

Combined Strategic & Annual Programme Report¹ 2015

EEA and Norwegian Financial Mechanisms 2009-2014

1 EXECUTIVE SUMMARY

The main objective of the EEA and Norwegian Financial Mechanisms 2009-2014 is to contribute to the reduction of economic and social differences and to strengthen bilateral relations between the donor states and Croatia.

Within the EEA Financial Mechanism Programme in Programme Area 12: Local and Regional Initiatives to Reduce National Inequalities and to Promote Social inclusion, two **pre-defined** projects are being implemented:

1) iNavis, Croatian national resource centre for energy, environmental, marine and maritime research and business innovation - the project is aimed to develop research and study activities, business development and bilateral cooperation within the iNavis centre. Currently, the implementation of the project activities is halted because the feasibility study has not been approved by the donors. The donors will soon decide in which way the implementation will be continued. If implemented, the project will contribute to the development of the bilateral relations between Croatia and Norway, business and science in Šibenik.

2) Integrated Schools Project, Vukovar and Knin - the aim of the project is social recovery of the post conflict and multi-ethnic communities. The construction of the buildings is ongoing and it is expected that the curriculum and the adoption of the Establishment Act will be completed. It is expected that the school contributes to the intercultural understanding to promote tolerance, multicultural understanding, respect for the rights of minorities including combatting hate speech, extremism, racism, and other types of xenophobia.

Within the Norwegian Financial Mechanism Programme in Programme Area 31: Judicial Capacity-building and Cooperation, one **pre-defined** project will be implemented via two sub-projects:

1) The Renovation and reconstruction of the Karlovac courthouse to support the efficiency of the Judiciary by improving working conditions. The reconstruction of the building will contribute to better working conditions of the employees. The construction works are ongoing.

2) Improvement of the way cases are handled by the judicial system by applying tried and tested methodologies developed by the Council of Europe's CEPEJ Project. The deadline for implementation of the programme has been moved to June 2016. An Action Plan has been developed by CEPEJ experts to set up measures to improve time management of cases in the court of Karlovac and to help reduce excessive length of proceedings. On grounds of the Action Plan, the CEPEJ experts have developed a handbook for judges which will be presented in three local workshops in Zagreb, Osijek and Split respectively by the end of May.

PA22 Fund for Decent Work and Tripartite Dialogue

¹ Due to timing of the Annual Meeting and following agreement with the FMC, this template applies to Cyprus, Malta, Slovenia and Croatia

The project Strengthening the Tripartite Social Dialogue in Croatia aimed at increasing the capacity of the different social stakeholders and public authorities in Croatia and contribute to enhancing the capacity for a constructive social dialogue. In addition the project is expected to contribute to the awareness-raising on the usefulness of social dialogue and the need for strategic planning, policy design and strong commitment from all parties concerned.

The cooperation with the two strong Norwegian partners gave the opportunity to exchange and share good practices and to better understand the Nordic model of tripartite social dialogue that set high standard, thus contributing to economic and social development. The main activities in 2015 were focused on thorough analysis of the current status of the tripartite dialogue and self-evaluation exercise for each social partner. The self-evaluation(s) answered how participants of Croatian tripartite social dialogue see weaknesses and strength of national social dialogue and what are the possibilities of its improvement. Project partners held numerous meeting during which they discussed self-evaluation results, key achievements and challenges of Croatian tripartite social dialogue.

The NGO Programme

The NGO Programme, with objective to strengthen civil society development and enhance contribution to social justice, democracy and sustainable development, is being jointly implemented within the allocation to Funds for Non-Governmental Organisations under the EEA Financial Mechanism and the Norway Financial Mechanism. The Financial Mechanism Office is entrusted with operating the programme in line with Article 5.13 of the Regulation. According to the agreement of both Parties, the amount of € 100,000 of the allocation for this Programme is being used for a project targeting the improvement of the situation of the Roma population.

The four open calls were contracted, and 3 of them were also published in this year. Transforming this into numbers, there were 51 project contracts signed, amounting to 992 169 €. In addition, the pre-defined project for Roma in Croatia, granted to UNDP in the amount of 100.000 € has also been awarded. The smallest (in size of individual grants) Open Call has been finished and all final reports have been checked, replied and adopted by the FO. Of the 30 contracted small community actions, 28 haven't had any significant problems, and 2 have had bigger irregularities that have been reported, one of which was corrected. Given the workload, the communication with the FMO was frequent but successful in solving all problems that have arisen. What is more, there were continuous changes in the legal sphere for the civil society organizations in the reporting period, so the Fund Operator made sure to include these changes in the implementation of the Programme. In addition, the FO has decided not only to organize a training for young bloggers but to give them the opportunity to launch their own campaign on no hate speech. This was done in cooperation with 7 chosen bloggers (through public selection procedure), launching the campaign on the 21st of September with great media success.

