the project started in January 2003 and finished at the end of 2004. The National Action Plan for Employment was approved by the Government of the Republic of Croatia in December 2004. Also of particular relevance are the following –

**Austrian Ministry of Economics and Labour, Austria**: In 2006 the project '*Evaluation of Active Labour Market Policy Measures in Croatia*' started. It has been financially supported by Austrian Ministry of Economics and Labour and implemented by the L&R Social Research Institute from Vienna and the Croatian Employment Service. The project will be continued in 2007 and will be closely monitored in the context of the PHARE 2005 project on '*Active Employment Measures for Groups threatened by Social Exclusion*'.

**The Swedish National Labour Market Board, Sweden**: 2-day seminar for the Croatian Employment Service staff "Swedish experiences on European Social Fund projects implementation" was delivered in May 2006.

Insofar as is feasible, and to ensure complementarity of the above-mentioned donor activities with this Operational Programme, the Head of the Operating Structure, together with the relevant authorities, shall

ensure that the principles of Article 9 of the IPA Implementing Regulation (coherence of implementation of assistance) are respected.

### **3.5 Indicative list of major projects**

No major projects are envisaged under the HRD OP in accordance with the provisions of Article 157.2 of the draft IPA Implementing Regulation (i.e. requiring an IPA contribution of more than ten million euros).

#### 4. Financial tables

##### 4.1 Calculation of European Union contribution

###### 4.1.1 MIPD indicative financial weightings (major areas of intervention)

Priority	MIPD 2007 - 2009	OP HRD 2007-2009	MIPD 2009-2011	OP HRD 2010-2011	OP HRD 2012-2013
1. Attracting and retaining more people in employment	30-40 %	39%	30-40%	30%	28%
2. Improving adaptability of enterprises and workers	20-30 %	0%	10-20%	11%	14%
3. Increasing human capital investment	30-40 %	32%	35-40%	34%	27%
4. Strengthening administrative capacity	10-20 %	19%	15-20%	16%	8%
5. Strengthening the role of civil society for better governance	/	/	/	/	13%
Technical Assistance	10%	10%	10%	9%	10%
Total	100-140%	100%	100-130%	100%	100%

The above table shows an identifiable shift from the indicative allocations set out under the '*major areas of intervention*' in the first MIPD. This reflects a subsequent in-depth assessment of needs in Croatia indicating that, for the MIPD major areas of intervention on

- *improving the adaptability of enterprises and workers, and*
- *increasing human capital investment*

greater focus would be given in the initial phase of the programme towards further strengthening policy and operational capacity within the relevant institutions and partners as well as developing the analytical basis for the further 'roll-out' of related activity.

###### 4.1.2 Application of Article 153 of IPA Implementing Regulation

Eligible expenditure proposed for co-financing under IPA Component IV shall be based on the public expenditure in accordance with Article 153.1 of the IPA Implementing Regulation.

Moreover, the European Union contribution shall not exceed the ceiling of 85% of the eligible expenditure at the level of each priority axis.

No operation will benefit from a higher co-financing rate than the one relating to the priority axis concerned.

###### 4.1.3 Programme duration

Within the framework of the programme duration, the Financial Tables set out hereunder will be reviewed on a rolling 3-year basis

YEAR 2007	Total Public expenditure	Public expenditure		IPA co-financing rate	For information
		EU Contrib. (IPA)	National Public Contrib.		Other (IFI, etc)
	(1) =(2) + (3)	-2	-3	(4)=(2)/(1)	
	(Eur)	(Eur)	(Eur)	(%)	(Eur)
<b>Priority Axis 1 Enhancing access to employment and sustainable inclusion in the labour market</b>	<b>4.411.765</b>	<b>3.750.000</b>	<b>661.765</b>	<b>85%</b>	
Measure 1.1 Supporting the design and implementation of active and preventative labour market policy					
Measure 1.2 Supporting the effectiveness and quality of Croatia's public employment services					
<b>Priority Axis 2 Reinforcing social inclusion of people at a disadvantage</b>	<b>1.764.706</b>	<b>1.500.000</b>	<b>264.706</b>	<b>85%</b>	
Measure 2.1 Supporting access to employment by disadvantaged groups					
Measure 2.2 Supporting access to education by disadvantaged groups					
Measure 2.3 Development of social services to improve employment opportunities					
<b>Priority Axis 3 Enhancing human capital and employability</b>	<b>5.882.353</b>	<b>5.000.000</b>	<b>882.353</b>	<b>85%</b>	
Measure 3.1 Further development of the Croatian Qualifications Framework					
Measure 3.2 Strengthening the provision of Adult Learning					
Measure 3.3 Supporting quality and effectiveness of the institutions responsible for the policy design and provision of education and training					
<b>Priority Axis 4 Technical assistance</b>	<b>1.325.883</b>	<b>1.127.000</b>	<b>198.883</b>	<b>85%</b>	
Measure 4.1 Project preparation					
Measure 4.2 Programme management and capacity-building					
<b>Total Year 2007</b>	<b>13.384.707</b>	<b>11.377.000</b>	<b>2.007.707</b>	<b>85%</b>	

		Public expenditure			For information
<b>YEAR 2008</b>	Total Public expenditure	EU Contrib. (IPA)	National Public Contrib.	IPA co-financing rate	Other (IFI, etc)
	(1) =(2) + (3)	-2	-3	(4)=(2)/(1)	
	(Eur)	(Eur)	(Eur)	(%)	(Eur)
<b>Priority Axis 1 Enhancing access to employment and sustainable inclusion in the labour market</b>	<b>3.411.765</b>	<b>2.900.000</b>	<b>511.765</b>	<b>85%</b>	
Measure 1.1 Supporting the design and implementation of active and preventative labour market policy					
Measure 1.2 Supporting the effectiveness and quality of Croatia's public employment services					
<b>Priority Axis 2 Reinforcing social inclusion of people at a disadvantage</b>	<b>4.117.648</b>	<b>3.500.000</b>	<b>617.648</b>	<b>85%</b>	
Measure 2.1 Supporting access to employment by disadvantaged groups					
Measure 2.2 Supporting access to education by disadvantaged groups					
Measure 2.3 Development of social services to improve employment opportunities					
<b>Priority Axis 3 Enhancing human capital and employability</b>	<b>5.882.353</b>	<b>5.000.000</b>	<b>882.353</b>	<b>85%</b>	
Measure 3.1 Further development of the Croatian Qualifications Framework					
Measure 3.2 Strengthening the provision of Adult Learning					
Measure 3.3 Supporting quality and effectiveness of the institutions responsible for the policy design and provision of education and training					
<b>Priority Axis 4 Technical assistance</b>	<b>1.529.412</b>	<b>1.300.000</b>	<b>229.412</b>	<b>85%</b>	
Measure 4.1 Project preparation					
Measure 4.2 Programme management and capacity-building					
<b>Total Year 2008</b>	<b>14.941.178</b>	<b>12.700.000</b>	<b>2.241.178</b>	<b>85%</b>	

		Public expenditure			For information
<b>YEAR 2009</b>	Total Public expenditure	EU Contrib. (IPA)	National Public Contrib.	IPA co-financing rate	Other (IFI, etc)
	(1) = (2) + (3)	-2	-3	(4) = (2) / (1)	
	(Eur)	(Eur)	(Eur)	(%)	(Eur)
<b>Priority Axis 1 Enhancing access to employment and sustainable inclusion in the labour market</b>	<b>3.352.942</b>	<b>2.850.000</b>	<b>502.942</b>	<b>85%</b>	
Measure 1.1 Supporting the design and implementation of active and preventative labour market policy					
Measure 1.2 Supporting the effectiveness and quality of Croatia's public employment services					
<b>Priority Axis 2 Reinforcing social inclusion of people at a disadvantage</b>	<b>4.705.883</b>	<b>4.000.000</b>	<b>705.883</b>	<b>85%</b>	
Measure 2.1 Supporting access to employment by disadvantaged groups					
Measure 2.2 Supporting access to education by disadvantaged groups					
Measure 2.3 Development of social services to improve employment opportunities					
<b>Priority Axis 3 Enhancing human capital and employability</b>					
Measure 3.1 Further development of the Croatian Qualifications Framework	<b>7.000.000</b>	<b>5.950.000</b>	<b>1.050.000</b>	<b>85%</b>	
Measure 3.2 Strengthening the provision of Adult Learning					
Measure 3.3 Supporting quality and effectiveness of the institutions responsible for the policy design and provision of education and training					
<b>Priority Axis 4 Technical assistance</b>					
Measure 4.1 Project preparation	<b>1.647.059</b>	<b>1.400.000</b>	<b>247.059</b>	<b>85%</b>	
Measure 4.2 Programme management and capacity-building					
<b>Total Year 2009</b>	<b>16.705.884</b>	<b>14.200.000</b>	<b>2.505.884</b>	<b>85%</b>	

		Public expenditure		IPA co-financing rate	For information
		Total Public expenditure	EU Contrib. (IPA)		National Public Contrib.
<b>YEAR 2010</b>					
	(1) =(2) + (3)	-2	-3	(4)=(2)/(1)	
	(Eur)	(Eur)	(Eur)	(%)	(Eur)
<b>Priority Axis 1 Enhancing access to employment and sustainable inclusion in the labour market</b>	<b>4.625.806</b>	<b>3.931.934</b>	<b>693.872</b>	<b>85%</b>	
Measure 1.1 Supporting the design and implementation of active and preventative labour market policy					
Measure 1.2 Supporting the effectiveness and quality of Croatia's public employment services					
<b>Priority Axis 2 Reinforcing social inclusion of people at a disadvantage</b>	<b>5.640.266</b>	<b>4.794.224</b>	<b>846.042</b>	<b>85%</b>	
Measure 2.1 Supporting access to employment by disadvantaged groups					
Measure 2.2 Supporting access to education by disadvantaged groups					
Measure 2.3 Development of social services to improve employment opportunities					
<b>Priority Axis 3 Enhancing human capital and employability</b>	<b>6.444.280</b>	<b>5.477.636</b>	<b>966.644</b>	<b>85%</b>	
Measure 3.1 Further development of the Croatian Qualifications Framework					
Measure 3.2 Strengthening the provision of Adult Learning					
Measure 3.3 Supporting quality and effectiveness of the institutions responsible for the policy design and provision of education and training					
<b>Priority Axis 4 Technical assistance</b>	<b>1.760.243</b>	<b>1.496.206</b>	<b>264.037</b>	<b>85%</b>	
Measure 4.1 Project preparation					
Measure 4.2 Programme management and capacity-building					
<b>Total Year 2010</b>	<b>18.470.595</b>	<b>15.700.000</b>	<b>2.770.595</b>	<b>85%</b>	



		Public expenditure			For information
<b>YEAR 2011</b>	Total Public expenditure	EU Contrib. (IPA)	National Public Contrib.	IPA co-financing rate	Other (IFI, etc)
	(1) =(2) + (3)	-2	-3	(4)=(2)/(1)	
	(Eur)	(Eur)	(Eur)	(%)	(Eur)
<b>Priority Axis 1 Enhancing access to employment and sustainable inclusion in the labour market</b>	<b>4.714.196</b>	<b>4.007.066</b>	<b>707.130</b>	<b>85%</b>	
Measure 1.1 Supporting the design and implementation of active and preventative labour market policy					
Measure 1.2 Supporting the effectiveness and quality of Croatia's public employment services					
<b>Priority Axis 2 Reinforcing social inclusion of people at a disadvantage</b>	<b>5.783.273</b>	<b>4.915.781</b>	<b>867.492</b>	<b>85%</b>	
Measure 2.1 Supporting access to employment by disadvantaged groups					
Measure 2.2 Supporting access to education by disadvantaged groups					
Measure 2.3 Development of social services to improve employment opportunities					
<b>Priority Axis 3 Enhancing human capital and employability</b>	<b>6.532.189</b>	<b>5.552.359</b>	<b>979.830</b>	<b>85%</b>	
Measure 3.1 Further development of the Croatian Qualifications Framework					
Measure 3.2 Strengthening the provision of Adult Learning					
Measure 3.3 Supporting quality and effectiveness of the institutions responsible for the policy design and provision of education and training					
<b>Priority Axis 4 Technical assistance</b>	<b>1.793.876</b>	<b>1.524.794</b>	<b>269.082</b>	<b>85%</b>	
Measure 4.1 Project preparation					
Measure 4.2 Programme management and capacity-building					
<b>Total Year 2011</b>	<b>18.823.534</b>	<b>16.000.000</b>	<b>2.823.534</b>	<b>85%</b>	

		<b>Public expenditure</b>		For information
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<b>YEARS 2012</b>	Total Public expenditure	EU Contrib. (IPA)	National Public Contrib.	IPA co financing rate	Other (IFI, etc)
	(1) =(2) + (3)	-2	-3	(4)=(2)/(1)	
	(Eur)	(Eur)	(Eur)	(%)	(Eur)
<b>Priority Axis 1 Enhancing access to employment and sustainable inclusion in the labour market</b>	<b>5.811.061</b>	<b>4.939.400</b>	<b>871.661</b>	<b>85%</b>	
Measure 1.1 Supporting the design and implementation of active and preventative labour market policy					
Measure 1.2 Supporting the effectiveness and quality of Croatia's public employment services					
<b>Priority Axis 2 Reinforcing social inclusion of people at a disadvantage</b>	<b>4.744.943</b>	<b>4.033.200</b>	<b>711.743</b>	<b>85%</b>	
Measure 2.1 Supporting access to employment by disadvantaged groups					
Measure 2.2 Supporting access to education by disadvantaged groups					
Measure 2.3 Development of social services to improve employment opportunities					
<b>Priority Axis 3 Enhancing human capital and employability</b>	<b>3.931.060</b>	<b>3.341.400</b>	<b>589.660</b>	<b>85%</b>	
Measure 3.1 Further development of the Croatian Qualifications Framework					
Measure 3.2 Strengthening the provision of Adult Learning					
Measure 3.3 Supporting quality and effectiveness of the institutions responsible for policy design and provision of education and training					
<b>Priority Axis 4 Technical assistance</b>	<b>1.933.891</b>	<b>1.643.800</b>	<b>290.091</b>	<b>85%</b>	
Measure 4.1 Project preparation					
Measure 4.2 Programme management and capacity-building					
<b>Priority Axis 5 Strengthening the role of civil society for better governance</b>	<b>2.283.765</b>	<b>1.941.200</b>	<b>342.565</b>	<b>85%</b>	
Measure 5.1 Promotion of Social dialogue					
Measure 5.2 Strengthening the role of Civil Society Organizations for socio-economic growth and					

democratic development					
<b>Total Year 2012</b>	<b>18.704.720</b>	<b>15.899.000</b>	<b>2.805.720</b>	<b>85%</b>	

		Public expenditure		IPA co financing rate	For information
		Total Public expenditure	EU Contrib. (IPA)		National Public Contrib.
<b>YEARS 2013</b>					
	(1) =(2) + (3)	-2	-3	(4)=(2)/(1)	
	(Eur)	(Eur)	(Eur)	(%)	(Eur)
<b>Priority Axis 1 Enhancing access to employment and sustainable inclusion in the labour market</b>	<b>3.174.718</b>	<b>2.698.500</b>	<b>476.218</b>	<b>85%</b>	
Measure 1.1 Supporting the design and implementation of active and preventative labour market policy					
Measure 1.2 Supporting the effectiveness and quality of Croatia's public employment services					
<b>Priority Axis 2 Reinforcing social inclusion of people at a disadvantage</b>	<b>2.550.943</b>	<b>2.168.300</b>	<b>382.643</b>	<b>85%</b>	
Measure 2.1 Supporting access to employment by disadvantaged groups					
Measure 2.2 Supporting access to education by disadvantaged groups					
Measure 2.3 Development of social services to improve employment opportunities					
<b>Priority Axis 3 Enhancing human capital and employability</b>	<b>2.113.648</b>	<b>1.796.600</b>	<b>317.048</b>	<b>85%</b>	
Measure 3.1 Further development of the Croatian Qualifications Framework					
Measure 3.2 Strengthening the provision of Adult Learning					
Measure 3.3 Supporting quality and effectiveness of the institutions responsible for policy design and provision of education and training					
<b>Priority Axis 4 Technical assistance</b>	<b>984.240</b>	<b>836.600</b>	<b>147.640</b>	<b>85%</b>	
Measure 4.1 Project preparation					
Measure 4.2 Programme management and capacity-building					
<b>Priority Axis 5 Strengthening the role of civil society for better governance</b>	<b>1.230.589</b>	<b>1.046.000</b>	<b>184.589</b>	<b>85%</b>	

Measure 5.1 Promotion of Social dialogue					
Measure 5.2 Strengthening the role of Civil Society Organizations for socio-economic growth and democratic development					
<b>Total Year 2013</b>	<b>10.054.138</b>	<b>8.546.000</b>	<b>1.508.138</b>	<b>85%</b>	

		Public expenditure		IPA co financing rate	For information
		Total Public expenditure	EU Contrib. (IPA)		National Public Contrib.
<b>YEARS 2007 - 2013</b>					
	(1) =(2) + (3)	-2	-3	(4)=(2)/(1)	
	(Eur)	(Eur)	(Eur)	(%)	(Eur)
<b>Priority Axis 1 Enhancing access to employment and sustainable inclusion in the labour market</b>	<b>29.502.253</b>	<b>25.076.900</b>	<b>4.425.353</b>	<b>85%</b>	
Measure 1.1 Supporting the design and implementation of active and preventative labour market policy					
Measure 1.2 Supporting the effectiveness and quality of Croatia's public employment services					
<b>Priority Axis 2 Reinforcing social inclusion of people at a disadvantage</b>	<b>29.307.662</b>	<b>24.911.505</b>	<b>4.396.157</b>	<b>85%</b>	
Measure 2.1 Supporting access to employment by disadvantaged groups					
Measure 2.2 Supporting access to education by disadvantaged groups					
Measure 2.3 Development of social services to improve employment opportunities					
<b>Priority Axis 3 Enhancing human capital and employability</b>	<b>37.785.883</b>	<b>32.117.995</b>	<b>5.667.888</b>	<b>85%</b>	
Measure 3.1 Further development of the Croatian Qualifications Framework					
Measure 3.2 Strengthening the provision of Adult Learning					
Measure 3.3 Supporting quality and effectiveness of the institutions responsible for policy design and provision of education and training					
<b>Priority Axis 4 Technical assistance</b>	<b>10.974.604</b>	<b>9.328.400</b>	<b>1.646.204</b>	<b>85%</b>	
Measure 4.1 Project preparation					
Measure 4.2 Programme management and capacity-building					
<b>Priority Axis 5 Strengthening the role of civil society for better governance</b>	<b>3.514.354</b>	<b>2.987.200</b>	<b>527.154</b>	<b>85%</b>	

Measure 5.1 Promotion of Social dialogue					
Measure 5.2 Strengthening the role of Civil Society Organizations for socio-economic growth and democratic development					
<b>Total Years 2007-2013</b>	<b>111.084.756</b>	<b>94.422.000</b>	<b>16.662.756</b>	<b>85%</b>	

## 5. Implementation provisions

### 5.1. Management and control structures

This chapter of the operational programme describes the systems and arrangements in place at the time of the formulation of the operational programme. However, a number of follow-up decisions regarding structures and responsibilities, as well as on management and information systems, will be taken in the context of the accreditation for conferral of decentralised management, which follows a different timing from the adoption of the operational programme. To this end, the Framework Agreement, as well as the Financing Agreement to be signed after conferral of decentralised management, will set out detailed provisions regarding management and control systems. The provisions in this chapter must therefore be understood as subject to later adaptations by the applicable provisions of these agreements, where required.