Bilateral relations

Bilateral relations between Norway and Croatia are to be strengthened with the aim of stimulating long-term cooperation, including through partnership at project level in all programme areas supported. The Fund for Bilateral relations at national level is to be implemented jointly with the funds for bilateral relations at programme level referred to in Article 3.6 of the Regulation. The total allocation to the two funds is 515,625 €. The work plan for the Fund for Bilateral Relations was adopted in May 2015 by the FMO and the National Focal Point. The Bilateral Committee was set up in January 2016 to decide upon the functioning of the Fund for Bilateral Relations. The first call for proposals has been carried out and the next Bilateral Committee which is to be held in April needs to decide on the applications. Also, the pre-defined cooperation for geothermal energy is to be funded in April 2016.

2 ASSESSMENT OF THE EFFECT OF THE GRANTS

Since the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2009-2014 and the Memorandum of Understanding on the Implementation of the EEA Financial mechanism 2009-2014 were signed in 2014, and the implementation of the approved projects is in its early phase, currently it is too early to assess the effect of the grants.

However, it is expected that the selected projects contribute to fulfilling the objectives set within the two aforementioned mechanisms.

The overall objectives of the EEA and Norwegian Financial mechanisms 2009-2014 are to contribute to the reduction of economic and social disparities in the European Economic Area and to the strengthening of bilateral relations between the Donor States/Norway and the Beneficiary States (in this case the Republic of Croatia) through financial contributions in the priority sectors set within each of the mechanisms.

2.1 Cohesion

The aggregated effect of the Programmes supported by the financial mechanisms as concerns reducing economic and social disparities is not yet due for assessment, since the programme implementation is ongoing. However, considering the set objectives of the aforementioned projects, it is expected that the projects contribute to the reduction of economic and social disparities – see section 3.2.1.1.

In the justice project, the overall objective is two fold: under the Component I, related to the cohesion, it is expected that the new court house will provide better working conditions for the officials, because the building was not adequate. Therefore, it could be said that after the reconstruction all employees of several juridical public bodies (having in mind that in the mentioned court house are situated several courts and state attorney) will have better working conditions, which will surely improve the efficiency of solving cases etc. As for the Component II, the CEPEJ guidelines for judges developed under component II of the project are expected to contribute to faster solving of cases, i.e. to the improvement of handling cases by the judicial system by applying tried and tested methodologies developed by the Council of Europe's CEPEJ project.

As for the project of Intercultural school in Vukovar, it will be the first intercultural school in Vukovar, where it is supposed that Croats and minorities attend the same school. For sure, this project will open a window of many possibilities for future intercultural activities. First such intercultural curricula will give possibility to both Croats and 12 minorities to learn their cultural heritage, customs etc.

For the iNAVIS project assessment of the effect of the grant is impossible at this stage as a decision of the direction of the project or its future is still to be made. As initially planned project was set to achieve the increase the value of regional human development index from current 80.9 to 83 however without the information of the approved project activities it impossible early to give an estimation of the grant effect.

2.2 Bilateral relations

As stipulated in the MoUs, the objective of the Bilateral fund is to strengthen Bilateral Relations between the Donor States and the Beneficiary State by stimulating long-lasting cooperation between institutions and organizations through the implementation of activities with partners from the Donor States, including through partnership at project level in all programme areas supported. The Donor States and Croatia would like to see a clear impact and long-term effects of the cooperation taking place under the Bilateral Fund, which shall provide a platform for increased political, cultural, professional and academic relations. Therefore, entities from the Donor States and relevant national stakeholders in the Beneficiary State shall be able to access and benefit from the Fund in order to prepare and implement specific activities for this purpose. In the pre-defined project collaboration with the Council of Europe and Nansen Dialogue Center as partners has been an asset in the context of strengthening the bilateral

relations. The Council of Europe has provided good assistance for the Ministry of Justice in terms of providing guidelines for judges.

This also includes funding to support networking and foster project partnerships. €100 000 has already been allocated to promote cooperation in geothermal energy between Iceland and Croatia. The National Focal Point as designated entity for organising the work of the Bilateral Fund Committee and the administrative management and monitoring of the Bilateral Fund in Croatia organised the first Bilateral Fund Committee meeting. Committee is composed by an **equal** number of members from the Donors and Croatia. The members of the Bilateral Fund Committee are appointed as follows: Beside the head of the National Focal Point who chairs the meeting and appointed deputy, one representative of the National Focal Point and a deputy member; One representative of the Financial Mechanism Office (on appointment by the FMC), and one deputy member; One representative from the Norwegian Embassy in Zagreb, and one deputy member.

The first constituting Bilateral Fund Committee meeting took place on 29 January 2016 to adopt the documents defining the functioning of the Bilateral Fund and the Committee. It was decided unanimously that the first call for proposals for bilateral activities should be targeted towards those institutions that are current beneficiaries of the grants, with maximum allocation of 50.000,00 EUR per institution. The pre-defined allocation for cooperation in the field of geothermal energy is to be carried out during April 2016. The first call for proposals was organized and the targeted institutions sent their applications for approval. The following Bilateral Committee will decide on the eligibility of these applications. The Bilateral committee will also decide on which institutions will be targeted in the second call for proposals.

With respect to the small size of the allocation and late accession of the Republic of Croatia to the EEA, it was agreed that the Programme Operator will focus exclusively on the promotion of measures facilitating networking and exchange of experience.

3 REPORTING ON PROGRAMMES

3.1 Overview of Programme status

Information on the progress in respect of the agreed Programmes regarding:

a) progress in establishing agreed Programmes, including calls undertaken

HR02, EEA NGO Programme

Programme Operator is the FMO. During the year 2015 the NGO Programme in Croatia has managed to achieve a lot of results and was very active in the civil society sector, making this the main year of the implementation. To start with, all of the Open Calls, 4 of them, were contracted, and 3 of them were also published in this year. Transforming this into numbers, there were 51 project contracts signed, amounting to 992 169 €. In addition, the pre-defined project for Roma in Croatia, granted to UNDP in the amount of 100.000 € has also been awarded. The smallest (in size of individual grants) Open Call has been finished and all final reports have been checked, replied and adopted by the FO. Of the 30 contracted small community actions, 28 haven't had any significant problems, and 2 have had bigger irregularities that have been reported, one of which was corrected. Given the workload, the communication with the FMO was frequent but successful in solving all problems that have arisen. What is more, there were continuous changes in the legal sphere for the civil society organizations in the reporting period, so the Fund Operator made sure to include these changes in the implementation of the Programme. In addition, the FO has decided not only to organize a training for young bloggers but to give them the opportunity to launch their own campaign on no hate speech. This was done in

cooperation with 7 chosen bloggers (through public selection procedure), launching the campaign on the 21st of September with great media success.

HR03, EEA Financial Mechanism Programme

Pre-defined project I: iNavis, Croatian national resource centre for energy, environmental, marine and maritime research and business innovation.

Project Promoter is the City of Šibenik (CoŠ)

Project Grant is 1,719,513 EUR

Specific concerns: The aim of the project is to develop the iNavis centre in Šibenik. The project should be related to develop research and study activities, business development and bilateral cooperation within the iNavis centre.

During this monitoring period project implementation was suspended. Suspension is related to the production of CBE study Project Promoter is required to submit in order to define, as accurate as possible, the basis for technical requirements of foreseen equipment for laboratories and to define rough outlines of the curricula. Project Promoter contracted WYG consulting on 31 March 2015 to conduct the Study. During the implementation deadline for submission of the document was postponed from end of July to 10 September 2015. Finally, the Study was completed and together with the newly defined project activities and MRDEUF assessment of the Study, forwarded to the FMO on 30 November 2015. FMO opinion and approval is still pending. Once the feasibility study is approved, priority areas will be clarified and project implementation will begin.

Progress: no activities have been started until the feasibility study is approved, or a decision taken on the progress of the project. The study was sent to the donors for approval, and currently, since the study has been unofficially rated as of poor quality, an external expert contracted by the donors needs to assess the quality of the project proposal, so that the final decision by the donors can be made on how to proceed with the project and which activities can be implemented, considering the limited timeframe. If the project is not implemented, the Croatian-Norwegian cooperation within this project and possible future projects may be affected.

Pre-defined project II: Integrated School Project, Vukovar

Project Promoter is the Ministry of Science, Education and Sports (MoSES)

Project Grant is 1,300,000 EUR

Specific concerns: The aim of the project is social recovery of the post conflict and multi-ethnic communities and a higher level of understanding, respect and cooperation between minority groups and the majority.

Progress: the first building is being renovated, the second one is planned to be built as of spring 2016 – the curriculum for the school is being finished and it is planned to be put for public discussion by the end of March 2016. The Establishment Act is still pending and it is planned that the Government adoption of the Act takes place in April 2016. Also, the Ministry of Science, Education and Sports has committed itself to ensure additional funds for the finalization of the construction works and the whole project. As concerns the funding, it has been agreed that this should not be a problem.

In case the school does not fulfil its role and does not start to work, this might affect the Croatian side for possible de-commitment and may affect implementation of possible future projects.