In the case of the Financing Agreement in particular, it will take precedence, where appropriate, over the provisions of this chapter in determining the basis under which the government of Croatia accepts the assistance provided under this operational programme.

#### 5.1.1 Bodies and authorities

Based on the IPA Implementing Regulation, the Croatian Government has adopted its own legal act/s to designate specific bodies for IPA management and implementation

Under the provisions of this Regulation, the following individuals/bodies have been or will be designated/established:

- National IPA Coordinator
- Strategic Coordinator for the regional development and the human resources development components
- Competent Accrediting Officer
- National Authorising Officer
- National Fund
- Audit Authority
- Operating Structure

With the exception of the Operating Structure and the role of the Strategic Coordinator, these bodies essentially perform tasks which are generally applicable to all IPA components in accordance with their functions specified in the relevant articles of the IPA Implementing Regulation

Accordingly, in line with the provisions of Article 7.3 of the afore-mentioned Regulation and as specified in the 'model' Framework Agreement adopted by the Commission on 6 July 2007 [ref C(2007) 3208 final – E/1368/2007], such functions will be incorporated under the **Framework Agreement** to be concluded between the Commission and the government of Croatia.

#### *Operating Structure*

This Operational Programme will be managed by the Head of the Operating Structure who will be responsible for the following functions in compliance with Article 28.2 of the IPA Implementing Regulation:

- drafting the annual or multi-annual programmes;
- programme monitoring and guiding the work of the sectoral monitoring committee as defined in Article 59, notably by providing the documents necessary for monitoring the quality of implementation of the programmes;
- drawing up the sectoral annual and final implementation reports defined in Article 61(1) and, after their examination by the sectoral monitoring committee, submitting them to the Commission, to the national IPA co-ordinator and to the National Authorising Officer;



- ensuring that operations are selected for funding and approved in accordance with the criteria and mechanisms applicable to the programmes, and that they comply with the relevant European Union and national rules;
- setting up procedures to ensure the retention of all documents required to ensure an adequate audit trail, in accordance with Article 20;
- arranging for tendering procedures and the follow-up contracting; making payments to, and recovery from, the final beneficiary;
- in the case of grant award procedures, ensuring that they are respected through a coordinated distribution of tasks between the line ministries and the implementing bodies concerned
- ensuring that all bodies involved in the implementation of operations maintain a separate accounting system or a separate accounting codification;
- ensuring that the National Fund and the National Authorising Officer receive all necessary information on the procedures and verifications carried out in relation to expenditure;
- setting up, maintaining and updating the reporting and information system;
- carrying out verifications to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decision, and the payment requests by the final beneficiary are correct. These verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate;
- ensuring internal audit of its different constituting bodies;
- ensuring irregularity reporting;
- ensuring compliance with the information and publicity requirements.

The Operating Structure will be composed of the following specific bodies in accordance with Article 31 of the IPA Implementing Regulation:

- The Ministry of Labour and Pension System (MLPS)
- The Ministry of Science, Education and Sports (MSES),
- The Ministry of Social Policy and Youth (MSPY),
- **Governmental Office for Cooperation with NGOs (GOCNGOs)**
- The Croatian Employment Service (CES),
- The Agency for Vocational Education and Training and Adult Education (AVETAE), and
- **National Foundation for Civil Society Development (NFCSD).**

Level of Responsibility	Titles of the bodies within the Operating Structure	Specific bodies within the Operating Structure Heads of specific bodies within the Operating Structure				
Operational Programme level	BROP-Body Responsible for OP	<p>The Ministry of Labour and Pension System  Directorate for Coordination of Programmes and Projects of the European Union in the Field Of Labour and Social Security  Service for Coordination and Programming  Ulica grada Vukovara 78, 10000 Zagreb</p> <p>Assisstant Minister</p>				
Priority/Measure level	BRPM-Body Responsible for Priority/Measure	<p><b>Priority axis 1, Priority axis 4, 5, Measure 5.1.</b></p> <p>The Ministry of Labour and Pension System  Directorate for Coordination of Programmes and Projects of the European Union in the FieldOf Labour and Social Security</p>	<p><b>Priority axis 2, Measure 2.1 and 2.3.</b></p> <p>Ministry of Social Policy and Youth  Directorate for Youth, International Affairs and EU Affairs</p>	<p><b>Priority axis 2, Measure 2.2</b></p> <p>The Ministry of Science, Education and Sports  Directorate for Secondary Education</p>	<p><b>Priority axis 3.</b></p> <p>The Ministry of Science, Education and Sports  Directorate for Education</p>	<p><b>Priority axis 5.,Measure 5.2.</b></p> <p>Government of the Republic of Croatia  Government Office for Cooperation with NGOs</p>

		<i>Assistant Minister</i>	Assistant Minister	Assistant Minister	<i>Assistant Minister</i>	<i>Head of Office</i>
		Ulica grada Vukovara 78, 10000 Zagreb	Ksaver 200 A, 10000 Zagreb	Donje svetice 39, 10 000 Zagreb	Donje svetice 39, 10 000 Zagreb	Radnička cesta 80/V 10 000 Zagreb
Project/operation level	Implementing Body (Contracting Authority)	The Croatian Employment Service Department for Contracting and Financing  Director  Ulica grada Vukovara 70/3, 10 000 Zagreb		The Agency for Vocational Education and Training and Adult Education Department for Financing and Contracting of IPA  Director  Radnička cesta 37b, Zagreb		National Foundation for Civil Society Development  Director  Štrigina 1a, 10 000 Zagreb

The Assistant Minister in the Ministry of Labour and Pension System will act as the Head of Operating Structure in the meaning of Article 167 (3) of the IPA Implementing Regulation.

Any personnel changes in the Heads of the specific bodies referred to above will be notified to the Commission, as appropriate, including any changes which affect the accreditation of the Operating Structure and the Commission's subsequent conferral of management powers.

### **Distribution of functions**

The Ministry of Labour and Pension System (as a Body responsible for OP) bears overall responsibility for the management of the Operational programme and executes the following functions in relation to the Operational Programme as a whole:

- Coordination of the Operational Programme preparation and its adjustments;
- Coordination of programme monitoring in accordance with the provisions of Article 59 of the IPA Implementing Regulation;
- Coordination of the preparation of sectoral annual and final reports in accordance with the provisions of Article 169 of the IPA Implementing Regulation;
- Setting up procedures for retention of all documents to ensure a sufficiently detailed audit trail (Article 20 of IPA Implementing Regulation);
- Organization of interim evaluation during the period of programme implementation, in cooperation with Ministry of Regional Development and Funds of the European Union;
- Setting up, maintaining and updating the reporting and information system;
- Ensuring that all bodies involved in the implementation of operations maintain a separate accounting system or a separate accounting codification;
- Ensuring that the National Fund and the National Authorising Officer receive all necessary information on the procedures and verifications carried out in relation to expenditure;
- Ensuring internal audit of its different constituting bodies;
- Ensuring irregularity reporting;
- Ensuring risk management reporting;
- Ensuring compliance with the information and publicity requirements.

In relation to Priority Axis 1 – Enhancing Access to Employment and Sustainable Inclusion in the Labour Market; Priority Axis 4 – Technical Assistance and Priority Axis 5 – Strengthening the role of Civil Society for better governance (Measure 5.1. Promotion of social dialogue) a **Body responsible for Priority/Measure**, The **Ministry of Labour and Pension System** will execute the following functions:

- Preparation of the sections of the Operational Programme within its sectoral area of responsibility;
- Preparation of monitoring data/reports within its sectoral area of responsibility;
- Preparation of relevant sections of sectoral annual and final reports, within its area of responsibility;
- Ensuring that all the relevant information is available to ensure at all times a sufficiently detailed audit trail.
- Identification of the intended final beneficiaries, the expected selection modalities and possible related specific selection criteria (Article 155 of IPA Implementing Regulation);
- Ensuring that operations within their sectoral area of responsibility are selected for funding and approved in accordance with criteria applicable to the OP;
- In its capacity as a beneficiary, assistance in the technical preparation and management of the projects on the basis of formal agreements with the implementing body (preparation of tender documentation/guidelines to applicants, participation in evaluation, verification of delivered outputs, on-the-spot checks, technical monitoring);
- Submission to the National Fund of a request for payment and all supporting documents;
- Preparation and submitting all necessary information on the procedures and verifications carried out in relation to expenditure;

- Retention of all documents and ensuring that all the relevant information is available to provide for a sufficiently detailed audit trail;
- Internal audit;
- Irregularity reporting;
- Risk management reporting;
- Compliance with the information and publicity requirements.

In relation to Priority Axis 2 – Reinforcing Social Inclusion of People at a Disadvantage (Measure 2.1: Supporting access to employment by disadvantaged groups and 2.3. ) the **Ministry of Social Policy and Youth (as a Body responsible for Priority/Measure)** will execute the following functions:

- Preparation of the sections of the Operational Programme within its sectoral area of responsibility;
- Preparation of monitoring data/reports within its sectoral area of responsibility;
- Preparation of relevant sections of sectoral annual and final reports, within its area of responsibility;
- Ensuring that all the relevant information is available to ensure at all times a sufficiently detailed audit trail.
- Identification of the intended final beneficiaries, the expected selection modalities and possible related specific selection criteria (Article 155 of IPA Implementing Regulation);
- Ensuring that operations within their sectoral area of responsibility are selected for funding and approved in accordance with criteria applicable to the OP;
- In its capacity as a beneficiary, assistance in the technical preparation and management of the projects on the basis of formal agreements with the implementing body (preparation of tender documentation/guidelines to applicants, participation in evaluation, verification of delivered outputs, on-the-spot checks, technical monitoring);
- Submission to the National Fund of a request for payment and all supporting documents;
- Preparation and submitting all necessary information on the procedures and verifications carried out in relation to expenditure;
- Retention of all documents and ensuring that all the relevant information is available to provide for a sufficiently detailed audit trail;
- Internal audit;
- Irregularity reporting;
- Risk management reporting;
- Compliance with the information and publicity requirements.

In relation to Priority Axis 2 – Reinforcing Social Inclusion of the People at a Disadvantage (Measure 2.2: Supporting access to education by disadvantaged groups) and Priority Axis 3 – Enhancing Human Capital and Employability, the **Ministry of Science, Education and Sports (as a Body responsible for Priority/Measure)** will execute the following functions:

- Preparation of the sections of the Operational Programme within its sectoral area of responsibility;
- Preparation of monitoring data/reports within its sectoral area of responsibility;

- Preparation of relevant sections of sectoral annual and final reports, within its area of responsibility;
- Ensuring that all the relevant information is available to ensure at all times a sufficiently detailed audit trail.
- Identification of the intended final beneficiaries, the expected selection modalities and possible related specific selection criteria (Article 155 of IPA Implementing Regulation);
- Ensuring that operations within their sectoral area of responsibility are selected for funding and approved in accordance with criteria applicable to the OP;
- In its capacity as a beneficiary, assistance in the technical preparation and management of the projects on the basis of formal agreements with the implementing body (preparation of tender documentation/guidelines to applicants, participation in evaluation, verification of delivered outputs, on-the-spot checks, technical monitoring);
- Submission to the National Fund of a request for payment and all supporting documents;
- Preparation and submitting all necessary information on the procedures and verifications carried out in relation to expenditure;
- Retention of all documents and ensuring that all the relevant information is available to provide for a sufficiently detailed audit trail;
- Internal audit;
- Irregularity reporting;
- Risk management reporting;
- Compliance with the information and publicity requirements.

In relation to Priority Axis 5 – Strengthening the role of Civil Society for better governance, **(Measure 5.2 Strengthening the role of Civil Society Organizations for socio-economic growth and democratic development)** the Governmental Office for Cooperation with NGOs **(a Body responsible for Priority/Measure)** will execute the following functions:

- Preparation of the sections of the Operational Programme within its sectoral area of responsibility;
- Preparation of monitoring data/reports within its sectoral area of responsibility;
- Preparation of relevant sections of sectoral annual and final reports, within its area of responsibility;
- Ensuring that all the relevant information is available to ensure at all times a sufficiently detailed audit trail.
- Identification of the intended final beneficiaries, the expected selection modalities and possible related specific selection criteria (Article 155 of IPA Implementing Regulation);
- Ensuring that operations within their sectoral area of responsibility are selected for funding and approved in accordance with criteria applicable to the OP;
- In its capacity as a beneficiary, assistance in the technical preparation and management of the projects on the basis of formal agreements with the implementing body (preparation of tender documentation/guidelines to applicants, participation in evaluation, verification of delivered outputs, on-the-spot checks, technical monitoring);
- Submission to the National Fund of a request for payment and all supporting documents;
- Preparation and submitting all necessary information on the procedures and verifications carried out in relation to expenditure;
- Retention of all documents and ensuring that all the relevant information is available to provide for a sufficiently detailed audit trail;
- Internal audit;

- Irregularity reporting;
- Risk management reporting;
- Compliance with the information and publicity requirements.

In relation to Priority Axis 1 – Enhancing Access to Employment and Sustainable Inclusion in the Labour Market, to Priority Axis 2 – Reinforcing Social Inclusion of People at a Disadvantage (Measure 2.1: Supporting access to employment by disadvantaged groups and Measure 2.3 Development of social services to improve employment opportunities), Priority Axis 4 – Technical Assistance and Priority Axis 5 – Strengthening the role of Civil Society for better governance (Measure 5.1 **Promotion of social dialogue** ) the **Croatian Employment Service (as the Implementing Body)** will execute the following functions:

- Verification of tender documents/guidelines for calls for proposals received from beneficiary institutions and preparation of complete tender dossier/application package;
- Arranging for tendering procedures and contract award procedures;
- Acting as the Contracting Authority;
- Contract implementation;
- Preparation and submission of payment claims to the body responsible for measure/priority;
- Making payments to, and recovery from, the final beneficiary;
- Ensuring that the body/ies responsible for priority/measure receive(s) all necessary information on the procedures and verifications carried out in relation to expenditure;
- Carrying out verifications to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decision, and the payment requests by the final beneficiary are correct. These verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate;
- Support in preparation of documents for the sectoral monitoring committee on progress made towards achieving targets of the measures;
- Support in the preparation of sectoral annual and final implementation reports;
- Maintaining a separate accounting system or a separate accounting codification;
- Internal audit;
- Retention of all documents and ensuring that all the relevant information is available to provide for a sufficiently detailed audit trail;
- Irregularity reporting.
- Risk management reporting;
- Compliance with the information and publicity requirements.

In relation to Priority axes 2. Reinforcing Social Inclusion of People at a Disadvantage (Measure 2.2) Supporting access to education by disadvantaged groups and Priority axis 3 Enhancing Human Capital and Employability, the **Agency for Vocational Education and Training and Adult Education (as the Implementing Body)** will execute the following functions:

- Verification of tender documents/guidelines for calls for proposals received from beneficiary institutions and preparation of complete tender dossier/application package;
- Arranging for tendering procedures and contract award procedures;
- Acting as the Contracting Authority;
- Contract implementation;
- Preparation and submission of payment claims to the body responsible for measure/priority;
- Making payments to, and recovery from, the final beneficiary;
- Ensuring that the body/ies responsible for priority/measure receive(s) all necessary information on the procedures and verifications carried out in relation to expenditure;
- Carrying out verifications to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decision, and the payment requests by the final beneficiary are correct. These verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate;
- Support in preparation of documents for the sectoral monitoring committee on progress made towards achieving targets of the measures;
- Support in the preparation of sectoral annual and final implementation reports;
- Maintaining a separate accounting system or a separate accounting codification;
- Internal audit;
- Retention of all documents and ensuring that all the relevant information is available to provide for a sufficiently detailed audit trail;
- Irregularity reporting.

In relation to Priority Axis 5 Strengthening the role of Civil Society for better governance (Measure 5.2. **Strengthening the role of Civil Society Organizations for socio-economic growth and democratic development**) The National Foundation for Civil Society Development (**as the Implementing Body**) will execute the following functions:

- Verification of tender documents/guidelines for calls for proposals received from beneficiary institutions and preparation of complete tender dossier/application package;
- Arranging for tendering procedures and contract award procedures;
- Acting as the Contracting Authority;
- Contract implementation;
- Preparation and submission of payment claims to the body responsible for measure/priority;
- Making payments to, and recovery from, the final beneficiary;
- Ensuring that the body/ies responsible for priority/measure receive(s) all necessary information on the procedures and verifications carried out in relation to expenditure;
- Carrying out verifications to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decision, and the payment requests by the final beneficiary are correct. These verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate;



- Support in preparation of documents for the sectoral monitoring committee on progress made towards achieving targets of the measures;
- Support in the preparation of sectoral annual and final implementation reports;
- Maintaining a separate accounting system or a separate accounting codification;
- Internal audit;
- Retention of all documents and ensuring that all the relevant information is available to provide for a sufficiently detailed audit trail;
- Irregularity reporting.
- Risk management reporting;
- Compliance with the information and publicity requirements

All the bodies within the Operating Structure are ultimately accountable to the Ministry of Labour and Pension System which bears overall responsibility for the Operational Programme management, for the execution of their specific tasks in relation to this Operational Programme.

A detailed organizational chart of the Operational Programme management system is provided in Annex 6.

### 5.1.2 Separation of functions

In accordance with the Article 21.2 of the IPA Implementing Regulation, the appropriate segregation of duties will be ensured between and within the designated bodies.

#### *Separation of functions between the bodies*

The separation of functions results from a division of tasks as described above and will incorporate the following principles:

- on the one hand, a clear separation between verifications, controls, and evaluations to be carried out by the Operating Structure and by the National Fund
- and on the other a clear separation between the audits carried out by the Audit Authority and the implementation and payment procedures.

#### *Separation of functions within the bodies*

The organizational structure of the bodies and their internal management and control procedures will take into account all requirements to ensure a proper separation of functions.

This includes the following principles:

- before an operation is authorized, the operational and financial aspects shall be verified by members of staff other than those responsible for initiation or implementation of the operation;
- certificates of statement of expenditure shall be drawn up by a person or department within the National Fund who is functionally independent from any services that approve claims; initiation, ex-ante, and ex-post controls are separate functions,
- initiation, ex-ante, and ex-post controls are separate functions, to be carried out by different persons, functionally independent from each other.

## **5.2 Monitoring and evaluation**

### 5.2.1 Monitoring arrangements

In order to ensure coherence and coordination in the implementation of the IPA components, programmes and operations as well as to follow the progress in the implementation of IPA assistance, the following monitoring committees will be established:

- IPA Monitoring Committee;
- Sectoral Monitoring Committee for the Human Resources Development Operational Programme.

#### *IPA Monitoring Committee*

Croatia will establish an IPA Monitoring Committee to ensure coherence and coordination in the implementation of all five Components of all five Components of IPA.

#### *Sectoral Monitoring Committee*

The Head of the Operating Structure for Human Resources Development Programme will establish a Sectoral Monitoring Committee within 6 months after the entry into force of the IPA Implementing Regulation.

The Sectoral Monitoring Committee will be co-chaired by the Assistant Minister of the Ministry of Labour and Pension System as Head of the Operating Structure for the Human Resources Development Operational Programme, and a representative of the Commission. Its members will include:

- The National IPA Coordinator or his/her representative;
- The National Authorising Officer or his/her representative;
- A representative of the Commission;
- The Strategic Coordinator for Components III and IV or his/her representative;
- Head of National Fund or his/her representative;
- Representatives of each body of the Operating Structure for the programme: The Ministry of Labour and Pension System, the Ministry of Science, Education and Sports, the Ministry of Social Policy and Youth, the Governmental Office for Cooperation with NGOs, the Croatian Employment Service, the Agency for Vocational Education and Training and Adult Education, the National Foundation for Civil Society Development;
- A representative of the Government Office for Gender Equality;
- Representatives from the civil society and socio-economic partners, regional or national organisations with an interest in and contribution to make to the effective implementation of the programme. These will include representatives of the Council for the Development of the Civil Society as well as representatives of trade unions and employers' organizations that will be selected through the Economic and Social Council.

The composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the Commission in order to guarantee sufficient representation and membership.

The Sectoral Monitoring Committee will be assisted by a permanent secretariat provided by the Operating Structure for the preparation of papers for discussion by the committee or for clearance by written procedure. The Secretariat of the Sectoral Monitoring Committee will be placed within the relevant department of the Operating Structure established in the MLPS.

The Sectoral Monitoring Committee will report to the IPA Monitoring Committee. Its tasks will include to:

- consider and approve the general criteria for selecting the operations and approve any revision of those criteria in accordance with programming needs;
- review at each meeting progress towards achieving the specific targets of the operational programme on the basis of documents submitted by the operating structure;
- examine at each meeting the results of implementation, particularly the achievement of the targets set for each priority axis and measures and interim evaluations, it shall carry out this monitoring by reference to the indicators agreed;
- examine the sectoral annual and final reports on implementation, including OP summary tables;
- inform itself of the annual audit activity report or of the part of the report referring to the operational programme;
- examine any proposal to amend the financing agreement of the programme and propose to the operating structure any revision or examination of the programme likely to make possible the attainment of the programme's objectives or to improve its management, including its financial management, as well as to oversee the cross cutting themes and publicity measures.

The Sectoral Monitoring Committee shall confirm or make proposals to the Head of the Operating Structure, to the Commission, the Strategic Co-ordinator and the National IPA Co-ordinator to revise the programme where relevant following an evaluation, including its results as well as output and financial indicators used to monitor the assistance.

The Sectoral Monitoring Committee will set up its rules of procedure in agreement with the Operating Structure and the IPA Monitoring Committee. It will meet at least twice a year and upon request by the Commission. Intermediate meetings may also be convened as required.

## 5.2.2 Management Information System

The Head of the Operating Structure is responsible for the efficiency and correctness of management and implementation and in particular for setting up, maintaining and updating regularly a reporting and information system to gather reliable financial and statistical information on implementation, for the monitoring indicators and for evaluation and for forwarding this data in accordance with arrangements agreed between the NIPAC and the Commission.

This system will be developed into one or several computerised system(s), in a form chosen by the Operating Structure and NIPAC, which will enable it to:

- monitor and manage the implementation of operations and projects, from the moment of tendering and call for proposal to the closure of the OP, in particular results whenever feasible and outputs;
- carry out and monitor financial transactions;
- ensure the reporting requirements on the implementation of the OP.

The Operating Structure and all other bodies involved in the implementation of the OP shall have access to this system(s).

The Management Information System will be developed under the Technical Assistance component of this Operational Programme. The establishment of the Management Information System will be done under the guidance and supervision of NIPAC and Strategic Coordinator, in order to ensure consistency and complementarity across all the Operational Programmes. Until the system becomes operational, reporting and collection of data will be done manually.

## 5.2.3 Monitoring System and Indicators

The quantitative and qualitative progress made in implementing the programme as well as its efficiency and effectiveness in relation to its objectives will be measured by the use of evaluation and monitoring indicators related to the results and outputs of the individual measures.

In identifying appropriate monitoring and evaluation indicators, account has been taken of the methodologies, guidelines and lists of examples of indicators issued by the Commission, in particular the *'Indicative guidelines on evaluation methods: Monitoring and evaluation indicators'* (August 2006, working document No. 2 for the programming period 2007-2013).

The Head of the Operating Structure is responsible for programme monitoring. In this context, the Operating Structure will collect performance data (outputs, results and expenditure) from operations and projects. It will establish, maintain and update reporting and information system by taking this project-level data and aggregate it to measure, priority axis and whole OP levels. Data on individuals who are the ultimate beneficiaries must be collected for each project and used for aggregation at measure and priority level. On this basis, the Operating Structure will assess the progress of the OP at each level against objectives and targets, prepare reports to the Sectoral Monitoring Committee, draft the sectoral annual and final reports on implementation and to launch interim evaluations if required. These reports should include detailed summary table for the Operational Programme.

In the context of monitoring and for the purpose of using indicators, the role of the Operating Structure will also be to ensure that:

- monitoring requirements are built into the calls for tender and proposals documents (application forms and guidelines for applicants);
- project applications (when appraised and selected) include proposed outputs and results, as well as data on individuals, that are consistent with the OP indicators for the appropriate measure;
- provision of data is built into the contract with beneficiaries as an obligation, and that performance data is provided systematically and in a timely manner by beneficiaries alongside the project reimbursement claim.

An indicative breakdown by category of the programmed use of the European Union contribution to this operational programme will be established for monitoring and information purposes while the sectoral annual and final reports on implementation will provide information on the use of expenditure in accordance with such categories.

#### 5.2.4 Selection of operations

All service, supply, works and grant contracts shall be awarded and implemented in accordance with the rules for external aid contained in the relevant Articles of the Financial Regulation (as amended under Council Regulation 1995/2006 of 13 December 2006) and in accordance with the *'Practical Guide to contract procedures for EC external actions'* (*'Practical Guide'*) as published on the EuropeAid website<sup>37</sup> at the date of the initiation of the procurement or grant award procedure. The standard templates and models provided for in the Practical Guide will be used in order to facilitate the application of the applicable rules.

All operations which are not major projects and which are implemented by final beneficiaries other than national public bodies shall be selected through calls for proposals.

The Operating Structure will set up a Selection Committee for each call for proposals launched for the selection of operations financed under a specific measure. The Selection Committee will appraise project applications in compliance with the selection criteria and methodologies agreed by the Sectoral Monitoring Committees and published in the call for proposal documents.

Applications will first be 'screened' for their compliance with eligibility and administrative criteria in order to fulfil the relevant eligibility requirements set out in the relevant measures (completeness, accuracy, etc) and will thereafter be evaluated according to their overall quality.

The Selection Committee will then make recommendations to the Operating Structure, in compliance with Article 158 of the IPA Implementing Regulation. Members of the Selection Committee will be the most appropriate officials and experts with the necessary technical competence to undertake a qualitative appraisal of project applications.

Procurement will follow the provisions of Part Two, Title IV of the Financial Regulation 1605/2002 (as amended by Council Regulation 1995/2006) as well as Part Two, Title III of Commission Regulation No 2342/2002 (as amended by Regulation 478/2007) laying down detailed rules for its implementation.

For the purposes of '3rd country' cooperation financed from the General Budget of the European Communities, procurement will also respect the rules and procedures for service, supply and works contracts as adopted by the Commission on 24 May 2007 [C(2007) 2034] as well as Article 23 (Rules on Procurement) of the 'model' Framework Agreement which was also adopted by the Commission on 6 July 2007 [C(2007) 3208 final – E/1368/2007].

In the case of all Tender Selection Committees which are established for the evaluation of service, works and supply tenders, their decision-making process will adhere, as required, to the procurement and grant award procedures set out above.

All grant-award procedures will follow the provisions of Part One, Title VI of the afore-mentioned Financial Regulation (as amended).

All beneficiaries (whether public or private) will also comply with the principles established under the relevant rules of the 'Practical Guide'.

#### 5.2.5 Sectoral annual and final reports on implementation

Sectoral annual and final reports on implementation will be prepared by the Operating Structure in accordance with Article 169 of the IPA Implementing Regulation. These reports will assess the implementation progress covering the attainment of set objectives, the problems encountered in managing the programme and the measures taken, the financial execution as well as monitoring and evaluation

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<sup>37</sup> <http://ec.europa.eu/europeaid>

activities carried out. Programmes will include an up-to-date OP summary table and will be reviewed at least at the 'second meeting' of the Sectoral Monitoring Committee each year

#### 5.2.6 Evaluation arrangements

Evaluations are a tool for assessing the relevance, efficiency and effectiveness of the financial assistance as well as the impact and sustainability of the expected results. As a minimum, an ex ante evaluation and an interim evaluation will be carried out under the responsibility of the Head of the Operating Structure in accordance with the principles laid down in the IPA Implementing Regulation and guidance provided by the Commission.

The evaluation arrangements and activities of each programme will fully respect the principle of proportionality.

##### *Ex ante evaluation*

Under the responsibility of the Operating Structure, an ex ante evaluation of the Human Resources Development Operational Programme has been carried out by the European Policy Research Centre at the University of Strathclyde in Glasgow and is annexed to the programme. A summary of the results of the ex-ante evaluation, and the way the evaluation was conducted, is set out in section 1.3.2.

##### *Interim evaluation*

During the implementation of the programme, interim evaluations complementing the monitoring of the Environment Protection Operational Programme will be carried out, in particular where this monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of the programme. At any rate, evaluations are planned to provide data on indicators agreed upon in the OP that cannot be obtained through the monitoring system. In addition, strategic evaluations or thematic evaluations can be carried out under the responsibility of the Operating Structure and/or MRDEUF. The results will be sent to the ad-hoc committee on evaluations, to the Sectoral Monitoring Committee and to the Commission.

##### *Evaluation function*

The Head of the Operating Structure is responsible for ensuring that adequate evaluations of the Operational Programme are carried out. The evaluations will be carried out by external experts, functionally independent from the management and control system. The evaluations will be managed by a designated official within the Ministry of Labour and Pension System, who will be responsible for preparing the documents for tendering and contracting these experts under Priority Axis 4, reviewing the draft evaluation reports, acting as secretariat to the *ad-hoc* Evaluation Committee and liaising as appropriate between the selected experts and the said Committee.

##### *Evaluation committee*

The Sectoral Monitoring Committee will designate an *ad-hoc* Committee to assist the operating structure in its evaluation activities. The Committee will adhere to the 'partnership principle' and will include members (and invitees where relevant) who are experts in evaluation. Moreover, the assistance of the Committee will be availed of at all stages of the process (including guidance, planning, implementation and communication of results) in order to ensure the overall quality of the evaluations undertaken. At the same time, all relevant stakeholders and institutions/organisations will be invited to contribute where appropriate.

The designation and establishment of this *ad-hoc* Committee will be made in accordance with the Sectoral Monitoring Committee's rules of procedures adopted in accordance with Article 167.2 of the IPA Implementing Regulation.

##### *Evaluation activities and timing*

Given that this programme covers the period 2007-2013/2 but involves operational activity up to 1 July 2016 under the 'N+3 rule'. This would be effectively a process evaluation examining the efficiency and effectiveness of programme and project implementation, but within the context of the progress made with

implementation, including the performance against indicators at the project level (physical and financial objects) and at the measure level (outputs). This will also include a review of performance on the horizontal themes of the OP.

The evaluation process will make use of the indicators defined for the purpose of monitoring the programme operations. As the management information system does not yet exist and is due to be established through the Technical Assistance priority axis of this operational programme, project monitoring reports and other sources of data [such as databases of different institutions responsible for the management of the OP (e.g. Croatian Employment Service) or reports provided by different stakeholders in the process] will be used for programme monitoring and evaluation in the first phase of its implementation. These reports and sources of data will be supported, where appropriate, by other evaluative work including placement follow-up. Moreover, particular use will be made of result indicators defined at the level priority axes as well as the corresponding sources of data identified in section 3.2. for result indicators (mediation/human resources/IT database of the Croatian Employment Service, databases of the Central Bureau of Statistics).

Specific surveys may be commissioned through the Technical Assistance component to inform the evaluation process.

### **5.3 Information and publicity**

#### **5.3.1 Introduction**

Information and publicity are important aspects of pre-accession assistance and in particular to the successful design and delivery of this operational programme, given the partnership basis on which they are undertaken. Communicating for a successful management and implementation of the operational programme are broken down into a series of information and publicity activities.

To this end, Article 62 of the IPA Implementing Regulation sets out certain requirements regarding the information to be provided and publicity of programmes and operations financed by the European Union, addressed to citizens and beneficiaries with the aim of highlighting the role of European Union funding and ensuring transparency.

Accordingly, the information to be provided by the Operating Structure will include *inter alia* the publication of the list of final beneficiaries, the names of the operations and the amount of European Union funding allocated to operations. For its part, the Commission will also ensure the publication of the relevant information on tenders and contracts in the official Journal of the European Union and other relevant media and websites.

Moreover, in accordance with Article 63 of the IPA Implementing Regulation provides that the Commission and the relevant authorities of the beneficiary country will agree on a coherent set of activities, to be funded from the Technical Assistance priority of this operational programme, in order to make available and publicise information about IPA assistance.

In accordance with the above-mentioned provisions, the Ministry of Labour and Pension System, Directorate for Coordination of Programmes and Projects of the European Union in the Field of Labour and Social Security will be responsible for the information and publicity activities under the programme. The information will be addressed to the citizens of Croatia and to the European citizens in general, and to the (potential) beneficiaries. It will aim to highlight the role of the European Union and ensure that IPA component IV assistance is transparent.

#### **5.3.2 Requirements**

In compliance with Article 63 of the IPA Implementing Regulation, the Ministry of Labour and Pension System, Department for Strategic Support to the Operational Programme Human Resource Development - will formulate a coherent set of strategic activities (communication action plan) to publicize information about IPA including assistance under component IV. The CAP shall be consistent with the information and publicity

strategy issued by NIPAC. The CAP shall cover the period 2008-2012. The Ministry of Labour and Pension System, Department for Strategic Support to the Operational Programme Human Resource Development will submit a draft of the plan to the Commission within four months of the date of signature of the Financing Agreement covering this operational programme. As a minimum, the plan shall include its:

- aims and intended target groups;
- strategy and content;
- indicative budget;
- administrative support structure and
- criteria used for evaluation of project proposals.

### 5.3.3 Activities

The Ministry of Labour and Pension System, Directorate for Coordination of Programmes and Projects of the European Union in the Field of Labour and Social Security will ensure that the information and publicity measures are implemented in accordance with the communication action plan aiming at the broadest possible media coverage using all suitable forms and methods of communication at the appropriate territorial level. The Department will also be responsible for organizing at least the following information and publicity measures:

- a major information activity publicizing the launch of the Operational Programme, even in the absence of the final version of the communication action plan;
- at least one major information activity a year, as set out in the communication action plan, presenting the achievements under the Operational Programme (including major projects where appropriate);
- the publication (electronically or otherwise) of the list of beneficiaries, the names of the operations and the amount of European Union and national funding allocated to the operations

It will further provide potential beneficiaries with clear and detailed information on at least the following:

- the possibility of financing opportunities offered jointly by the European Union and the beneficiary country through the OP;
- the conditions of eligibility to be met in order to qualify for financing under the Operational Programme;
- a description of the procedures for examining applications for funding and of the time periods involved;
- the criteria for selecting the operations to be financed, and
- the contacts at national, regional or local level that can provide information on the Operational Programme.

### 5.3.4 Indicative budget

The indicative budget for the communication action plan under this Operational Programme for the period 2007-2009 will be set at an appropriate level in order to provide adequate cover for the costs of the publicity and information measures. The budget allocation per year, as well as the indicative amounts necessary for the period 2010-2013, will also be presented in the communication action plan.

### 5.3.5 Management and implementation

Within the Ministry of Labour and Pension System, information and communications will be assigned to the Section referred to under sections 5.3.2 and 5.3.3 above. The information and publicity team will be composed of 2 officials whose tasks will involve supporting the Head of the Operating Structure in the performance of the following functions and responsibilities:

- discuss the communication action plan with the Commission and NIPAC;



- coordinating the information and publicity activities under other IPA-funded programmes;
- communications with the media;
- elaboration, implementation and assessment of the programme's communication action plan;
- represent the programme in the relevant national and Commission information networks;
- handling enquiries from beneficiaries;
- monitoring and control on the fulfilment of the P and I requirements from the beneficiaries;
- development, production and distribution of information materials; preparation and implementation of public events;
- development and maintenance of the contents of programme website;
- liaison with IT regarding technical maintenance;
- management of out-sourced services;
- elaboration and monitoring annual communication action plans and coordination of internal events and training.

Given that some of the information and publicity measures will require out-sourcing for professional services (such as design and pre-print, web page, printing, advertising, photography and opinion pools), it will be the responsibility of the information and publicity team to manage such services and ensure they are contracted in accordance with public procurement rules.

#### 5.3.6 Monitoring, evaluation and reporting

Monitoring, evaluation and reporting are compulsory requirement for the implementation of the publicity measures included into the communication action plan of the programme.

The progress made in the implementation of the plan will be reported during the meetings of the Sectoral Monitoring Committee. Moreover, the Head of the Operating Structure will inform the Sectoral Monitoring Committee of the information and communication measures carried out and the means of communication used. The Head of the Operating Structure will also provide the Sectoral Monitoring Committee with examples of communication measures carried out.

The annual and final reports on implementation of the Operational Programme will include the following information:

- examples of information and communication measures for the Operational Programme undertaken in implementation of the communication action plan;
- the arrangements for the information and publicity measures concerning the publication electronically or otherwise of the list of beneficiaries, the names of the operations and the amount of public funding allocated to the operations;
- the content of major amendments to the communication action plan.
- the set of indicators for evaluation of the publicity measures which have been included in the communication action plan to assess the efficiency and effectiveness of the implemented publicity activities.
- the yearly results of the qualitative and quantitative analysis which have been used for the elaboration of the annual communication action plans including any modifications thereof.

#### 5.3.7 Partnership and networking

Bodies that can act as relays for the programme and disseminate the information concerning the general public will include the following:

- professional and trade associations and organizations;
- economic and social partners;
- non-governmental organisations;
- educational institutions;
- organisations representing business;
- operators;

- information centres on Europe and Commission representations in particular the EC Delegation;
- other main stakeholders under each priority axis.

The Operating Structure will work in close cooperation with the above-mentioned bodies for the dissemination of information regarding the programme and in particular the IPA pre-accession assistance strategy for component IV.

#### 5.3.8 Internet

The website of the programme will be linked to the MRDEUF, MF, EUD, DG ELARG, DG EMPL and DG REGIO websites and with the websites of the other programmes. It will be created according to the following principles:

- Accessibility to as many users as possible – ensuring the site has a simple address; registering it on main search engines so it can be found easily; designing it to be viewable with low specification screens and software; ensuring it is quick to download;
- Prioritizing fast access to rich information – the site should be clearly organized so users can find what they are looking for quickly and easily; the information should be available as downloadable PDF documents, where possible;
- Visual appeal – strong visual identity through logos, use of colours etc. without limiting the clarity, speed and simplicity;
- Developing as an ongoing resource;

Interactive content, exploiting the unique strengths of websites

## **Annex 1: Membership of Inter-Ministerial Working Group<sup>38</sup>**

### Central Office for Development Strategy and Coordination of EU Funds (CODEF):

Ms Nataša Mikuš, Deputy State Secretary  
Ms Suzana Kovačević, Expert Assistant  
Ms. Ana Šimunić, Expert Assistant  
Ms. Ivana Zdelarec, Trainee

### Ministry of Economy, Labour and Entrepreneurship (MELE)\*:

Ms Vera Babić, State Secretary for Labour  
Ms Inga Žic, Head of Department  
Ms. Katarina Ivanković-Knežević, Head of Division  
Ms. Snježana Tomašević, Adviser

### Croatian Employment Service (CES):

Ms. Nada Kerovec, Head of Section  
Ms. Sanja Mesarov, Adviser

### Ministry of Science, Education and Sport (MSES):

Ms Mihaela Dubravac Šigir, Expert Advisor  
Ms Antonija Gladović, Head of Project Implementation Unit

### Agency for Vocational Education (AVET):

Ms. Jelena Letica, Head of Office

### Education and Teacher Training Agency (ETTA):

Ms. Nevenka Lončarić-Jelačić, Expert Advisor

### Agency for Adult Education (AAE):

Ms. Anita Leko, Expert Assistant

### Ministry of Health and Social Welfare (MHSW):

Ms Mirjana Radovan, Expert Advisor

### Central Bureau of Statistics (CBS):

Ms. Jadranka Brkić, Head of Section  
Ms. Tihana Cukina, Expert Advisor

### Ministry of Foreign Affairs and European Integration (MFAEI):

Ms Diana Štrkalj, Expert Assistant  
Ms Franka Maček, Expert Assistant

### CARDS 2003: Support to National Development Planning:

Mr Conor Kearney

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<sup>38</sup> \* indicates designated lead ministry for managing the OP.