Risk management: in case the construction works are not finished according to the current plans, the pre-school class and the first class can start in the first building.

HR04 - 'Improving the quality and efficiency of the judicial system through infrastructure development and better management'

Pre-defined project: Judicial Capacity-building and Cooperation, with an objective *A fairer and more efficient judicial system*

Component I - Renovation and Reconstruction of Courthouse at Karlovac, with an aim to renovate and reconstruct the large courthouse in Karlovac in order to increase office space, improve conditions for judges and court users and make the facility accessible to people with limited mobility.

Component II - Improvement of the way cases are handled by the judicial system by applying tried and tested methodologies developed by the Council of Europe's CEPEJ project.

Project Promoter is Ministry of Justice of the Republic of Croatia.

Project partner is the Council of Europe.

The Programme Operator is Sector for EU Programmes in the Ministry of Regional Development and EU Funds (MRDEUF), which at the same time acts as the National Focal Point.

Project Grant is 3,229,846 EUR.

Progress:

Component I - the building in Karlovac is being renovated. The works started on December 2nd. Currently, all employees are being moved to another working location. No specific issues are under way. Component II - an Action Plan to improve time management of cases and reduce excessive length of proceedings in the pilot Municipal Court of Karlovac has been drafted by CEPEJ experts. Besides, satisfaction surveys have been implemented in the pilot court of Varaždin. A handbook compiling recommendations based on the work carried out in these pilot courts will be presented during 3 workshops in Zagreb, Split and Osijek respectively by the end of May. No specific issues are underway.

PA22 Fund for Decent Work and Tripartite Dialogue

The total grant for the fund is €100,000.

The project promoter is the Ministry of Labour and Pension System, while the Union of Autonomous Trade Unions of Croatia, the Croatian Employers' Association, the Norwegian Confederation of Trade Unions and the Confederation of Norwegian Enterprise are project partners.

The specific objective of the project is to increase the capacities of the Croatian social partners and public authorities and improve their effective interaction for genuine and constructive social dialogue at the tripartite level. The strengthened dialogue will enable the social partners to be better equipped to deliver on the objective of the decent work agenda, and thus to the overarching objective of a more sustainable social and economic development.

The programme was finished in 2015 successfully.

b) commitments and disbursements made by the Programme

In year 2015 three IFRs were submitted – March, 20, July 20 and November 20, 2015.

Besides the IFRs forecasts were submitted in February, May, September and December.

In the table below incurred and proposed expenses are shown:

Program	HR01					
Budget heading	Budget amount	Incurred	%	Requested	%	
Program mgmt - NFP	84.000,00	6.359,00	7,57%	51.484,00	61,29%	
Program mgmt - - CA	4.000,00	0,00	0,00%	4.000,00	100,00%	
Program mgmt - - AA	54.000,00	32.056,00	59,36%	43.000,00	79,63%	
Program mgmt - - Ostali	2.000,00	0,00	0,00%	2.000,00	100,00%	

Bilateral fund	282.193,00	0,00	0,00%	0,00	0,00%
Sum	426.193,00	38.415,00	9,01%	100.484,00	23,58%

Program	HR03
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Budget heading	Budget amount	Incurred	%	Requested	%
Program mgmt	334.504,00	48.645,00	14,54%	119.408,00	35,70%
iNavis	1.685.890,00	0,00	0,00%	229.332,00	13,60%
MZOS	1.274.580,00	24.346,00	1,91%	603.873,00	47,38%
Bilateral fund	109.291,00	0,00	0,00%	100.000,00	91,50%
Program preparation	0,00	0,00		0,00	
Sum	3.404.265,00	72.991,00	2,14%	1.052.613,00	30,92%

Program	HR04
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Budget heading	Budget amount	Incurred	%	Requested	%
Program mgmt	359.013,00	48.645,00	13,55%	119.594,00	33,31%
MP	3.165.604,00	301.623,00	9,53%	1.118.750,00	35,34%
Bilateral fund	119.535,00	0,00	0,00%	0,00	0,00%
Program preparation	5.391,00	4.894,00	90,78%	4.894,00	90,78%
Sum	3.649.543,00	355.162,00	9,73%	1.243.238,00	34,07%
TOTAL	7.480.001,00	466.568,00	6,24%	2.396.335,00	32,04%

c) problems related to absorption and/or disbursements, with suggested solutions

HR02, EEA NGO Programme

Concerning the payments and absorption, no specific issues have been reported or detected.

HR03, EEA Financial Mechanism Programme

Pre-defined project I: iNavis, Croatian national resource centre for energy, environmental, marine and maritime research and business innovation. As mentioned above, the progress has been halted due to the feasibility study. The main problem related to absorption is that no payments have been made, since no further activities have been carried out.

Pre-defined project II: Integrated Schools Project, Vukovar and Knin

Project activities should be accelerated, due to the fact that the Establishment Act and the curriculum are pending and the construction works have been delayed. However, the Ministry of Science, Education and Sports has committed itself to resolving the challenges, so that the children can go to school in autumn 2016. Also, the Ministry of Science, Education and Sports has committed itself to ensure additional funds for the finalization of the construction works and the whole project.

HR04 - Improving the quality and efficiency of the judicial system through infrastructure development and better management

Component I - Renovation and Reconstruction of Courthouse at Karlovac

The renovation of the Karlovac Court House is being implemented. No specific issues regarding the absorption and payments have been detected.

Component II - Improvement of the way cases are handled by the judicial system by applying tried and tested methodologies developed by the Council of Europe's CEPEJ project.

The implementation started and for the time being is going according to the plan except for the deadline of the implementation of guidelines of the Council of Europe for improvement of justice systems which was moved to June 2016.

PA22 Fund for Decent Work and Tripartite Dialogue

Concerning the payments and absorption, no specific issues have been reported or detected.

3.2 Individual Programme reporting**3.2.1 Overall progress as regards implementation of the Programmes and their sub-projects;****HR03, EEA Financial Mechanism Programme**

Pre-defined project I: iNavis, Croatian national resource centre for energy, environmental, marine and maritime research and business innovation.

Although the project is currently delayed, it is estimated that once it starts with the implementation it will contribute the overall objective of the programme - strengthening social and economic cohesion at national, regional, and local levels. In line with this objective, the project aims to strengthen bilateral relations in research, university level education, technological transfer and business to business cooperation between Croatia and Norway in various fields of green innovation and green industry: aquaculture, environmental protection, and sustainable energy technologies. Once implemented, this project will open the door to future scientific and business cooperation between the two countries. It can also serve as an example for similar projects in other countries. Project is expected to yield at least one new application in the area of applied eco design with emphasis on technology in processing industry, food industry and aquaculture developed through project activities through iNavis Centre by the end of the project implementation period in 2017, at least two new joint Croatian–Norwegian research programmes in selected niche by the end of the project implementation period in 2017 and four by the year 2020 and at least 15 researchers engaged in research conducted at the iNavis Centre for Research and Innovation by the end of the project implementation period in 2017 and 20 researchers by the year 2020 thus contributing to creation of new work places, businesses and education opportunities.

Pre-defined project II: Integrated School Project, Vukovar

During the reporting period, the project experienced significant progress. Regarding the Phase I, the contracts with constructors and supervision have been signed, and the works started in November 2015. The school was named after river Dunav, and the location was selected in Borovo Naselje, family area, part of city Vukovar. It is expected that the works on the Phase I (the renovation of the one storey building and removal of other buildings) will be finished by April 2016.

As for Phase II, currently, the concept design of the new school building was chosen and it is expected that the entire school will be built by the beginning of the school year, by September 2016., However, there is a possibility that this will not happen in time, i.e. that the new building (Phase II) will be finished with delays, in December 2016 or even in February 2017. This could happen due to possible delays in the public procurement process. Nevertheless, the one storey building under the Phase I will be fully equipped and operational for the beginning of classes till September 2016. In this way, the school could function until the works on the Phase II are finished.

Current challenge of the Project timely progress is the adoption of the Establishment Act. The Ministry of Science, Education and Sport, has sent the Establishment Act to the Government of the Republic of Croatia for adoption and it was expected to be adopted in September 2015. The adoption however was postponed due to the fact that the Technical Government did not have the authority to found any institution. The proposal of the Establishment Act planned to be adopted after the Parliamentary Elections. As the standard Croatian legislative procedures require, before adoption, the Project Promotor will once again need to obtain opinions on this Establishment Act proposal from six institutions (Legislation Office of the Government, the Ministry of Public Administration, the Ministry of Finance, the Ministry of Regional Development and EU Funds, the Ministry of Foreign and EU Affairs and the Ministry of Labour and Pension System). Right now the new Government is established and it is expected that the Establishment Act will be adopted soon. Related to this, the Ministry of Science, Education and Sports will also need a new official confirmation from the Ministry of Finance concerning the coverage of the insufficient funds (5,131,494.00 HRK/ aprox. 675,196.57 EUR) by the Ministry of Science, Education and Sports within the allotted limits in the State Budget for 2016. Also, the Ministry of Finance must once again confirm that the funds for the regular maintenance of the school will also be secured in the State Budget of the Republic of Croatia, from donations and other sources, in accordance with the law, as well as the fact that the salaries and benefits for the school staff will be secured in the regular Activity of the Ministry of Science, Education and Sports - A579000, and material costs according to the Decision on the minimum financial standard.