## **Annex 2: Attendance at the partner consultation under the OP for IPA Component IV**

### **Partner consultation - Development of the Human Resources, 23 March 2007 in Zagreb**

Vera Babić, MELE,  
Želimir Janjić, MSES;  
Dorica Nikolić, Mirjana Radovan, MHSW;  
Ivan Šutalo, AVET  
Zorislav Bobuš, Association of Organisation of Disabled Persons in Croatia  
Sanja Crnković Pozaić, CEPOR;  
Marina Dimić Vugec, CERANEO;  
Dubravka Matić, Office for the Social Partnership;  
Branka Kranjac, Fund for Professional Rehabilitation and Employment of the Disabled People;  
Jasenka Matković, Croatian Association for Education of Adults;  
Boris Feis, SSSH;  
Nikola Vrdoljak, Marija Vukelić, APIU;  
Jozo Čavar, Anita Leko, AAE;  
Antonija Gladović, MHSW;  
Jelena Letica, AVET;  
Ivica Lovrić, Association of High school Directors;  
Diana Štrkalj, MFAEI;  
Dragan Knežević, CODEF;  
Vedrana Ligutić, DEC;  
Tamara Šterk, Office for Gender Equality;  
Sanja Cesar, CESI;  
Mirela Lekić, Croatian Chamber of Crafts;  
Vesna Štefica, Croatian Chamber of Economy;  
Sanja Špoljarić, CODEF;  
Goran Bakula,, Ana Kranjac, Independent Trade unions;  
Maja Vehovec, Institut of Economy;  
Ivan Vrdoljak, Council of Croatian Trade Unions;  
Thomas Farnell, Ninoslav Šćukanec, Institute for education development;  
Ivana Zdelarec, Ana Šimunić, Suzana Kovačević, CODEF;  
Inga Žic, Snježana Tomašević, Katarina Ivanković Knežević, MELE.

#### **Written comments were received from:**

Institute for the Development of Education  
Croatian Chamber of Crafts and Trade  
Croatian Chamber of Economy  
Association of Organisation of Disabled Persons in Croatia  
Trade and Investment Promotion Agency  
SMEs and Entrepreneurship Policy Centre

### Annex 3: Analytical tables and data

Table 1: Basic macroeconomic indicators for Croatia

	2000	2001	2002	2003	2004	2005	2006
<b>Population, mln</b>	4,381	4,437	4,443	4,442	4,439	4,442	4,441
<b>Gross domestic product, % annual change (real)</b>	2.9	4.4	5.6	5.3	4.3	4.3	4.8
<b>Gross domestic product, market prices (current), mln kunas</b>	152,519	165,639	181,231	198,422	214,983	231,349	250,590
<b>Gross domestic product, market prices (current)*, mln euros</b>	19,976	22,170	24,467	26,230	28,677	31,260	34,220
<b>Gross domestic product per capita in euros</b>	4,560	4,997	5,507	5,905	6,460	7,037	7,704
<b>Consumer price index, annual change, %</b>	4.6	3.8	1.7	1.8	2.1	3.3	3.2
<b>Average net monthly salary (in kunas)</b>	3,326	3,541	3,720	3,940	4,173	4,376	4,603
<b>ILO Unemployment rate, annual average, %</b>	16.1	15.8	14.8	14.3	13.8	12.7	11.2
<b>General government debt % GDP (ep)</b>	N.A.	N.A.	40	40.9	43.2	43.7	40.8
<b>Average exchange rate EUR/HRK</b>	7.63	7.47	7.41	7.56	7.5	7.4	7.32
<b>Current account deficit (% of GDP)<sup>e</sup></b>	-2.4	-3.6	-8.5	-7.1	-5.1	-6.4	-7.8
<b>External debt (% of GDP) (ep)</b>	61.4	61.4	61.9	75.8	80.0	82.4	85.3
<b>Tourist nights, annual change, %</b>	47	11	3	4	2	7.6	3.1
<b>Growth rate of construction works</b>	9.1	3.6	12.8	22.8	2	-0.8	9.3
<b>Industrial production, annual change, %</b>	1.7	6	5.4	4.1	3.7	5.1	4.5
<b>Retail trade, annual change (real), %</b>	14.4	10	12.5	3.7	2.6	2.8	2.1

*ep - end period*

Sources: Central Bureau of Statistics, Ministry of Finance, Croatian National Bank

\* Calculated by applying the average annual exchange rate (HRK/1 EUR) to the GDP in kuna terms.

**Table 2: Population Data for Croatia, 2000-05**

Year	Live births	Deaths	Natural increase	Immigration	Emigration	Net immigration	Population estimation
2000	43,746	50,246	-6,500	29,389	5,953	23,432	4,381,000
2001	40,993	49,552	-8,559	24,415	7,488	16,927	4,437,000
2002	40,094	50,569	-10,475	20,365	11,767	8,598	4,443,000
2003	39,668	52,575	-12,907	18,455	6,534	11,921	4,442,000
2004	40,307	49,756	-9,449	18,383	6,812	11,571	4,439,000
2005	42,492	51,790	-9,298	14,230	6,012	8,218	4,442,000

Source: Croatian Bureau of Statistics (CBS)

**Table 3: Basic demographic indicators, 2006**

	Crude birth rate	Crude death rate	Crude rate of natural increase	Crude rate of net migration
<b>Croatia</b>	9.566	11.659	-2.093	1.85
Bulgaria	9.609	14.734	-5.125	:
Czech Republic	10.306	10.17	0.135	3.381
Denmark	11.952	10.203	1.748	1.833
Germany (including ex-GDR from 1991)	8.194	10.015	-1.821	0.279
Greece	9.958	9.44	0.518	3.588
Spain	10.766	8.386	2.381	14.243
France	13.148	8.404	4.744	1.481
Hungary	9.915	13.058	-3.143	1.894
Netherlands	11.321	8.282	3.04	-1.916
Austria	9.407	8.97	0.437	2.883
Poland	9.812	9.693	0.12	-0.947
Portugal	9.953	9.632	0.322	2.466
Romania	10.167	11.956	-1.789	-0.3
Slovenia	9.437	9.021	0.416	3.081
Slovakia	9.998	9.886	0.112	0.715
Finland	11.173	9.127	2.046	1.964
Sweden	11.664	10.041	1.623	5.599
Cyprus	11.332	6.611	4.721	10.973
Malta	9.588	7.937	1.651	2.48
Estonia	11.073	12.888	-1.815	:
Lithuania	9.212	13.203	-3.992	-1.431
Latvia	9.731	14.466	-4.735	-1.071

Source: Eurostat and CBS

Table 4: Age structure of the population by gender, 2006

	Total				Women					Men				
	15-24	25-49	50-64	65+	Up to 15	15-24	25-49	50-64	65+	Up to 15	15-24	25-49	50-64	65+
<b>Croatia</b>	13.17	35.33	18.74	16.85	14.97	12.45	34.00	13.29	19.91	16.94	13.95	36.76	18.80	13.55
<b>EU - 27</b>	13.23	36.58	18.24	16.52	15.85	12.55	35.20	12.94	18.82	17.65	13.83	37.70	18.26	13.92
Belgium	12.08	35.67	17.90	17.22	16.40	11.66	34.60	12.83	19.72	17.90	12.51	36.79	18.20	14.61
Bulgaria	13.63	35.47	20.03	17.18	12.94	12.90	34.15	14.48	19.53	14.50	14.40	36.87	19.53	14.69
Czech Republic	13.28	36.90	20.91	14.12	14.04	12.66	35.40	15.10	16.81	15.58	13.93	38.48	20.72	11.30
Denmark	11.10	35.24	19.81	15.09	18.11	10.76	34.48	13.52	17.06	19.43	11.44	36.01	20.04	13.07
Germany	11.74	36.58	18.44	18.94	13.63	11.27	35.08	12.22	21.85	14.99	12.24	38.16	18.72	15.90
Ireland	15.35	37.51	15.42	11.13	20.00	15.09	37.19	11.09	12.43	21.18	15.60	37.83	15.56	9.82
Greece	12.19	37.54	17.58	18.31	13.82	11.56	36.58	12.65	20.14	14.93	12.82	38.53	17.27	16.45
Spain	12.07	40.20	16.49	16.75	13.88	11.59	38.88	11.64	19.05	15.13	12.56	41.56	16.37	14.38
France	13.00	34.46	17.69	16.22	17.69	12.46	33.77	13.11	18.59	19.62	13.57	35.19	17.89	13.72
Italy	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hungary	13.01	35.87	19.88	15.70	14.41	12.14	34.06	14.38	18.97	16.77	13.98	37.88	19.29	12.09
Netherlands	11.96	36.66	18.86	14.15	17.74	11.64	35.95	13.49	16.16	18.99	12.29	37.39	19.23	12.10
Austria	12.34	37.73	17.70	16.23	15.16	11.79	36.44	11.84	19.00	16.88	12.91	39.10	17.81	13.30
Poland	16.34	36.06	17.92	13.22	15.55	15.51	34.72	14.12	15.93	17.44	17.22	37.48	17.52	10.34
Portugal	12.42	37.28	17.63	17.07	14.73	11.81	36.32	12.49	19.24	16.54	13.07	38.31	17.33	14.75
Romania	15.39	36.95	17.22	14.73	14.93	14.69	35.73	12.89	16.94	16.52	16.12	38.23	16.73	12.40
Slovenia	13.24	38.00	19.03	15.48	13.56	12.64	36.39	13.36	18.79	14.96	13.87	39.68	19.47	12.03
Slovakia	16.01	37.91	17.57	11.68	15.95	15.22	36.55	13.30	14.22	17.76	16.83	39.36	17.06	8.99
Finland	12.45	33.37	20.88	15.94	16.64	11.92	32.11	15.12	18.75	18.11	13.01	34.69	21.19	13.00
Sweden	12.31	33.36	19.64	17.27	16.82	11.91	32.48	13.28	19.44	18.02	12.72	34.26	19.94	15.07
United Kingdom	13.14	35.17	17.74	16.00	17.13	12.60	34.71	12.46	17.90	18.79	13.71	35.65	17.83	14.03

Source: Eurostat

Table 5: Activity rates by gender, age group and nationality (%), 2006

	Total				Men				Women			
	15-64	15-24	25-54	55-64	15-64	15-24	25-54	55-64	15-64	15-24	25-54	55-64
<b>Croatia</b>	63.5	38.0	83.7*	48.5**	68.9	41.1	87.2*	58.2**	58.2	34.5	80.2*	39.9**
<b>EU 27</b>	70.2	44.0	84.1	46.3	77.5	47.4	91.9	56.1	62.9	40.5	76.4	37.1
Belgium	66.5	34.7	84.5	33.6	73.4	37.4	91.9	42.7	59.5	31.9	77.0	24.6
Bulgaria	64.5	28.9	82.3	43.0	68.8	31.3	85.1	53.6	60.2	26.4	79.4	33.9
Czech Republic	70.3	33.5	88.2	47.7	78.3	37.7	94.8	62.7	62.3	29.2	81.3	34.0
Denmark	80.6	69.9	88.9	63.2	84.1	70.5	92.3	69.6	77.0	69.3	85.4	56.7
Germany (including ex-GDR from 1991)	75.3	50.3	87.6	55.2	81.3	52.9	93.8	64.0	69.2	47.6	81.4	46.6
Ireland	71.8	54.7	81.5	54.4	81.5	59.0	92.1	68.7	61.9	50.2	70.7	40.0
Greece	67.0	32.4	82.0	43.9	79.1	36.1	94.7	61.0	55.0	28.7	69.1	28.0
Spain	70.8	48.2	82.0	46.8	81.3	52.2	92.5	63.5	60.2	43.9	71.2	31.0
France	69.4	37.9	87.0	39.9	74.8	42.2	93.5	42.7	64.1	33.4	80.7	37.3
Italy	62.7	32.5	77.8	33.4	74.6	37.8	91.3	45.0	50.8	26.9	64.3	22.5
Hungary	62.0	26.8	79.6	34.9	68.7	30.1	86.5	43.1	55.5	23.4	72.9	28.2
Netherlands	77.4	70.8	87.1	49.6	83.9	71.5	94.1	60.4	70.7	70.1	80.1	38.6
Austria	73.7	59.4	87.1	36.8	80.5	63.9	93.2	47.3	67.0	55.1	80.9	26.9
Poland	63.4	34.2	81.7	30.7	70.1	37.5	88.2	42.6	56.8	30.7	75.4	20.3
Portugal	73.9	42.7	87.7	53.5	79.5	46.6	92.9	62.7	68.4	38.7	82.7	45.1
Romania	63.6	30.6	79.9	42.8	70.7	35.1	87.1	52.0	56.6	25.9	72.6	34.8
Slovenia	70.9	40.6	89.0	33.4	74.9	44.4	91.0	45.8	66.7	36.4	87.0	21.4
Slovakia	68.6	35.3	87.6	36.7	76.4	39.7	94.0	55.2	60.9	30.9	81.2	20.9
Finland	75.2	51.8	87.8	58.5	77.1	52.6	90.3	58.9	73.3	51.0	85.3	58.2
Sweden	78.8	51.3	89.4	72.8	81.2	50.8	92.5	76.0	76.3	51.9	86.3	69.6
United Kingdom	75.5	61.9	84.5	59.1	82.1	64.3	91.6	68.4	69.2	59.4	77.6	50.2

\*LFS data for Croatia refer to the following age category (25-49)

\*\* LFS data for Croatia refer to the following age category (50-64)

Source: Eurostat (for EU countries), LFS 2006/2 (for Croatia)



Table 6: Employment rates by gender, age group and nationality (%), 2006

	Total				Men				Women			
	15-64	15-24	25-54	55-64	15-64	15-24	25-54	55-64	15-64	15-24	25-54	55-64
<b>Croatia</b>	56.6	27	76.1*	45.0**	62.3	29.5	80.7*	54.7**	51	24.2	71.6*	36.3**
<b>EU 27</b>	64.4	36.6	78.1	43.5	71.6	39.3	85.9	52.6	57.2	33.3	70.2	34.8
Belgium	61	27.6	78.4	32	67.9	30.4	85.9	40.9	54	24.7	70.7	23.2
Bulgaria	58.6	23.2	75.7	39.6	62.8	25.4	78.6	49.5	54.6	21	72.8	31.1
Czech Republic	65.3	27.7	82.5	45.2	73.7	31.5	90.4	59.5	56.8	23.7	74.5	32.1
Denmark	77.4	64.6	86.1	60.7	81.2	65	90.1	67.1	73.4	64.1	82	54.3
Germany (including ex-GDR from 1991)	67.5	43.4	79.3	48.4	72.8	45.1	84.9	56.4	62.2	41.6	73.7	40.6
Ireland	68.6	50	78.4	53.1	77.7	53.6	88.4	67	59.3	46.2	68.3	39.1
Greece	61	24.2	75.3	42.3	74.6	29.7	90	59.2	47.4	18.7	60.5	26.6
Spain	64.8	39.5	75.8	44.1	76.1	44.4	87.6	60.4	53.2	34.4	63.7	28.7
France	63	29.3	80.2	37.6	68.5	33.3	87	40.1	57.7	25.2	73.6	35.2
Italy	58.4	25.5	73.3	32.5	70.5	30.6	87.2	43.7	46.3	20.1	59.3	21.9
Hungary	57.3	21.7	74.2	33.6	63.8	24.5	81	41.1	51.5	18.8	67.6	27.1
Netherlands	74.3	66.2	84.2	47.7	80.9	67.2	91.4	58	67.7	65.1	77	37.2
Austria	70.2	54	83.5	35.5	76.9	58.2	89.9	45.3	63.5	49.9	77	26.3
Poland	54.5	24	71.8	28.1	60.9	26.9	78.3	38.4	48.2	21	65.3	19
Portugal	67.9	35.8	81.3	50.1	73.9	39.8	87.4	58.2	62	31.6	75.3	42.8
Romania	58.8	24	74.7	41.7	64.6	27.3	80.8	50	53	20.6	68.6	34.5
Slovenia	66.6	35	84.2	32.6	71.1	39.2	87.1	44.5	61.8	30.3	81.2	21
Slovakia	59.4	25.9	77.2	33.1	67	29.2	84.1	49.8	51.9	22.5	70.2	18.9
Finland	69.3	42.1	82.4	54.5	71.4	42.6	85.2	54.8	67.3	41.6	79.6	54.3
Sweden	73.1	40.3	84.7	69.6	75.5	40.2	87.8	72.3	70.7	40.4	81.5	66.9
United Kingdom	71.5	53.2	81.1	57.4	77.3	54.1	87.9	66	65.8	52.2	74.6	49.1

\*LFS data for Croatia refer to the following age category (25-49)

\*\* LFS data for Croatia refer to the following age category (50-64)

Source: Eurostat (for EU countries), LFS 2006/2 (for Croatia)

**Table 7: Employment by gender and economic activity in 2006 (%) (according to NACE classification\*) 15 years and over**

	<i>a, b Agriculture, hunting, forestry and fishing</i>	<i>c-f Industry</i>	<i>g-k Services (excluding public administration)</i>	<i>l Public administration and defence, compulsory social security</i>	<i>m to q Other services</i>
Croatia	13.80	28.50	35.00	6.30	16.40
EU-27	5.89	27.64	36.91	7.12	22.45
Belgium	1.95	24.70	37.05	9.90	26.39
Bulgaria	8.11	34.47	33.98	7.22	16.22
Czech Republic	3.76	39.97	32.63	6.75	16.89
Denmark	3.09	23.33	37.06	5.95	30.58
Germany (including ex-GDR from 1991)	2.26	29.59	37.02	7.70	23.44
Ireland	5.74	27.47	39.18	5.14	22.48
Greece	11.98	22.09	39.82	8.55	17.57
Spain	4.78	29.55	39.87	6.19	19.61
France	3.95	24.22	36.59	9.37	25.86
Italy	4.27	30.13	39.02	6.28	20.30
Hungary	4.77	32.36	35.92	7.27	19.67
Netherlands	3.28	20.19	41.89	7.14	27.50
Austria	5.52	28.16	40.20	6.44	19.68
Poland	15.79	29.98	30.42	6.29	17.52
Portugal	11.70	30.57	32.09	6.87	18.78
Romania	30.60	30.71	22.15	5.23	11.32
Slovenia	9.58	35.49	31.13	5.96	17.84
Slovakia	4.39	38.82	31.82	7.04	17.93
Finland	4.67	25.69	36.81	4.70	28.13
Sweden	2.23	21.91	37.52	5.71	32.63
United Kingdom	1.35	21.98	41.70	7.09	27.88
Source: Eurostat (for EU countries), LFS 2006/2 (for Croatia)					
<b>* NACE classification:</b>					
<b>A-B</b>	<i>agriculture, hunting, forestry, fishing</i>				
	A <i>agriculture, hunting and forestry</i>				
	B <i>fishing</i>				
<b>C-F</b>	<i>industry (mining and quarrying, manufacturing, electricity, gas and water supplies, construction)</i>				
	C <i>mining and quarrying</i>				
	D <i>manufacturing</i>				
	E <i>electricity, gas and water supplies</i>				
	F <i>construction</i>				
<b>G-K</b>	<i>services (excluding public administration)</i>				
	G <i>wholesale and retail trade, repair of motorcycles and personal and household goods</i>				
	H <i>hotels and restaurants</i>				
	I <i>transport, storage, communication</i>				
	J <i>financial intermediation</i>				
	K <i>real estate, renting and business activities</i>				
<b>L</b>	<i>public administration and defence, compulsory social security</i>				
<b>M-Q</b>	<i>other services</i>				
	M <i>education</i>				

- N health and social work*
- O other community, social, personal service activities*
- P activities of households*
- Q extra-territorial organization and bodies*

**Table 8a: Share of part-time employment in total employment, 2006**

	Total	Males	Females
<b>Croatia</b>	10.1	6.8	13.4
<b>EU - 27</b>	18.1	7.7	31.2
Belgium	22.2	7.4	41.1
Bulgaria	2	1.5	2.5
Czech Republic	5	2.2	8.7
Denmark	23.6	13.3	35.4
Germany (including ex-GDR from 1991)	25.8	9.3	45.6
Ireland	:	:	:
Greece	5.7	2.9	10.2
Spain	12	4.3	23.2
France	17.2	5.7	30.6
Italy	13.3	4.7	26.5
Hungary	4	2.6	5.6
Netherlands	46.2	23	74.7
Austria	21.8	6.5	40.2
Poland	9.8	7.1	13
Portugal	11.3	7.4	15.8
Romania	9.7	9.5	9.8
Slovenia	9.2	7.2	11.6
Slovakia	2.8	1.3	4.7
Finland	14	9.3	19.2
Sweden	25.1	11.8	40.2
United Kingdom	25.5	10.6	42.6

Source: Eurostat, Labour Force Survey 2006/1.

**Table 8b: Share of temporary workers among employees, 15-64, 2006**

	Total	Men	Women
<b>Croatia</b>	12.5	:	:
<b>EU-27</b>	14.3	13.8	14.9
Belgium	8.7	6.9	10.8
Bulgaria	6.1	6.2	6.1
Czech Republic	8	6.8	9.4
Denmark	8.9	7.9	9.9
Germany (including ex-GDR from 1991)	14.5	14.8	14.2
Ireland	3.3	2.9	3.8
Greece	10.7	9.1	13
Spain	34.1	32.1	36.8
France	13.5	13	14
Italy	13.1	11.2	15.8
Hungary	6.7	7.3	6
Netherlands	16.4	15.2	17.9
Austria	9	9.1	8.9
Poland	27.3	28.4	25.9
Portugal	20.6	19.5	21.8
Romania	1.8	2	1.6
Slovenia	17.1	15.2	19.1
Slovakia	5	4.9	5
Finland	16.3	12.6	20
Sweden	17	15	18.9
United Kingdom	5.6	5	6.3

Table 9a: Unemployment rates by gender, age groups and nationality (%), 2006

	Total unemployment			Men			Women		
	15-24	25-49	50-64	15-24	25-49	50-64	15-24	25-49	50-64
Croatia	29	9	7,3	28.2	7.5	6.1	30	10.7	8.9
EU - 27	17.4	7.4	6.3	17.1	6.6	6.1	17.8	8.3	6.6
Belgium	20.5	7.4	5.6	18.8	6.7	4.9	22.6	8.2	6.7
Bulgaria	19.5	8	8.1	18.9	7.6	7.9	20.3	8.3	8.3
Czech Republic	17.5	6.3	6	16.6	4.6	5.2	18.7	8.4	6.9
Denmark	7.7	3.2	3.5	7.9	2.4	3.2	7.5	4.1	4
Germany (including ex-GDR from 1991)	13.7	9.3	11.4	14.8	9.4	11.2	12.5	9.2	11.7
Ireland	8.6	3.9	2.8	9.1	4.1	3	8	3.5	2.4
Greece	25.2	8.6	4.1	17.7	5.3	3.2	34.7	13.2	5.9
Spain	17.9	7.7	5.9	15	5.5	4.4	21.6	10.6	8.5
France	22.6	8.1	6	21.2	7.2	5.8	24.5	9.1	6.3
Italy	21.6	6.3	3	19.1	4.8	2.7	25.3	8.4	3.5
Hungary	19.1	7.1	4.8	18.6	6.6	4.8	19.8	7.7	4.8
Netherlands	6.6	3.3	3.7	6.1	2.9	3.6	7.1	3.8	3.8
Austria	9.1	4.2	3.5	8.9	3.6	3.8	9.3	5	3.2
Poland	29.8	12.4	10.2	28.3	11.2	10.7	31.6	13.8	9.7
Portugal	16.3	7.4	6.5	14.5	5.8	6.7	18.4	9.2	6.2
Romania	21.4	6.7	3.9	22.3	7.6	4.5	20.2	5.6	3
Slovenia	13.9	5.5	3.9	11.6	4.4	3.5	16.8	6.8	4.3
Slovakia	26.6	11.9	11.2	26.4	10.5	10.3	27	13.5	12.4
Finland	18.7	6.1	6.5	19	5.5	6.6	18.4	6.8	6.4
Sweden	21.5	5.5	4.3	21	5.3	4.7	22	5.8	3.8
United Kingdom	14.1	4.1	3.1	15.9	4.2	3.5	12.1	4	2.6

Source: Eurostat (for EU-27), Labour Force Survey 2006/2 (for Croatia)

Table 9b: Unemployment data of special groups, 2006

	Unemployment rate (%)			Long-term unemployment rate (%)			Share of the long-term unemployed (%)			The unemployed among youth (%)
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Croatia</b>	10.9	9.6	12.4	6.7	5.8	7.7	58.9	55.7	62.2	12.3
<b>EU-27</b>	7.9	7.1	8.8	3.6	3.3	4.0	45.3	44.8	45.8	8.4

Source: Eurostat, CBS

Table 10: Employed, unemployed and inactive population by level of educational attainment, 2006

	Employment			Unemployed			Inactive		
	isced0_2	isced3_4	isced5_6	isced0_2	isced3_4	isced5_6	isced0_2	isced3_4	isced5_6
<b>Croatia</b>	18.2	61.5	19.7	20.6	68.2	11.2	55.5	37.4	7.1
<b>EU-27</b>	24.8	49.5	25.5	11.8	8.3	4.6	51.0	37.7	8.5
Belgium	23.5	38.9	37.6	14	8.2	4.5	56.9	31.7	11.4
Bulgaria	15.1	59.5	25.4	20.5	7.7	4	54.8	37.8	7.4
Czech Republic	5.8	79.5	14.7	24.8	6.4	2.5	38.3	56.3	5.4
Denmark	20.0	46.9	32.9	6.7	3.2	3.3	45.0	39.9	14.9
Germany	16.1	58.7	25.2	18.7	9.9	4.8	45.2	45.6	8.9
Ireland	25.1	38.9	33.0	7.1	4.1	2.5	57.4	29.1	11.4
Greece	35.5	39.3	25.2	8.3	10.7	7.3	54.9	38.6	6.5
Spain	44.2	23.5	32.3	10.5	8.1	6.1	62.9	20.3	11.8
France	26.5	44.7	28.8	13.6	8.2	6	52.6	34.2	13.3
Italy	39.3	45.4	15.2	8.2	6.2	5.3	65.7	28.9	5.3
Hungary	13.1	65.6	21.3	16.7	6.9	2.8	47.8	45.7	6.5
Netherlands	25.5	43.5	30.0	6.1	3.6	2.3	51.9	33.5	13.5
Austria	17.5	64.4	18.1	9.4	4.1	2.6	42.7	50.5	6.9
Poland	9.0	68.7	22.3	23.7	15	6	39.7	55.0	5.3
Romania	21.6	64.4	14.0	9	7.9	3.8	49.8	47.4	2.8
Slovenia	14.4	62.2	23.4	8.4	6.6	3.3	42.6	51.8	5.6
Slovakia	4.6	78.6	16.8	48.6	11.8	3.3	43.1	51.9	5.0
Finland	17.4	47.0	35.5	14.2	8.2	3.7	49.0	37.2	13.8
Sweden	14.7	54.6	30.0	13.9	6.3	4.4	36.2	36.7	11.8
United Kingdom	22.1	45.5	31.7	9.1	5.3	2.8	35.8	32.8	10.9

Source: Eurostat, Labour Force Survey, CBS

Table 11: Activity, employment and unemployment rates by educational attainment, 2006

	Activity rate			Employment rate			Unemployment rate		
	iscd 0-2	iscd 3-4	iscd 5-6	iscd 0-2	iscd 3-4	iscd 5-6	iscd 0-2	iscd 3-4	iscd 5-6
<b>EU - 27</b>	75.3	86.7	92.3	66.8	80.4	88.3	11.3	7.4	4.3
Men	88.8	93.2	96.1	80.2	87.1	92.5	9.6	6.5	3.7
Women	61.6	79.8	88.9	53.2	73.2	84.6	13.7	8.3	4.8

Source: Eurostat



Table 12: Economic indicators on the county level

County	Population density per km <sup>2</sup> , 2006	GDP per capita in current prices, 2004 (RoC=100)	Administrative unemployment rate (%), (end March 2006)	Persons in employment (end March 2006)	Average number of unemployed persons, 2006
County of Zagreb	101.2	74.8	14.2	81,517	13,045
County of Krapina-Zagorje	115.9	68.5	14	37,456	5,692
County of Sisak-Moslavina	41.5	74.5	28.9	45,991	17,718
County of Karlovac	39.1	73.9	26.1	38,749	12,968
County of Varaždin	146.4	85.7	13.6	62,598	9,218
County of Koprivnica-Križevci	71.2	90.6	17	38,426	7,534
County of Bjelovar-Bilogora	50.4	74	25.9	35,396	11,834
County of Primorje-Gorski Kotar	85.1	113.7	13.4	113,908	16,220
County of Lika-Senj	10	126.9	22.1	13,515	3,637
County of Virovitica-Podravina	46.1	72.8	30.3	23,361	9,484
County of Požega-Slavonia	47.1	71.1	21.7	20,829	5,332
County of Brod-Posavina	87.1	58.2	29.6	38,486	15,339
County of Zadar	44.4	78.7	20.9	44,312	10,716
County of Osijek-Baranja	79.5	76.9	26.1	91,738	30,176
County of Šibenik-Knin	37.8	71.8	25	29,717	8,806
County of Vukovar-Srijem	83.4	56.8	31.3	43,358	18,477
County of Split-Dalmatia	102.1	79.3	22.2	138,692	37,475
County of Istria	73.4	136.9	8.4	83,867	6,317
County of Dubrovnik-Neretva	69	94.5	18.3	38,366	7,473
County of Međimurje	162.4	77.7	15.8	37,540	6,786
City of Zagreb	1,215,50	180.5	9.2	388,581	37,369
<b>TOTAL</b>	<b>78.4</b>	<b>100</b>	<b>17.7</b>	<b>1,446,403</b>	<b>291,616</b>

Source: Central Bureau of Statistics, Croatian Employment Service

#### Annex 4: Detailed Summary Table for the Operational Programme

[See also section 3.2 (Indicators) and section 5.2.6 (Evaluation activities and timing) of the OP]

<b>Priority Axis 1 - Enhancing access to employment and sustainable inclusion in the labour market</b>			
<b>Measure 1.1 - Supporting the design and implementation of active and preventative labour market policy</b>			
<b>Specific objective 1</b>	<b>Result indicators</b>	<b>Main types of operations</b>	<b>Output indicators</b>
To develop regional participatory institutional framework for promotion of employment	Number of Human resources development plans (prepared by Local Employment Partnerships) accepted by the county assemblies	Undertake local employment initiatives  Carry out labour market surveys Elaborate local HRD strategies Develop project generation and articulation facilities in CES at the regional level  Implement grant schemes in line with the objectives of the HRD strategies	Number of employment partnerships established
			Number of HRD strategies developed
			Number of project portfolios developed
			Number of persons who received support through the grant schemes
<b>Measure 1.2 - Supporting the effectiveness and quality of Croatia's public employment services</b>			
<b>Specific objective 1</b>	<b>Result indicators</b>	<b>Main types of operations</b>	<b>Output indicators</b>
To improve the quality, effectiveness and efficiency of Croatian employment service	Number of CES staff certified for provision of different types of services to clients by type of service as a result of capacity building operations and improved business processes provided through the measure	Development of the capacity to formulate a coherent legislative framework for lifelong career guidance provision  Establishment of a National Forum for lifelong career guidance  Establishment of a model for lifelong career guidance centre and its pilot-testing	Number of steps undertaken to the establishment of the lifelong career guidance centre
			Strengthen the analytical capacity of CES and MELE through training  Establish a training facility within CES for key skills for counsellors (focusing on the unemployed), advisors (focusing on the

		employers), lifelong career guidance counsellors, specialized counsellors for disadvantaged groups and skills for other CES processes	
		Support design and implementation of improved business processes with the CES's IT system and user-friendly IT solutions, including upgrading of the IT equipment & software	Number of key business processes supported with ICT solutions
		Create a system of quality assurance, monitoring, evaluation and training-needs assessment for CES business processes	Number of key business processes equipped with quality assurance indicators

<b>Priority Axis 2 - Reinforcing social inclusion of people at a disadvantage</b>			
<b>Measure 2.1 - Supporting access to employment by disadvantaged groups</b>			
<b>Specific objective 1</b>	<b>Result indicators</b>	<b>Main types of operations</b>	<b>Output indicators</b>
To promote social inclusion of the disadvantaged groups through their integration to the labour market	Share of disadvantaged groups who were beneficiaries of the measure and who remain in employment one year after placement	Development of new inter-institutional and inter-sectoral business processes for the work with disadvantaged groups	Number of new business processes targeted at the social inclusion of the disadvantaged
	Number of disadvantaged unemployed persons included in the new inter-institutional business processes that promote social inclusion into the labour market	Training of staff (basic and advanced) in the employment and social welfare services (governmental, self-governmental, public, non-governmental) for work with disadvantaged groups	Number of staff trained for the work with disadvantaged groups
		Training and retraining of disadvantaged groups	Number of unemployed disadvantaged persons benefiting from grant schemes (broken down in specific target groups)

<b>Measure 2.2 - Supporting access to education by disadvantaged groups</b>			
<b>Specific objective 1</b>	<b>Result indicators</b>	<b>Main types of operations</b>	<b>Output indicators</b>
To support access to education for employment by disadvantaged groups through, inter alia, promoting a more flexible policy framework and innovative provision of relevant services.	Proportion (%) of disadvantaged persons (broken down by common aggregate groups) having a new/ second access to targeted educational services and/or modernised facilities.	Supporting the design and implementation of educational programmes specifically targeted on disadvantaged groups (including upgrading facilities and equipment where appropriate).	Number of educational establishments at the local/regional level involved in the development of educational programmes Number of pilot-testings of educational programmes specifically targeted on disadvantaged groups. Number of persons assisted through the grant scheme
		Building the capacity of education professionals in new services for the disadvantaged, primarily in the VET sector	Number of educational professionals who were beneficiaries of training or technical assistance measure
<b>Measure 2.3 Development of social services to improve employment opportunities</b>			
<b>Specific objective 1</b>	<b>Result indicators</b>	<b>Main types of operations</b>	<b>Output indicators</b>
To improve employment opportunities and promote reconciliation of work and family life by developing of new and improving quality of social services in the community.	Share of social welfare beneficiaries using new social services	Supporting development of social services in the community	Number of community based social services developed

	Stagnation/decrease of social service beneficiaries using institutional services	Supporting professionals working in the field of social services delivery in further development of community based social services.	Percentage of organisations /stakeholders in delivery of community based social services assisted
			Percentage of professionals working in the field of social services delivery assisted

**Priority Axis 3 – Enhancing human capital and employability**

**Measure 3.1 – Further development of the Croatian Qualifications Framework**

Specific objective 1	Result indicators	Main types of operations	Output indicators
<p>To strengthen investment in human capital in Croatia and promote greater employability by helping Croatia develop and implement a coherent HRD policy and national qualifications framework, and to increase the overall labour market relevance, efficiency and quality of the education and training systems</p>	<p>Share (%) of VET / higher education students (by common levels of EQF) in pilot-institutions having followed any type of education / training based on the reviewed CROQF, modernised curricula and quality assurance mechanisms.</p>	<p>Establishment of a designated national EQF centre</p> <p>Support to the introduction of a systematic CROQF peer-review process</p> <p>Implementation of the pilot-testing of specific CROQF elements</p> <p>Further improvements of the CROQF consultation and mainstreaming process and related awareness-raising/capacity building campaigns</p>	<p>Number of steps undertaken to ensure the CROQF implementation</p>
		<p>Targeted support to continuous development of the VET Sectoral Councils, the methodology for qualification &amp; framework curricula development</p>	<p>Number of occupational standards and qualifications/framework curricula developed to a specified standard</p>

		Support for the design and implementation of a 'VET Innovation Fund' Pilot-testing of the VET Innovation fund	Number of VET schools receiving grant support under the Pilot-VET Innovation Fund established on the basis of the VET Innovation Strategy
		Support to institutional and policy development in the field of VET quality assurance.	Number of VET schools carrying out the pilot testing of the self-evaluation at the micro level
		Further capacity building of relevant VET secondary school staff and other key practitioners in the field of QA	Percentage of staff and practitioners included in capacity building activities out of the total number of staff
		Further improvements of the Vocational Education and Training Information System (VETIS) and systematic exchange of experience and information on the VET QA	Number of new modules within VETIS developed
<b>Measure 3.2 – Strengthening the provision of Adult Learning</b>			
<b>Specific objective 1</b>	<b>Result indicators</b>	<b>Main types of operations</b>	<b>Output indicators</b>
To improve skills and competences of adults and so enable them to participate more actively in the labour market.	Number of unemployed adult persons and other target groups of adult population at the local level enrolled in new / modernised adult learning programmes.	Development of an institutional framework for institutions at the local level, for entrepreneurial and other basic skills	Set of criteria for the selection of institutions at the local level identified
		Basic capacity building of selected local institutions.	Number of train-the-trainers (ToT) modules designed and delivered.