Once implemented, this project will have a long-term effect on the education of children in Vukovar and will affect the sustainable co-existence of the members of all nationalities living in the area. This school will be the only one in the area to provide intercultural learning and education of children of all nationalities. The school is to promote tolerance, multicultural understanding, respect for the rights of minorities including combatting hate speech, extremism, racism, and other types of xenophobia.

HR04 - 'Improving the quality and efficiency of the judicial system through infrastructure development and better management'

The Programme Agreement for the Norwegian Financial Mechanism 2009-2014 was signed on August 18th, 2014.

Partnership Agreement between the Project Promoter and the Council of Europe concerning the implementation of the project "Improving the quality and efficiency of the judicial system through infrastructure development and better management": Component II - "Improvement of the way cases are handled by the judicial system by applying tried and tested methodologies developed by the Council of Europe's CEPEJ project" was signed on August 19th, 2014. Following the signature of the Partnership Agreement, the Contract between the Programme Operator and the Project Promoter was signed, on August 29th, 2014 and the implementation of the project started. Following the signature of the Contract between the Programme Operator and the Project Promoter, sub-project II Improvement of the time management of court cases and the quality of the delivery of justice – official cooperation with the Council of Europe began on September 1st, 2014, and the first meeting between representatives of the Ministry of Justice of the Republic of Croatia and the Council of Europe was held on September 2nd 2014.

With regards to the Component I (Renovation and reconstruction of Karlovac courthouse), the works started in December 2015 (preparation of the construction site), and all employees from the court house have been moved to other working location. The Ministry of Justice signed the contract for the works and supervision after conducted public procurement with the following companies: for works with Mešić Com d.o.o. and for supervision of works with Jurcon Projekt d.o.o.

As for the Component II (Improvement of the way cases are handled by the judicial system by applying tried and tested methodologies developed by the Council of Europe's CEPEJ project), Program operator has approved the request for the prolongation of the implementation deadline of the Project's Component II for additional six months, till June 2016.

Furthermore, on December 23rd 2015 the Ministry of Justice sent an official letter to the PO, the Ministry of Regional Development and EU Funds, stating that all insufficient funds in the project will be secured through the national budget: "Total value of the Component I of the project increased from the initially planned € 3,575,058.00 to € 4,853,320.05. Based on the increased value of the Component I, the new budget of the project is € 5,382,925.05. The Ministry of Justice will secure from its budget additional € 1,553,262.05."

PA22 Fund for Decent Work and Tripartite Dialogue

The programme has been finished successfully.

The main activities in 2015 were focused on thorough analysis of the current status of the tripartite dialogue and self-evaluation exercise for each social partner. The self-evaluation(s) answered how participants of Croatian tripartite social dialogue see weaknesses and strength of national social dialogue and what are the possibilities of its improvement. Project partners held numerous meeting during which they discussed self-evaluation results, key achievements and challenges of Croatian tripartite social dialogue.

During the bilateral meeting, the different social partners and public authorities had the possibility to learn from the Norwegian expertise and knowledge, and to formulate recommendations for future improvement of the legislation in Croatia and tripartite dialogue in general. Practical guidelines on social dialogue for national and regional level, with information on legislative framework for tripartite social dialogue, roles and responsibilities, have been developed. A new website of the tripartite Economic and Social Council was launched. The project has reached a strong visibility among social partners and general public.

3.2.1.1 Progress on horizontal concerns/ Cross-cutting issues

The HR03, EEA FM Programme activities are very much focused on tackling following horizontal and cross-cutting issues:

The project I should aid development in the fields of research, education, technological transfer and business cooperation, as well as to explore the most promising synergies across them, and to establish bilateral relationships in these areas thus aiding to the social sustainability by providing business opportunities and scientific cooperation.

The project II will deliver curriculum that would be better adapted to the needs of multi-ethnic and post-conflict communities and that would prevent segregation and/or assimilation processes of children from different ethnic backgrounds. Continuous outreach activities focusing on the promotion of intercultural values on local and national level should also contribute to the social sustainability.

Good governance is mainstreamed in both projects as the project results will contribute to providing new educational models for local citizens. Good governance will also be fostered through the introduction of monitoring and control for the projects implementation.

The purpose and main objective of the project II is to positively contribute towards minority inclusion and is essentially committed to promote tolerance, multicultural understanding, respect for the rights of minorities including combatting hate speech, extremism, racism, and other types of xenophobia.

HR04 - 'Improving the quality and efficiency of the judicial system through infrastructure development and better management' - Cross-cutting issues

The renovation of Karlovac will be conducted in accordance with government legislation and policy. The new building will be much more accessible to persons with limited mobility (good governance).

Also, the renovation will be undertaken according to the national environmental obligations in terms of recycling and disposal, and the new building will be more efficient in relation to energy use (environmental considerations).

The specific impact of the introduction of CEPEJ tools should be to increase case flow, thereby making the courts more efficient in economic terms (economic sustainability).

The piloting of satisfaction surveys will enable the Ministry of Justice to identify priorities for further reform efforts (social sustainability).

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation (gender equality).

3.2.2 Progress towards expected outcomes;

The HR03, EEA FM Programme

Pre-defined project I: iNavis, Croatian national resource centre for energy, environmental, marine and maritime research and business innovation

Expected outcome of the predefined project i-Navis is that the regional development index is increased as a result of the project outputs, which will be measured by an increase in the HDI. More precisely, if all the project outputs, such as establishment of the iNavis Centre, development and launching of curricula and university programmes, new patent applications, joint Croatian–Norwegian research programmes as well as established Croatian–Norwegian business cooperation took place, it is estimated that the targeted value of regional human development index which is 83 should be achieved (baseline is 80.9 HDI). These outcomes are more detailed when compared to the outcomes mentioned in the original document that stated that the main measurable outcome of the project will be market increase in the regional development index for the County of Šibenik – Knin from the current 80,9% to 83% by the year 2020. However considering the fact that decision on the lifting of the suspension of the iNAVIS project and the decision on the scope of the activities to be performed is yet to be made by the Donors and taking into the account remaining time for the implementation of the programme it is obvious that the project will not be fully implemented in the current funding period, and that it is therefore very uncertain to what degree mentioned goals will be met.

Pre-defined project II: Integrated School Project, Vukovar

The project foresees following outcomes that has to be met:

- Local and regional authorities as well as private and civil society actors, will develop initiatives to strengthen anti-discriminatory measures for groups vulnerable to social and economic exclusion
- Capacity of preschool educators and teachers and professional staff who will provide education following the newly developed integrative / intercultural curriculum strengthened.

As for first outcome, it is important to inform and educate local community, both parents and local and regional authorities (as well as NGO) in order to become more sensitive and aware of existing need for intercultural education in Vukovar. Currently, this is being achieved by constant activities of partner Nansen Dialogue Center in the local community, and later, it will be achieved also with promotion and visibility activities in the local community.

Second outcome is being achieved with workshops for potential teachers. First workshop was held in March 2016 in Osijek.

HR04 - 'Improving the quality and efficiency of the judicial system through infrastructure development and better management'

The expected outcome of this programme is improved efficiency of the court systems, including the development of systems for case handling.

It will be measured through number of court officials benefiting from improved working conditions (after the renovation and refurbishment of the large courthouse in Karlovac, the working conditions of 200 court officials will significantly improve) and through number of courts with enhanced capacity in time management of court cases and with improved quality of the delivery of justice following a pilot phase.

In order to complement organisational restructuring, attention has been given both to improving the court infrastructure and to improving the judicial processes, in particular clearing the backlog of cases and shortening the length of proceedings.

This project will contribute greatly to both dimensions by creating an updated facility at the important complex at Karlovac and by applying the CEPEJ tools for judicial time management and court user satisfaction. Right now, all employees from the court house are moved to another location, all furniture have been moved as well. Construction site has been set. The Launching event was organized on December 18th 2015 in Karlovac in Hotel Korana. The Deputy Minister of Regional Development and EU Funds, Jakša Puljiz, Deputy Minister of Justice, Sandra Artuković Kunšt, and the Norwegian Ambassador Astrid Versto were present on the event as well. Several media attended the event and lately published the news.

PA22 Fund for Decent Work and Tripartite Dialogue

The outcome of the project is obtaining a framework for social dialogue for national and regional level, with information on legislative framework for tripartite social dialogue, roles and responsibilities. This will contribute to the improvement of tripartite social dialogue. The project has been finished and a final report needs to be shared by the PO.

3.2.3 Outputs achieved

The HR03, EEA FM Programme

Pre-defined project I: iNavis, Croatian national resource centre for energy, environmental, marine and maritime research and business innovation

There are 6 major outputs foreseen by the project as a part of new project application:

1. Establishment of the iNavis Centre for Research and Innovation
2. Number of new patent applications increased
3. Joint Croatian–Norwegian research programmes launched
4. Development of curricula and university programmes
5. University programmes launched
6. Joint Croatian–Norwegian business cooperation established.