		Procurement of equipment for selected local institutions.	Training equipment sets procured and installed.
		Comprehensive development of the basic competences programmes in line with the EU Reference Framework for Key Competences.	Number of new / modernised basic skills training programmes developed.
<b>Measure 3.3.- Supporting the quality and effectiveness of institutions responsible for policy design and provision of education and training</b>			
<b>Specific objective 1</b>	<b>Result indicators</b>	<b>Main types of operations</b>	<b>Output indicators</b>
To support the development of the capacity of Croatia's public institutions and relevant non-governmental partners at all levels of education and training	<p>Share (%) of the employees and external expert/ associates of the Croatian public institution and other institutions who successfully completed specialist capacity building activities and are certified to provide adequate support to ongoing reform in the field of education and training.</p> <p>Number of specific cohorts (with at least 10 staff members of the education institutions per each activity) involved in tailor made training &amp; other TA support in education areas</p>	<p>Development of the National information system and capacity building in reforms for science and higher education</p> <p>A review of current responsibilities of the education agencies and specific recommendations, reflecting the evolving requirements of the Croatian education system.</p>	<p>National Information System developed</p> <p>Number of persons from institutions responsible for policy design as well as from HE and Research institutions</p>

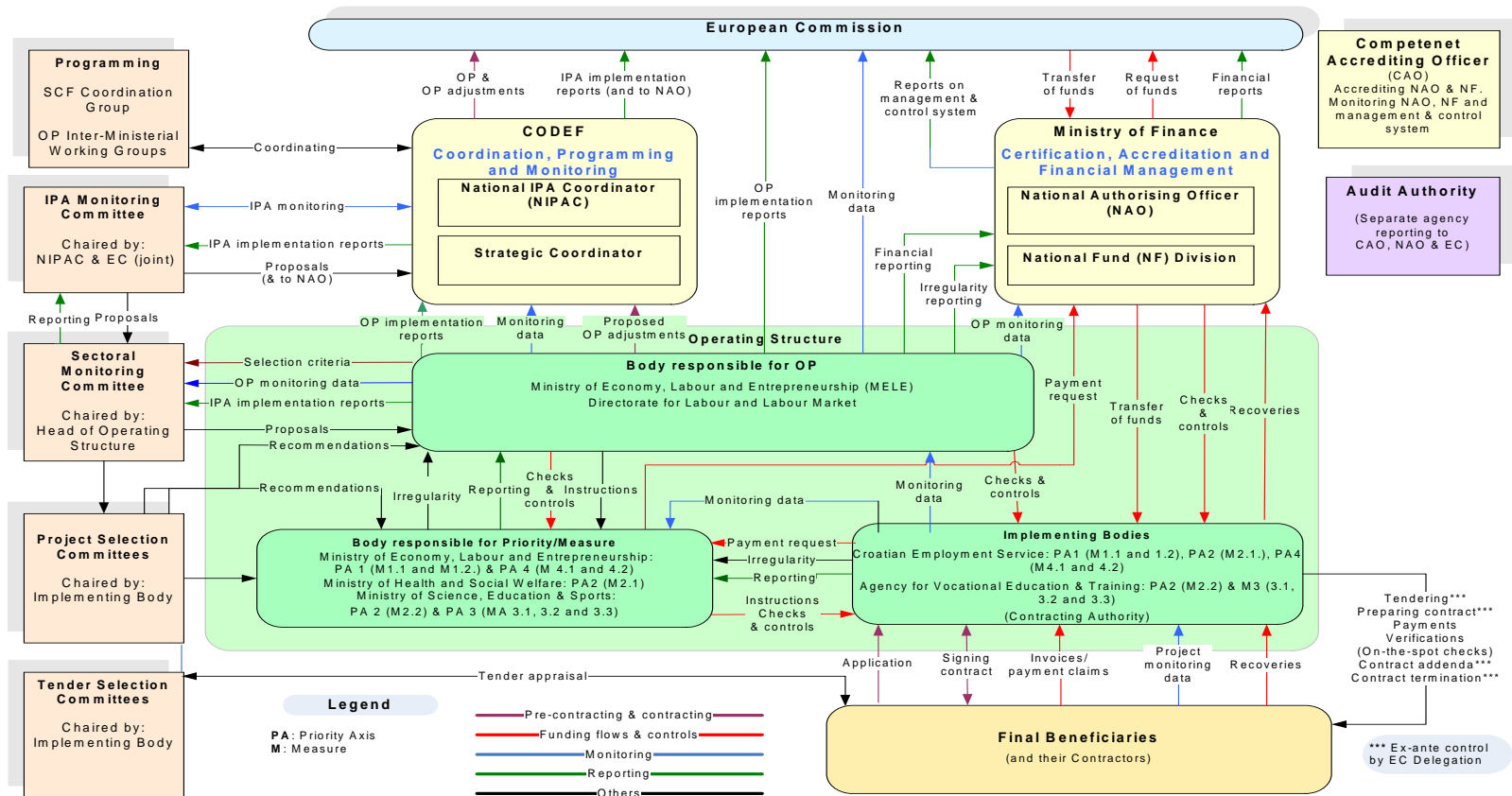


			<p>trained</p> <p>Guidelines and institutional regulations on accounting in higher education developed</p>
		<p>Support to education agencies and institutions</p> <p>in organisational and management activities and in the design and preparation of manuals, operational procedures, guidelines, checklists and templates.</p>	<p>Mid-term plan for education agencies research and analysis function prepared.</p>
		<p>Elaboration of a mid-term plan for the education agencies' research and analysis function.</p>	<p>International partnership programme and Action Plan prepared.</p>
		<p>Elaboration of an international partnership programme and Action Plan for: internal development planning, decision-making, overall VET management, project preparation and co-financing, etc.</p>	<p>Number of training plan/ training programmes prepared</p> <p>Number of persons trained</p>
		<p>Establishment of a training system for education agencies staff and relevant staff members of other key institutions.</p> <p>Development and establishment of database for supporting and managing In-service TT</p>	<p>Database for supporting and managing in –service TT developed</p>

Priority Axis 4 - Technical assistance			
Measure 4.1 - Project preparation			
Specific objective 1	Result indicators	Main types of operations	Output indicators
To prepare a project pipeline for all operations and measures and ensure sufficient projects are fully mature and ready for submission to the Project Selection Committee throughout the programme duration.	Number of mature projects ready for contracting	Support to final beneficiaries in the preparation of tender documentation for service and supply contracts Support to implementing bodies in the preparation of guidelines for potential applicants	Number of tender document sets prepared Number of guidelines prepared
		Support to potential grant applicants in the preparation of their applications	Number of potential applicants receiving support through TA
		Support to final beneficiaries in the preparation of tender documentation for service and supply contracts	Number of tender document sets prepared

<b>Measure 4.2 - Programme management and capacity building</b>													
<b>Specific objective 1</b>	<b>Result indicators</b>		<table border="1"> <thead> <tr> <th><b>Main types of operations</b></th> <th><b>Output indicators</b></th> </tr> </thead> <tbody> <tr> <td>Support to the Croatian OP administration, regarding any aspect of management, monitoring, evaluation and control, including grant scheme management and procurement.</td> <td>Number of staff from OP administration bodies involved in the capacity building operations</td> </tr> <tr> <td>Support to the Croatian OP administration in elaboration of sector studies and master plans</td> <td></td> </tr> <tr> <td>The preparation and implementation of information and publicity activities</td> <td>Number of information events organised</td> </tr> <tr> <td>Support (including advice and training) to socio-economic partners, beneficiaries and civil society, to support the implementation of measures (including grant schemes) in specific sectors</td> <td>Number of persons involved in training or technical assistance operations</td> </tr> </tbody> </table>	<b>Main types of operations</b>	<b>Output indicators</b>	Support to the Croatian OP administration, regarding any aspect of management, monitoring, evaluation and control, including grant scheme management and procurement.	Number of staff from OP administration bodies involved in the capacity building operations	Support to the Croatian OP administration in elaboration of sector studies and master plans		The preparation and implementation of information and publicity activities	Number of information events organised	Support (including advice and training) to socio-economic partners, beneficiaries and civil society, to support the implementation of measures (including grant schemes) in specific sectors	Number of persons involved in training or technical assistance operations
<b>Main types of operations</b>	<b>Output indicators</b>												
Support to the Croatian OP administration, regarding any aspect of management, monitoring, evaluation and control, including grant scheme management and procurement.	Number of staff from OP administration bodies involved in the capacity building operations												
Support to the Croatian OP administration in elaboration of sector studies and master plans													
The preparation and implementation of information and publicity activities	Number of information events organised												
Support (including advice and training) to socio-economic partners, beneficiaries and civil society, to support the implementation of measures (including grant schemes) in specific sectors	Number of persons involved in training or technical assistance operations												
To ensure efficient and effective OP management, and develop the institutional capacity for managing and absorbing IPA component IV assistance	Quality of OP management (of monitoring system, financial control system, project selection system and evaluation system)												

### Annex 5: Human Resources Development Operational Programme - Organigram





**THE EX ANTE EVALUATION OF IPA OPERATIONAL  
PROGRAMMES FOR CROATIA  
Human Resource Development Operational Programme**

Martin Ferry, Irene McMaster, Keith Clement, John Bachtler,

Sara Davies, Laura Polverari and Douglas Yuill

European Policies Research Centre

University of Strathclyde

40 George Street

Glasgow G1 1QE

United Kingdom

Tel: +44-141-548-3061

Fax: +44-141-548-4905

e-mail: [irene.mcmaster@strath.ac.uk](mailto:irene.mcmaster@strath.ac.uk)

April 2007



## Executive Summary

This report comprises the findings of the ex ante evaluation of the IPA Operational Programme (OP) for Human Resource Development for Croatia (2007-09) undertaken by the European Policies Research Centre (EPRC).

The OP provides coherent and accessible coverage of the key issues under Human Resource Development, according to the Commission template for IPA OPs. The OP broadly integrates EU and Croatian priorities in the field. Although there are some gaps in the analysis, it provides a sound basis for the strategic approach taken by the programme. The structure of objectives and priorities flows logically from the analysis, though there could be room for further consideration of the structure of some priorities and measures. Systems for monitoring and evaluation and management and implementation have evolved between OP drafts but some further detail and clarification is required in certain areas.

Taking each of the three main policy headings in turn (employment, education and training and social inclusion), there are some areas where additional information could be added to the analysis, or the text restructured, to strengthen the justification for strategic objectives. Closer attention could be paid to the link between the SWOT and the analysis as there are some gaps and inconsistencies where specific aspects of the SWOT do not relate clearly to issues in the background analysis. There is a need for some further consideration of the structure of the priorities and measures. For instance, a general concern is that there is quite a large variety of activity streams included under some priorities and that these activities vary considerably in their nature and scope. More detail on how decisions on the allocation of resources and the sequencing of financial flows to different measures over the first three years would be valuable. It would be helpful to provide more detail on the Programme's coherence with the Lisbon strategy and other IPA OPs. Work on indicators is still in progress and there are still significant gaps. Similarly, the consultation process was still in progress during the ex ante evaluation. Currently, the description of the consultation arrangements provides only a broad outline and more detail of the process and its outcome will be added in the next draft. Additionally, on the issues of programme management and implementation, some clarification concerning the identity, functions and timetable for the introduction of Implementing Bodies, and their relationship to other management bodies is required. Within the OP, environment is not well integrated. To address this issue, a broader interpretation of environment could be adopted.

## Preface

The aim of the ex ante evaluation of the IPA Operational Programmes for Croatia is to provide an external perspective on the preparation of the new Programmes with a view to improving and strengthening the final quality of the Programmes and optimising the allocation of resources.

The evaluation was undertaken by a research team from the European Policies Research Centre (EPRC) at the University of Strathclyde in Glasgow. Within EPRC, the ex ante evaluation of the evaluation was managed and undertaken by the following team:

- |   |  |   |                             |
|---|--|---|-----------------------------|
| 1 | Dr Irene McMaster (Research Fellow)  | - | Programme overview          |
| 2 | Professor John Bachtler (Director)   | - | Environment OP              |
| 3 | Professor Douglas Yuill (Director)   | - | Environment OP              |
| 4 | Dr Sara Davis (Senior Research Fellow)   | - | Transport OP                |
| 5 | Laura Polverari (Senior Research Fellow)   | - | Regional Competitiveness OP |
| 6 | Dr Martin Ferry (Research Fellow)  | - | Human Resources OP          |
| 7 | Dr Keith Clement (Senior Research Associate), responsible for Environmental Assessment |   |                             |

The EPRC team would also like to thank the following local experts for their valuable insights: Sanja Crnković-Pozaić, Maja Vehovec, Dubravka Jurlina Alibegovic and Mak Kisevic.

European Policies Research Centre

Glasgow

April 2007



# THE EX ANTE EVALUATION OF IPA OPERATIONAL PROGRAMMES FOR CROATIA

## 1. INTRODUCTION

This report comprises the findings of the ex ante evaluation of the IPA Operational Programmes (OP) for Human Resource Development for Croatia (2007-09) undertaken by the European Policies Research Centre (EPRC). The report is part of a wider set of IPA ex ante evaluations. The context for the evaluation and a detailed explanation of the methodology is contained in the accompanying 'Overview Report'. The structure of this report is as follows:

- general overview of the OP;
- appraisal of the socio-economic analysis and the relevance of the programme strategy to the needs identified;
- evaluation of the rationale of the strategy and its consistency;
- appraisal of the internal and external coherence of the strategy;
- an assessment of expected results and impact;
- an appraisal of the proposed implementation system;
- an appraisal of environmental integration; and
- summary conclusions.

## 2. HUMAN RESOURCE DEVELOPMENT OPERATIONAL PROGRAMME: CONTEXT

### 2.1 IPA support for human resource development measures

The HRD element of the IPA will contribute to strengthening economic and social cohesion as well as contribute to the priorities of the European Employment Strategy in the field of employment, education and training and social inclusion.<sup>39</sup>

Employment can be targeted by a wide range of policy interventions, e.g. indirectly through policies aimed at social and economic development and/or directly through specific labour market policies. Active labour market policies, built around the principles of 'prevention' and 'activation', include job search assistance (public employment services), provision of training (training programmes such as classroom training, on the job training, work experiences), subsidization of job creation in the private sector (such as subsidies to employers or financial incentives targeted to the unemployed for business start-ups), and temporary job creation in the public sector.<sup>40</sup> Related, the actors and institutions involved in these types of intervention are numerous.

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<sup>39</sup> European Commission, "Explanatory Memorandum: IPA regulations", European Commission: Brussels.

<sup>40</sup> DG REGIO, *Evaluation of Socio-Economic Development; The Guide, Themes and Policy Areas: Employment and Human Resources: Active Labour Market Policies*, Brussels: DG: Regio < <http://www.evaled.info/page.aspx?id=thm82>>

In the European Union, the long-standing aims of combating unemployment and promoting employment have been given operational content through the European Employment Strategy (EES) and Employment Guidelines. Now, the EES has been integrated into the Lisbon Strategy for sustainable economic growth and full employment, resulting in a new structure based around the objectives of full employment, quality at work and cohesion and delivered under ten priorities: activation and prevention, job creation and entrepreneurship, adaptability and mobility, human capital and lifelong learning, labour supply and active ageing, gender equality, integration of people at a disadvantage, making work pay, undeclared work, and regional disparities.<sup>41</sup>

The importance of education and training in producing economic, social and other outcomes means that it is also a key development priority. For many years, the EU has been committed to increasing the proportion of young people leaving education with a qualification, and enhancing work-related training. Current developments are also driven by the requirements of a knowledge-based economy, including a focus on updating skills and promoting new competencies, and, most recently, broadening access to education and training and developing e-learning and ICT skills. Related, education and training covers a wide range of interventions, actors and institutions, and these have become more numerous and more complex in recent years. This reflects important developments in the demand for and supply of education and training, often driven by wider social and economic needs (including technological and lifestyle changes), and a greater customer focus on delivering and funding provision resulting in the need for flexible education and training in terms of curriculum, accreditation and delivery.

Human resource development interventions also take into account issues related to social exclusion. A key challenge for OPs is to foster social inclusion by ensuring a positive and dynamic interaction between economic, employment and social policy.<sup>42</sup> This is a particular priority, as investing in people is seen as crucial to not only building social inclusiveness, but it is also essential to improving economic performance. Within the wider context of human resource development, initiatives to promote social inclusion could have a range target groups (e.g. unemployed, disabled, specific ethnic groups) and cover a range of policy fields (education, employment health and housing). Policies can either be developed to target these groups or particular efforts are made to ensure that do not disadvantage such groups.

In terms of the delivery of all of these interventions, increasingly, a decentralisation process has been taking place in many European countries. Especially in the field of employment services and training, the local level has been considered the best intervention level, due to its closeness to local labour markets, which may be very different in terms of needs and potentialities. In addition, in most countries, the relevant role of the social partners has been recognized in facilitating and promoting employment policies at the local level. It is also worth noting that the synergies and incentives created by the interaction of different policy interventions and the cumulative impact of policy regimes have a key role to play in meeting programme objectives. Therefore, the wider institutional framework in which these policies operate, consisting of policy regimes, organisational regimes and incentive regimes.

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<sup>41</sup> DG REGIO, *Evaluation of Socio-Economic Development; The Guide, Themes and Policy Areas: Employment and Human Resources: Active Labour Market Policies*, , Brussels: DG: Regio < <http://www.evaled.info/page.aspx?id=thm82>>

<sup>42</sup> DG REGIO, *Evaluation of Socio-Economic Development; The Guide, Themes and Policy Areas: Promoting Social Inclusion*, Brussels: DG: Regio < <http://www.evaled.info/page.aspx?id=thm37>>

Key evaluation questions relate to:

- the likely use and accessibility of the programme (i.e. What is the likely level of awareness among the eligible and potentially eligible population? How to ensure that those eligible to participate in the programme get involved? Who does and who doesn't? Is the target population poorly defined, or the programme delivery poorly controlled?)
- the delivery of the programme (i.e. Is the programme delivery consistent with the aims? Which actors are involved in the programme delivery? What are the times and quality of delivery)
- the identification of variations in the programme delivery (Were programme resources and delivery consistent across all geographical locations? Is it possible to identify best practices among different delivery locations? Are there targeting mechanisms, i.e. delivery focussed on those groups that are 'easier' to help instead of the most challenging groups?)
- the organisation of the programme (What are the main models of programme organisation and delivery?, How well do different staff/actors involved in delivery work together?)
- the programme resources (Is programme staffing and funding sufficient to ensure appropriate standards? Are programme resources likely to be used efficiently and effectively? Are costs per outcome reasonable and offset by the benefits?)
- participant experience of the programme (How were participants going to be involved in the programme? Have partners been involved in the development of the programme?)

## **2.2. Development of the HRD OP**

The OP has been prepared by an Inter-Ministerial Working Group (IWG) chaired by the Central Office for Development Strategy and Coordination of EU Funds (CODEF) and including representatives of the Ministry of Economy, Labour and Entrepreneurship (MELE); the Ministry of Science, Education and Sport (MSES); the Ministry of Health and Social Welfare (MHSW); the Croatian Employment Service (CES); the Agency for Vocational Education and Training (AVET); the Agency for Adult Education (AAE); Education and Teacher Training Agency (ETTA); Central Bureau of Statistics (CBS); Ministry of Foreign Affairs and European Integration (MFAEI); and, CARDS 2003.

The first draft of the OP was produced by the IWG in November 2006. This was structured according to the Commission template for IPA OPs and provided a comprehensive review of all the main issues required under the template headings, although there was scope for restructuring and supplementing the text, clarifying and strengthening links between the needs analysis and the strategic priorities and addressing some gaps relating to the analysis section, financial tables, monitoring targets and consultation process. Comments on the first draft were received from the European Commission Delegation, DG Emploi. The main comments concerned the need to streamline the OP structure, strengthen links towards future ESF activities, provide a clearer picture of the relationship between PHARE and CARDS programmes and the OP and increase the focus on absorption capacity. A second draft of the OP was produced in March 2007, incorporating responses to the specific Commission comments as well as a restructuring of some sections (notably relating to context and complementarities with other EU assistance programmes), additional text and updated data for the socio-economic analysis (including a stronger regional dimension), and further information on the financial tables and monitoring indicators. Commission comments on the second draft focussed on the OP's coherence with other programmes (notably the draft Joint Assessment of Employment

Priorities - JAP) the reorganisation of some measures, the development of more streamlined measure templates and a clearer indication of the balance between the role of central agency activities and small projects in the OP.

### **2.3 Evaluation of the HRD OP**

The EPRC evaluation of the HRD OP was initially undertaken on the basis of the first draft, based on the EPRC checklist and summarised in the preliminary assessment sent to CODEF in March 2007.

During a fieldwork visit to Croatia on 26-29 March 2007, further assessment was undertaken on the basis of the second draft of the OP and meetings were held by EPRC with the following:

- EU Delegation to Croatia
- Ministry of Economy, Labour and Entrepreneurship (MELE);
- Ministry of Science, Education and Sport (MSES);
- Ministry of Health and Social Welfare (MHSW);
- Croatian Employment Service (CES);
- Agency for Vocational Education and Training (AVET);
- Agency for Adult Education (AAE);

Subsequent analysis of the OP was undertaken by a local expert<sup>43</sup>, commissioned by CODEF on the basis of guidance provided by EPRC. The remainder of this report describes the outcome of the above research, structured under the main headings required by the EU regulations and Commission guidance. The local expert also undertook discussions during April 2007 with:

- The Education and Teacher Training Agency;
- The University of Zagreb;
- The Croatian Employer's Association; and
- The Association of Independent Unions.

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<sup>43</sup> Local expert input relating to the analysis and follow-up interviews was undertaken by Sanja Crnković-Pozaić.

### **3. GENERAL COMMENTS ON THE OP**

The OP provides coherent and accessible coverage of the key issues under Human Resource Development, according to the Commission template for IPA OPs (see Box 1 below). The OP broadly integrates EU and Croatian priorities in the field. Although there are some gaps in the analysis, it provides a sound basis for the strategic approach taken by the programme. The structure of objectives and priorities flows logically from the analysis, though there could be room for further consideration of the structure of some priorities and measures. Systems for monitoring and evaluation and management and implementation have evolved between OP drafts but some further detail and clarification is required in certain areas.

#### **Box 1: Structure of the Human Resource Development OP**

- 1. Context, consultation and coordination**
  - 1.1.1. The national socio-economic and political context
  - 1.1.2. The EU policy context
  - 1.1.3. The process of elaborating the Operational Programme
- 2. Assessment of medium term needs, objectives and strategic priorities**
  - 2.1.1. Socio-economic analysis
  - 2.1.2. SWOT
  - 2.1.3. Strategic priorities
- 3. Programme strategy**
  - 3.1.1. Concentration of assistance, priority axes and measures
  - 3.1.2. Priority axes
  - 3.1.3. Measures
  - 3.1.4. Horizontal issues
  - 3.1.5. Complementarities with other forms of assistance
  - 3.1.6. Indicative list of major projects
- 4. Financial tables**
  - 4.1.1. Calculation of European Union contribution
  - 4.1.2. Financial table
- 5. Implementation provisions**
  - 5.1.1. Management and control
  - 5.1.2. Monitoring and evaluation
  - 5.1.3. Information and publicity

#### **Annexes:**

- I Membership of the Inter-Ministerial Working Group
- II Outline Communications Strategy for IPA
- III Analytical tables and figures

Background analysis is divided between two sections: Section 1.1 outlines Croatia's macro-level socio-economic and policy context with a particular focus on HRD-related themes and Section 2.1 contains the main socio-economic analysis. The second draft of the OP has restructured the context, assessment of needs and SWOT sections of the OP and this has addressed some problems with duplication in the first draft OP. In establishing the policy context, the OP introduces a useful overview of the main accession documents and Croatian national strategies. Nevertheless, some partial duplication remains (e.g. concerning the description of education provision in Section 1.1.2 (p.6) and again in Section 2.1.3 (p.22)). One recommendation could be to limit Section 1.1 to the policy context where the hierarchy of policies, strategies and interventions at EU and domestic levels is useful. The socio-economic content could be integrated with Section 2.1.

#### **4. APPRAISAL OF THE SOCIO-ECONOMIC ANALYSIS AND THE RELEVANCE OF THE PROGRAMMES' STRATEGIES TO THE NEEDS IDENTIFIED**

##### **4.1 Overview of human resource development issues**

Section 1.1 outlines the national socio-economic and policy context, consisting of general macro-economic information and more specific HRD-related data. It also sets out the key domestic policies relating to the three main HRD headings of employment, skills, education and training, and social cohesion and inclusion. The main socio-economic analysis is in Section 2.1. In general, this provides an overview of the relevant issues under five main headings: demography and public health; employment and unemployment (including by sector, and with reference to flexible employment); education, training and skills; social protection, social income and social inclusion; and regional disparities (the last category has been added as a distinct section in the second draft OP).

The use of statistical information to support statements is generally sound, drawing on domestic and Eurostat sources to make some EU comparisons. Under each heading, the most important trends are drawn out, illustrated by statistics drawn from Eurostat and domestic sources and sometimes setting the Croatian experience in comparative context with different Member States and the EU as a whole (tables have been moved to an annex in Draft 2).<sup>44</sup> The main Croatian statistical data source for poverty and social exclusion is the Croatian Bureau of Statistics (CBS) which conducts a Household Budget Survey (HBS). Coverage in this is improving and it has been harmonised with Eurostat. There are also Labour Force Surveys.

Section 1.2 outlines the EU policy context. The framework provided by Commission strategies and guidelines informs the analysis and the strategic sections of the HRD OP in quite a prescriptive way. The OP is rooted in the Strategic Coherence Framework (SCF) which sets out how IPA funding is to be used in Croatia and IPA Components III and IV. HRD-related objectives of the SCF have been informed by European Employment Strategy and European Employment Guidelines. Priorities indicated in the OP must also be in line with and result from the Joint Memorandum for Social Inclusion (JIM) and the Joint Assessment of Employment Priorities (JAP), which all accession countries must prepare. Drafting of the OP has taken place in close co-ordination with the elaboration of the JIM and JAP documents. The overall

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<sup>44</sup> While internationally comparable data is useful, it is worth taking into account that the registered unemployment rate in Croatia is higher than the internationally comparable LFS rate, which is something that policies should be sensitive to.

priority is “Creating more and better jobs. More immediately, attracting and retaining more people in employment by increasing human capital investment, reinforcing social inclusion and promoting adaptability of enterprises and workers”. This covers the main strategic headings of Employment, Education and Training, and Social Inclusion. Administrative capacity is treated as a cross-cutting theme under each of these headings.

The overall conclusion is that, in the relatively short time since the end of the war, and particularly since engaging in the process of accession to the EU, Croatia has made ambitious commitments to modernisation and reform in relation to policies concerning the development of human resources. Given the scale of the commitments, the limits to available resources and the unfamiliar nature of many of the challenges confronted, there is significant pressure on public administration as a consequence. This presents a strong justification for the proposed concentration of assistance delivered through the HRD OP on developing the capacity of the key relevant public institutions at both the national and local levels. Nevertheless, taking each of the three main policy headings in turn, there are some areas where additional information could be added, or the text restructured, to strengthen the justification for strategic objectives.

#### **4.1.1 Employment**

Under the employment heading, the Croatian labour market is characterised by an ageing labour force, a relatively low employment rate and a relatively high unemployment rate. Both the share of the long-term unemployed, particularly among unemployed women and the rate of unemployment among the youth, are high. There are large differences in relative unemployment among the regions, reflecting different labour demand and insufficient wage flexibility. Croatia is experiencing population ageing and decline. Up until recently, net immigration had offset this but this now this trend is declining. A declining, ageing population has clear implications for work-force size and a significant increase in employment rate is required to contribute to increase spending on health and social assistance. A key policy in this field is the *National Action Plan for Employment* (NAPE) and its annual *Employment Promotion Plans*, informed by the European Employment Strategy. These aim to promote employment, social inclusion, Vocational Education and Training (VET), entrepreneurship and improvement of the business environment. The main instruments for active labour market measures are CES employment subsidy programmes for new starts. Subsidies have aimed to target specific groups (youth, elderly, disabled etc). CES also provides low level finance to municipalities’ labour market interventions and some specific measures to national minorities (Roma). However, the programmes have also included general ‘introduction to job’ provisions that apply to everyone and this has limited the impact on these specific target groups. Key challenges identified include: reaching target groups without making conditions too restrictive and thus limiting participation; placing more emphasis on training and upgrading skills; developing provisions for the monitoring and evaluation of the impact of active labour market interventions on target groups. The main focus of OP activities under this heading is to strengthen the capacity of CES and this seems justified, given the challenging agenda. Specific comments under this heading are:

- Some gaps in public sector administrative capacity or institutional constraints are noted as one of the key weaknesses to be addressed in the OP. These gaps are noted in different parts of the analysis (e.g. in terms of efficiency, data-gathering capacity, coordination between central, regional and local structures). However, a more explicit summation in relation to employment services could strengthen the argument for the OP’s focus on capacity-building.
- There is very little detail on internal migration processes and labour force mobility, though low

regional mobility of the labour force is listed as a strategic weakness. Even if there is limited information on this, some text should be included in the regional disparities section of the socio-economic context (Section 2.1.5). Related, there could also be some discussion of the potential tension between increasing regional labour force mobility as a result of VET and increased employability and the threat of depopulation in some regions, mentioned in the same section. For instance, extensive urbanisation and out migration in the past has left some areas with labour shortages and an ageing population. Related, changing age structures and a decreasing working age population is likely to have negative impacts on labour supplies, particularly for key sectors such as, ICT, bio-technology and construction. These challenges could suggest the need for targeted support for these regions, at some point. Is increased labour mobility seen as a potential strength or as a threat in the Croatian context?

- Additional points that could be mentioned in the analysis include:
  - o the development of a more sophisticated and inclusive definition of 'employment', taking into account flexible working, self-employment, informal employment and other forms of work contract; and
  - o noting that a considerable proportion of employment in agriculture in Croatia involves the elderly working in subsistence agriculture.

#### **4.1.2 Skills, training and education**

The Croatian population has relatively high rates of secondary education but low rates of higher education and the workforce has relatively low skill levels. There appears to be a significant mismatch between the contents of education and the requirements of the labour market and there is very low provision of adult education and training. A system of polytechnics at post-secondary level has been introduced but the provision of VET is weak and there are high levels of unemployment for graduates from these. An important policy response is the *Education Sector Development Plan 2005-10* which aims to improve the quality of training, support teacher training and encourage more strategic approaches in the field. In addition, new organisations have been established recently, notably: the National Council for Higher Education; the Commission for Adult Education; the Agency for Vocational Education and Training and Adult Education (AVETA). These are in the process of introducing a range of initiatives, including the development of a National Qualifications Framework, a survey of labour market needs (with the aim of rationalising the VET sector), the development of sectoral councils to match skills to labour market needs, the upgrading of the school curricula and the development of local partnerships for employment with municipalities, local CES and employers. Again, the general capacity-building focus of the OP under this heading seems justified given the agenda of the relevant agencies. Specific comments are as follows:

- The assessment of labour market skills needs and gaps could be improved through the use of employer skills surveys. The 'mismatch' between the skills base of the working-age population and the demands of employers is highlighted as a significant strategic challenge but additional information could be added, making clear what the skills needs of employers actually are. Section 2.1.3 notes that no definitive analyses of the responsiveness of the education system to labour market needs has been completed, but a clear commitment to developing mechanisms to collate and maintain information on skills needs would perhaps make sense at this stage. In the mean time, some analysis could be based on the limited data available (for instance from JAP and the Sector Councils).



- Given the importance attached to the service sector in the OP and the role of ICT in some of the industries under this heading, more detail could be provided on the characteristics and trends of the development of the Information Society. The identification of the impact of these trends on the qualifications of youth and adults, as well as an indication of the barriers faced by certain social groups in access to information technology or potential synergy with activities related to boosting ICT systems would be useful. Synergies between the HRD OP in providing ICT training and the activities of the Regional Competitiveness OP in developing ICT infrastructure could be developed more fully in the text.

#### **4.1.3 Social Inclusion**

Croatia faces the challenge of modernising its health and social welfare systems and to strengthen social inclusion and cohesion. Besides ethnic minorities, the most visible marginalised group appears to be the disabled. As is the case with education and employment, significant locational variations persist in relation to the provision of social and health services. Social care services have traditionally been heavily centralised in the 1990s with little involvement of private or voluntary sectors. After 2001, some decentralisation of services, particularly for the elderly and infirm, took place and more opportunity was created for private or voluntary participation. There has also been a process of gradual deinstitutionalisation and a growing number of clubs, centres, fostering services etc. Partnership working with social partners has gradually improved (e.g. through the Government Office for NGOs and the National Foundation for Civil Society Development). There is also growing awareness of gender issue (e.g. through the Gender Equality Act 2003, Gender Ombudsman, Promotion of Gender Equality strategy). However, the social service sector is still underdeveloped and there is a need to move from the introduction of legislation and the development of an institutional framework to the implementation of measures and this justifies the OP focus on strengthening the capacity of implementing agencies. Nevertheless, there are some aspects of the analysis that could be improved under this heading:

- There could be scope to highlight the fact that some people and groups can be the subject of multiple disadvantages and that this will be taken into account in the OP. This emphasises the need to include flexibility in the OP to allow it to access people across different target groups, sectors and regions. This would also call for more complete, standardised data about social welfare provision to be developed.
- Given the importance of the regional dimension (c.f. data in the 2007 World Bank Study 'Croatia: Living Standards Assessment, Promoting Social Inclusion and Regional Equity'), the new sub-heading on regional disparities is welcome. However, a short summary of regional-specific variations in skills needs (in so far as information is available) could be included. Interventions relating to expanding or improving skills should be responsive to local and regional labour market needs which will require some reference to different regional labour market dynamics. This is particularly the case given the rural/urban divide mentioned in the OP e.g. related to agriculture, heavy industry etc.
- There could also be scope to emphasise further the role that the social inclusion heading can have in driving economic development (e.g. by strengthening the case for the role of care and support structures in supporting the labour market and the development of the secondary labour market (social economy) mentioned briefly in Section 2.3.4. This would strengthen the

harmonisation of social welfare issues with economic development perspectives in the programme.

## **4.2 The SWOT analysis**

A SWOT analysis is included in Section 2.2. It gives a good general reflection of the main issues highlighted in the baseline assessment which precedes it. It is broken down into three headings that correspond to the main themes covered in the background analysis (Employment, Education and Training, Social Inclusion). However, closer attention could be paid to the link between the SWOT and the background analysis as there are some gaps and inconsistencies where specific aspects of the SWOT do not relate clearly to issues in the background analysis. For example:

- Low regional mobility of the labour force is noted as a weakness in the SWOT but 'brain drain' is also mentioned as a threat. As noted above, the OP's perception of the potential tension between increasing regional labour force mobility as a result of VET and increased employability and the threat of depopulation in some regions should be clarified.
- Resistance to reform and unwillingness to change and adopt new practices in education and training is listed as a threat but not dealt with clearly in the context section.
- Increasing research programmes and fellowships for young researchers is noted as strength but there is little detail on this in the analysis.
- No mention of regional disparities in education as a weakness, though this is highlighted in the socio-economic analysis (p.26).
- It may be worth considering the following issues in the SWOT: rising levels of entrepreneurial activities in the country; the opportunities to encourage activities, e.g. self-employment, which are currently not captured by accounts of economic activity; high wage differentials in the country may help to attract well educated workers into the country; the low priority given to employee training could be a potential threat; the need for educational reforms to take into account labour market needs is another important issue; the particular challenges to social inclusion faced in lagging regions should be recognised; weak cooperation between key institutions and agencies is a problem; and high levels of university drop-outs is a particular challenge.

## **5. EVALUATION OF THE RATIONALE OF THE STRATEGY AND ITS CONSISTENCY**

### **5.1 Strategy**

Strategic priorities are outlined in Section 2.3. This section makes clear that the strategy is rooted in the Strategic Coherence Framework (SCF), informed by European Employment Strategy guidelines and EES priorities, which sets out how IPA funding is to be used in Croatia, IPA Components III and IV and the Croatian Strategic Development Framework and the JIM and JAP documents. The SCF states that assistance made available to Croatia under IPA Component IV will concentrate in the first instance on:

- capacity building with the aim of preparing Croatian institutions and beneficiaries for delivery and absorption of support from the European Social Fund on accession, and
- the most significant of the areas of concern that are identified by the relevant strategic EU and national documents as being crucial to human resource development.

This covers the main strategic headings of Employment, Education and Training and Social Inclusion. Administrative capacity is treated as a special focus for IPA Ops, giving four priorities (not including Technical Assistance):

- Attract and retain more people in employment and modernise social protection systems
- Improve adaptability of workers and enterprises as well as flexibility of labour markets, and
- Increase investment in human capital through better education and skills.
- Building administrative capacity.

The table below presents the Priority axes and their related measures, indicating in a general way how the relevant EES guidelines are incorporated.

**Table 1: OP priorities, measures and EES guidelines**

Priority axes	Measures	EES guidelines
<p><b>Priority axis 1:</b> <b>Enhancing Access to Employment and Labour Market Re-integration.</b></p>	<p><b>Measure 1.</b> Supporting the design and implementation of active and preventative labour market policy. (In particular through the development of partnerships between public employment services, other public bodies, and representatives of business and labour.)</p>	<p><b>Guideline 17:</b> Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion</p> <p><b>Guideline 18:</b> Promote a lifecycle approach to Work.<b>Guideline 21:</b> Promote flexibility combined with employment security and reduce labour market segmentation having due regard to the role of the social partners</p>
<p><b>Priority axis 2:</b> <b>Reinforcing Social Inclusion of the Disadvantaged.</b></p>	<p><b>Measure 2a.</b> Supporting access to employment by disadvantaged groups.</p>	<p><b>Guideline 19:</b> Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers including disadvantaged people, and the inactive</p>
	<p><b>Measure 2b.</b> Supporting access to education by disadvantaged groups.</p>	
<p><b>Priority axis 3:</b> <b>Enhancing Human Capital and Employability.</b></p>	<p><b>Measure 3a.</b> Improving the content, and delivery of vocational education &amp; training for all age groups.</p>	<p><b>Guideline 20:</b> Improve matching of labour market needs</p>
	<p><b>Measure 3b.</b> Developing skills and facilities for lifelong learning.</p>	<p><b>Guideline No 23:</b> Expand and improve investment in human capital</p>

<b>Priority axis 4:</b>  <b>Strengthening Institutional Efficiency of Public Administration in the Employment and Social Field.</b>	<b>Measure 4a.</b> Supporting the improvement of the effectiveness and quality of Croatia's public employment services.	
	<b>Measure 4b.</b> Supporting the development of institutions and their partners responsible for the provision of vocational education and training, and adult education, in Croatia.	<b>Guideline No 24:</b>  Adapt education and training systems in response to new competence requirements.
<b>Priority axis 5:</b>  <b>Supporting the Development and Provision of Administrative Capacity Related to the Delivery of this Operational Programme.</b>	<b>Measure 5a.</b> – Project preparation.	
	<b>Measure 5.b</b> – Programme management and capacity-building	

The OP strategy is clearly rooted in the analysis. In fact, the framework provided by Commission strategies and guidelines (including the SCF, MIPD, European Employment Strategy and the JIM and JAP documents) informs the analysis and the strategic sections of the HRD OP in quite a prescriptive way and this ensures overall consistency. Descriptions of the Priority axis have been expanded between OP drafts. In the second draft OP, each axis has a rationale, specific objective, and description, including relationship with existing, related programmes and strategies. However, there is a need for further consideration of the structure of the Priorities and Measures:

- A general concern is that there is quite a large variety of activity streams included under some Priorities and that these activities vary considerably in their nature and scope. For instance, Priority 1 includes establishing national and regional partnerships for employment, the provision of advice and counselling, employment subsidies, retraining exercises and the development of a Graduate Enterprise Programme. Given funding constraints, it is important to avoid producing a lengthy list of potential activities and to introduce some prioritisation. A broader agenda or a basic listing of potential activities may dilute the strategic focus and have management and implementation capacity implications in a context of limited funding (see point in section on management and implementation arrangements).
- The main focus should be to boost the capacity of Ministries and agencies to develop and launch services that will subsequently, and with the benefit of future funding, become fundamental parts of their mainstream portfolios (such as employment partnerships). A clearer distinction between initial, capacity-building support for service providers and subsequent support for their target individuals and groups in society could be used to develop a more focused list of activities for the first phase of the OP.
- Related, more emphasis could be given in the Priorities to building local capacity to design and implement projects successfully. As noted in the draft OP, regional differences in this field are significant in Croatia so the role of local stakeholders in generating and developing projects relevant to their contexts will be important. Thus, measures to support the generation and development of project ideas at local level would boost sub-national absorption capacity. This could also support the human resource dimension of the Regional Operative Programs more directly.

- Priority 1 could be restructured to include more than one measure. Such a subdivision could sharpen the focus of the Priority and help prioritise activities. Although identified target groups differ, there is also some potential overlap between Priority 1 and Priority 4a as both focus on the development of more active labour market policies in the Croatian employment services (e.g. through the development of partnerships and networks).
- The general structure of measures should be reconsidered with the aim of streamlining and harmonising their structure.
- There is some overlap between activities under Priority 1 and Priority 2a as both could target the long-term unemployed with active labour market interventions.
- Where limited funding will be focused on a limited range of projects, largely concentrated on specific agencies, more detail on selection criteria would also be useful. How have they been developed, what purpose do they serve, is there a hierarchy of criteria?

## 5.2 Financial tables

Financial tables are provided showing the allocation of funding at priority and measure level for each year in the period 2007-09. The figures are disaggregated by EU and national public funding. The tables show that funding for different activities will be introduced gradually over time, with some measures (such as 2b) not receiving funding until 2009. With respect to financial allocations, the OP uses the indicative financial weightings set out in the MIPD as a rough guide. There has been some rebalancing among priorities between drafts, with Priority 3 (dealing with VET and lifelong learning) being allocated more and Priority 1 (access to employment) being allocated slightly less. More detail on how decisions on the allocation of resources and the sequencing of financial flows to different measures over the first three years would be valuable, as would a combined table covering the first three years of the OP.

**Table 2: OP financial tables**

Priority Axis	MIPD	Proposed
1 Enhancing access to employment and sustainable inclusion in the labour market.	30-40 %	25%
(Improving adaptability of enterprises and workers*)	20-30 %	
2. Reinforcing social inclusion and integration of people at a disadvantage.**		15%
3. Expanding and enhancing investment in human capital.	30-40 %	30%
4. Strengthening the institutional capacity of public administration in the employment and training fields.	10-20 %	20%
5. Technical assistance to support OP management and develop a project pipeline.	10%	10%
Total	<b>100-140%</b>	<b>100%</b>

### 5.3 Horizontal themes

A separate section is provided on the horizontal themes (Section 3.4), covering gender equality and sustainable development. Given the types of interventions covered by the OP, there is a strong focus on equal opportunities. There are specific measures related to equal opportunities (particularly concerning the integration of women into the labour market) and this is reflected in some of the indicators and project selection criteria. More generally, it could be useful to include provision for the collation of data sub-sets on the characteristics of beneficiaries (women, old, disabled etc) under particular measures and then to assess the contribution of particular Priorities to the promotion of equal opportunities. This is related to the general need for a stronger use of baseline and target figures in the hierarchy of indicators (see below). There are no specific environmental measures in the OP and the draft only restates broad IPA commitments to comply with EU Environmental Impact Assessment standards. However, particular HRD OP priorities and measures can contribute to environmental themes. For instance, incorporating an environmental perspective into education and training, both on the level of preparing educators and trainers and participants, would make a contribution to the environmental aspects of the sustainable development agenda. Thus the relationship between OP priorities and some horizontal themes could be more closely specified.

## 6. Appraisal of the internal and external coherence of the strategy

As noted above, links between the programme and specific Commission guidelines have been made more explicit in second draft OP, particularly concerning SCF, MIPD, European Employment Guidelines and the JIM and JAP documents. Section 3.5 details complementarities with other forms of EU assistance, (notably the CARDS programme), under employment, VET and social inclusion. Coherence with Croatian policies and strategies is generally well covered and Commission strategic frameworks are sufficiently flexible to facilitate integration with Croatian priorities in the programme. However, there may be some issues for further consideration:

- It would be helpful to provide more detail on the programme's coherence with the Lisbon strategy, which is mentioned as a basic influence on strategic priorities in Section 2.3.1.
- In comparison to other aspects of the OP (employment, VET) there is less of a framework of Croatian documents to draw on for social strategy. The decentralisation of social services is a key domestic process and this has been stressed more in the latest draft of the OP, including its impact as a source of employment. However, more detail could be included, perhaps drawing on the JIM document.
- More detail should be developed in the OP on links with the Regional Competitiveness OP. This refers to possible synergies between the upgrading of VET or ICT infrastructure in regions and the expansion of services in the HRD OP. As noted above, more detailed information on disadvantaged groups at sub-national levels would support the importance attached to the regional dimension of HRD in the OP. In this respect, reference could also be made as to how the programme's social inclusion activities will relate to the priorities identified in OP Regional Competitiveness plans. Also, more description could be provided concerning the sort of capacity building initiatives that will be needed at local and regional levels. What support will counties, municipalities and local partnerships receive to further develop their capacity to implement employment, VET and social welfare services?
- It may be important to demonstrate more clearly how activities listed under OP Priorities build on

(rather than duplicate) initiatives launched under the CARDS programme i.e. clarify further the lessons learned.

- Stakeholder interviews revealed that experiences of EU and international support programmes, such as MANTRA, INTERREG TEMPUS and CARDS, were generally viewed as beneficial and offered some valuable lessons for the current programming period. Some of the issues identified include:
  - o the role played in developing coordination structures, partnerships and working groups. This applies to the relevant Ministries and agencies at national level but also to the strengthening of links between national and sub-national administrative tiers at and connections with social and economic interests (e.g. through CARDS 2004 Local Partnership initiative); and
  - o in practical terms, CARDS has also boosted the knowledge and experience in implementing EU funds, notably in terms of developing project proposals. This is providing a vital foundation for the development and implementation of the HRD OP.
  - o However, a number of partners were critical of the role played by external consultants. In a number of cases, it was felt that their lack of familiarity with conditions on the ground and the cost of hiring consultants was problematic.

## **7. ASSESSMENT OF EXPECTED RESULTS AND IMPACT**

In the current draft, proposed monitoring indicators are split into 'output' indicators (e.g. number of employment partnerships established) and 'result' indicators (e.g. number of unemployed - by specific target group - participating in a given measure who subsequently find employment). In general, work on indicators is still in progress and there are still significant gaps (e.g. no results indicators yet under Measure 4a) and further review is necessary to move towards the 'input-output-result-impact' model for SF programmes.

- There is some uncertainty over the categorisation of indicators. For instance, some 'results' indicators could arguably be reclassified as impact indicators if these cannot be directly attributable to OP activities (e.g. under Measure 2a, where an increase in the flexible arrangements for women re-entering the labour market by 2010 could be defined as an impact rather than a result).
- A more structured hierarchy of indicators should be developed, matching indicators to specific measures and activities and making provision for these to be aggregated at Priority and Programme levels. Context and Programme level indicators should also be developed where possible.
- Measuring results could obviously be an issue in the OP due to the inherently long-term, softer impacts involved in some activities but also as labour laws are undergoing reform and this could change the context (e.g. the challenge of capturing the impact of new domestic provisions for 'work at home', flexible working etc.). Nevertheless, the OP could incorporate some impact indicators and base lines or targets set for relevant measures in its indicator system (in terms of numbers or percentages). According to interviews, some targets seem to be incorporated at project level and these should inform OP indicators.
- In the HRD OP, it is also important that short common definitions are drawn up for all indicators so as to ensure that final beneficiaries and those involved in collecting monitoring data are clear with

regard to the way in which project outcomes should be measured. This will help avoid problems with regard to the quality and comparability of monitoring data. For instance, there can sometimes be confusion concerning whether number of people trained refers to the number of people enrolled on a training programme or to the number of people completing a training course (without necessarily obtaining a qualification). According to the OP, projects will be required to gather basic data on their activities but also, where relevant, to break beneficiaries down into target groups (by gender, ethnic group, disability etc). Thus a common, basic sheet of agreed indicators and definitions could be developed for projects so that they can develop comparable, collectable data for aggregation that breaks information down into target groups in the relevant measures.

- More information on data availability should be provided, in particular whether monitoring can rely on an existing data set, whether new data will need to be generated, or whether only estimates will be available.

## **8. APPRAISAL OF THE PROPOSED IMPLEMENTATION SYSTEM**

### **8.1 Consultation**

The consultation process was still in progress during the ex ante evaluation. The description of the consultation arrangements in Section 1.3.1 provides only a broad outline and more detail of the process and its outcome will be added in the next draft. According to interviews, there are still some concerns amongst stakeholders that consultation exercises could have been more inclusive and more open. However, the view was also expressed that increased consultation and partnership has been one of the major impacts of the OP drafting process thus far. The process has contributed to a broader opening of the Croatian system to new partnership arrangements. This applies particularly to links between Ministries, which have been strengthened by the drafting process in the Inter-Ministerial Working Group. The latest partner consultation has also demonstrated the development of links with other agencies and sectors. Vertical structures were used by Ministries to ensure stakeholder participation in this consultation process. At the event, agencies involved in the implementation of the OP (CES, AVET) took the opportunity to describe project proposals to stakeholders. However, there were also some broader, strategic interventions. For instance, there was discussion of the need to emphasise the regional dimension of HRD issues. Given time constraints, ensuring the extent and quality of consultation at regional level at this stage of the OP elaboration process is challenging. However, it is worth noting that CARDS projects has provided a basis for national/regional consultation on HRD issues and projects, as well as a framework for tripartite groups.

### **8.2 Implementation**

Management and implementation provisions are described in Section 5, although there is still some uncertainty concerning the allocation of responsibilities. CODEF will undertake the roles of National IPA Coordinator and Strategic Coordinator (for IPA Components III and IV). MELE will be the Managing Authority for the OP, but operational agreements will be made with MSES and MHSW for their involvement in managing some interventions, subject to the accreditation process. Monitoring Committees – these will operate at two levels: an IPA Monitoring Committee and a Sectoral Monitoring Committee. Appraisal and selection of all project applications will be carried out by a Project Selection Committee (chaired by MELE) and Tender Selection Committees (chaired by CFCU as Implementing Body) to select contractors for contracts put out to tender. Membership of these committees will be based on technical expertise.



In the first draft OP it was envisaged that MELE, as Managing Authority, would eventually delegate Implementing Body functions to CES, AVET and other central agencies where appropriate. However, due to the need for accreditation, it was planned to give CFCU in the Ministry of Finance Implementing Body responsibility in the initial phase of the Programme. In the second draft of the OP, reference to CES and AVET has been removed and CFCU alone is noted as the Implementing Body. Some clarification concerning the identity, functions and timetable for the introduction of Implementing Bodies, and their relationship to other management bodies, is required. Other comments are:

- More detail would be helpful on how MSES and MHSW will input into the management and implementation process under the overall management of MELE.
- Capacity issues are important. It is important to ensure that the capacity exists for the range of activities listed under measures to be implemented and the funds absorbed. Beyond this, MELE will be taking on MA responsibilities at a time when a new government decree has restructured the Ministry, including a new unit dedicated to EU funds. Also, the CES unit for European Funds, AVET and AAE have all been established relatively recently and this could be taken into account in the OP text.
- Effective coordination between institutions and agencies involved in the development and delivery of the programme is essential. With this in mind, details of any coordination mechanisms could be included in the text.
- While potential central implementing bodies can be identified for employment (CES) and VET (AVET), organisational support for MHSW under social inclusion is less clear.
- The membership and functions of the Monitoring Committee and Sectoral Committee should be specified, as should the relationship between them.
- There should be more detail on financial control mechanisms, claims and payment systems.
- The OP will gather data on both the progress of projects and details of recipients of assistance (broken down according to gender, ethnic group, disability etc.). Thus, the strength of monitoring and evaluation arrangements will depend on addressing further the issue of the adequacy and quality of data sources and collection mechanisms: the degree to which sources provide the necessary information for evaluation and how easily information can be collected from them.

## **9. APPRAISAL OF ENVIRONMENTAL INTEGRATION**

This section considers the characteristics and effectiveness of environmental integration within the Human Resource Development Operational Programme (HRD OP). Insofar as possible, the appraisal is conducted in accordance with the principles of strategic environmental assessment, in particular the information requirements as conveyed in Annex I of EU Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment. In this instance, integration is measured in terms of the perception of environment, coherence with environmental policy and legislation, inclusion and application of environmental data, and programme environmental impact. Reference is also made to the consultation process.

### **9.1 Perception of environment**

Within the HRD OP, very little mention is made of environment, as the theme is not perceived as central to human resource development. However, provision is made for the effective inclusion of environmental impact assessment, as described below.

There may be scope for extending the perception of environment to include aspects such as employment or training related to the environmental sector, or alternatively when considering social cohesion and social justice, by including environmental quality as a determining feature in quality of life. In this context, for example, unemployment statistics may usefully be compared with data on areas of environmental degradation and linked to information in the Environment Operational Programme in Component III.

Although it would be inappropriate to include environmental themes in a number of aspects of the HRD OP, elements such as environmental targets could assist formation of interlinkages between OPs. This could be reviewed during implementation or on-going evaluation of the OPs. For example, regional cohesion is addressed through activities delivered by the HRD OP but also closely co-ordinated with the activities delivered by the RCOP, promoting possible complementarities and synergies.

## **9.2 Coherence with environmental policy and legislation**

The HRD OP includes references to EU Cohesion Policies and Community Strategic Guidelines for 2007-2013, which focus on the Union's strategic priorities as expressed in the Lisbon and Gothenburg agendas for a competitive and sustainable knowledge-based economy.

Reference is also made to the Joint Memorandum on Social Inclusion, in which the Government of the Republic of Croatia and the European Commission identified challenges in the fight against poverty and social exclusion. One of these categories concerned the revitalisation and sustainable development of deprived areas.

The HRD OP also describes environmental legislation in Croatia as well as transposition from relevant EU Directives through the forthcoming Environmental Protection Act.

## **9.3 Inclusion and application of environmental data**

Sectoral employment data is provided within the HRD OP, drawing international comparison and with some reference to gender distinctions. However, no specific material is provided on the environmental sector, and no references to environment are found in the SWOT analysis. This could be utilised as an opportunity to integrate with measures in the RCOP.

For instance, in Priority 1, which seeks to enhance access to employment and sustainable inclusion in the labour market, survey data could be provided that clarify the potential for training in environmental skills to improve employability and the competitiveness of the workforce, leading to targeted training programmes.

The other priorities – reinforcing social inclusion and integration of people at a disadvantage, expanding and enhancing investment in human capital, and strengthening institutional capacity in the employment and training fields – encompass systemic improvements that could include a number of factors, as well as environment. In their present form, neither the examples of activities to be supported nor the project selection criteria directly address environment.

## **9.4 Programme environmental impact**

With regard to horizontal themes, the HRD OP contains a section stating that, to ensure that sustainability and environmental protection are taken into account throughout programme management and implementation, a number of procedures will be adopted, as follows:

- Promotion of environmental protection and sustainable development will be included in information and publicity campaigns, and materials will be provided during calls for proposals / tender processes.
- Applicants for assistance will be expected to demonstrate that their projects will not have a detrimental environmental impact and/or to present how the project will make a positive contribution to sustainable development. These factors will be taken into account in project appraisal and selection criteria. Where appropriate, projects should be compliant with EU environmental impact assessment standards.
- Outcomes of the appraisal of environmental impact during the selection stage will be reflected in agreements with beneficiaries, and will be checked, as part of the internal controls and audit process.
- The annual implementation reports of the HRD OP will include commentary on operations linked to environmental protection and sustainable development.
- The impact of the HRD OP on environmental protection and sustainable development will be considered as part of its evaluation.

Environmental impact assessment procedures will be carried out by the Ministry of Environmental Protection, Physical Planning and Construction (MEPPPC) or competent local authority, using existing institutional structures and TA funding will be used to enhance professional capacity.

The HRD OP includes text common to all OPs in Components III and IV with regard to legislation governing environmental impact assessment. The reference in Section 3.4.2 to Directive 2003/35/EC should refer to public participation in respect of the drawing up of certain plans and programmes relating to the environment, rather than the assessment of the effects of certain public and private projects on the environment, which relates to Directive 2001/42/EC, as described in the subsequent paragraphs.

The programme includes references to fulfilling the demands of sustainable development, but environmental impact is oriented principally towards preventing negative impacts. However, scope exists for the HRD OP to generate targeted (positive) environmental impacts, especially within programme measures that could stimulate the environmental sector or support environmental or eco-tourism developments.

On-going evaluations are expected to make an important contribution to the management of the OP, and, in some cases may be conducted on a thematic or cross-sectoral basis with other OPs. This will provide opportunities for appraisal of positive environmental impacts.

## **9.5 Consultations**

The Inter-Ministerial Working Group that prepared the HRD OP does not appear to have included any representation from the MEPPPC.

Prior to the next stage of consultations, it would be useful to provide environmental institutions, agencies and NGOs with an OP summary (including the SWOT analysis, priorities and measures), an explanatory note on IPA and the OP, including the eligible areas of investment and the EC view of priorities to be pursued in the OP. The HRD OP already indicates that the socio-economic partners consultation will be paralleled with a consultation with the wider public and NGO sector, and that the next draft of the OP will describe both the process and the outcome.

## **9.6 Overview**

Within the HRD OP, environment is not well integrated. The main issue lies in the HRD OP perception of environment, which places it outside the central concerns of human resource development. Although procedures for environmental impact assessment are to be conducted by competent authorities, opportunities for innovative environmental improvement have been missed. To address this issue, a broader interpretation of environment should be adopted, data related to environmental employment and training could be added to the sectoral analysis, and examples of environmental opportunities could be added to the SWOT analysis. Measures could specify environmental training amongst activities to be supported, and information could be drawn from the Environment OP regarding the location of environmentally degraded areas, further assisting integration between Ops.

## **10 SUMMARY CONCLUSIONS**

The OP provides coherent and accessible coverage of the key issues under Human Resource Development, according to the Commission template for IPA OPs. The OP broadly integrates EU and Croatian priorities in the field. Although there are some gaps in the analysis, it provides a sound basis for the strategic approach taken by the programme. The structure of objectives and priorities flows logically from the analysis, though there could be room for further consideration of the structure of some priorities and measures. Systems for monitoring and evaluation and management and implementation have evolved between OP drafts but some further detail and clarification is required in certain areas.

Taking each of the three main policy headings in turn (employment, education and training and social inclusion), there are some areas where additional information could be added to the analysis, or the text restructured, to strengthen the justification for strategic objectives. Closer attention could be paid to the link between the SWOT and the analysis as there are some gaps and inconsistencies where specific aspects of the SWOT do not relate clearly to issues in the background analysis. There is a need for some further consideration of the structure of the priorities and measures. For instance, a general concern is that there is quite a large variety of activity streams included under some priorities and that these activities vary considerably in their nature and scope. More detail on how decisions on the allocation of resources and the sequencing of financial flows to different measures over the first three years would be valuable. It would be helpful to provide more detail on the Programme's coherence with the Lisbon strategy and other IPA OPs. Work on indicators is still in progress and there are still significant gaps. Similarly, the consultation process was still in progress during the ex ante evaluation. Currently, the description of the consultation arrangements provides only a broad outline and more detail of the process and its outcome will be added in

the next draft. Additionally, on the issues of programme management and implementation, some clarification concerning the identity, functions and timetable for the introduction of Implementing Bodies, and their relationship to other management bodies is required. Within the OP, environment is not well integrated. To address this issue, a broader interpretation of environment could be adopted.