Above mentioned outputs are more detailed version from the original project application which listed 4 major outputs/results that were foreseen. These are

1. Established iNavis Centre
2. Joint Croatian–Norwegian R%D cooperation developed
3. Developed higher education curricula
4. Joint Croatian–Norwegian business cooperation developed

As project implementation is suspended subject to the approval of Feasibility Study none of the outputs have been achieved at this stage. Feasibility study should identify the core areas of development in the fields of research, education, technological transfer and business to business cooperation, as well as to explore the most promising synergies across them, and to establish bilateral relationships in these areas. Once the feasibility study is evaluated and accepted, priority areas will be clarified for the project implementation phase.

Pre-defined project II: Integrated School Project, Vukovar

During the reporting period, project has experienced significant progress. Within the Phase I of the project, several outputs were reached:

- the constructor and the engineering supervision were selected (for the renovation of the existing one-storey building)
- the construction works started on November 11th 2015
- ground floor buildings were removed from the site

Within the Phase II of the project, these are the outputs that were reached in the reporting period:

- Project Promoter signed the contract with the awarded winner in November 2015

When it comes to other activities of the project, following outputs were reached:

- Development of the intercultural curricula: First version of the curricula was sent for comments to all partners and associates
- Web page construction: Web page is prepared and ready to be published, as soon as the launching event is organized
- Work in the community: On 15th of December PP and Partner 2 organized two workshops in Vukovar. The workshops were organized for the representatives of the national minorities in Vukovar and the supporters of Nansen Dialogue Centre's initial idea of the New School.
- Study visit in Northern Ireland: Study visit to Northern Ireland was conducted from 27th of September to 2nd of October 2015. The organisation of the visit was conducted by Partner 2. The representatives of Project Promotor and partners gained significant know how from their Irish colleagues in the subject of intercultural education.

HR04 - 'Improving the quality and efficiency of the judicial system through infrastructure development and better management'

Following outputs were reached during the reporting period:

Component I

- The Ministry of Justice completed the preparation activities (all judicial bodies have been moved from Karlovac Courthouse to temporary locations in order to prepare the building for reconstruction)
- The public bidding procedures were conducted during the summer and autumn 2015
- The Contract for supervision services was signed on 21 September 2015 with Jurcon projekt d.o.o Zagreb, in the value of EUR 37,484
- The Contract on upgrading and reconstruction of Karlovac courthouse was signed on 23 October 2015 with Mešić com d.o.o. Zagreb, in the value of EUR 4,540,835
- On the basis of the public tender procedure and signed contracts the total value of the work component is EUR 4,853,320
- The construction-site was officially opened on 2 December 2015

Component II

- The CEPEJ experts have conducted an analysis of time management in Croatian courts according to SATURN guidelines
- Action plan was designed with measures for the improvement of time management at the Municipal Court in Karlovac Meetings between CEPEJ experts and representatives from Ministry and courts were held related to the Judicial Performance Framework and improvement of the judicial inspectors' role
- A pilot survey was conducted at the Municipal Court at Varaždin regarding the satisfaction of court users and lawyers with the functioning of the Court
- A guidance manual for judges is being drafted and to be presented to all municipal courts in three regional workshops (April/May 2016)
- On 30 September 2015 the Programme Operator approved the request of the Council of Europe and the Ministry of Justice to extend the deadline for the implementation for additional 6 months, till 30 June 2016.

Additional information:

- In December 2015 a request for the **modification of the project budget** was submitted to the Ministry of Regional Development and EU Funds, based on the increase in the total value of Component 1 (Works) in relation to the initially planned value (from EUR 3,829,663.00 to **EUR 5,382,925.05**)
- Increased costs will be covered from the National budgetary resources
- On **18 December 2015** an **opening ceremony** for the project was held in Karlovac with, among others, representatives of Norway Embassy, the Ministry of Regional Development and EU Funds, the Ministry of Justice and the Karlovac Court
- On 4 March 2016 within Norway and Croatia bilateral relations, the Norwegian Delegation headed by the State Secretary and Croatian Minister of Justice visited the Karlovac Courthouse

PA22 Fund for Decent Work and Tripartite Dialogue

Practical guidelines on social dialogue for national and regional level, with information on legislative framework for tripartite social dialogue, roles and responsibilities, have been developed. A new website of the tripartite Economic and Social Council was launched.

3.2.4 Potential risks that may threaten the achievement of the objectives set out in the Programmes;

The HR03, EEA FM Programme

Risks to the programme are following:

Pre-defined project I: iNavis, Croatian national resource centre for energy, environmental, marine and maritime research and business innovation

Feasibility study (submitted on 30 November 2015) is still pending FMO's approval. Considering that the final date for the implementation of programme is April 2017, if implementation of activities does not start in reasonable time there is a reasonable possibility that project activities will not be performed in time. This will in turn threaten the achievement of the Programme objectives set for the achievement through implementation of this project.

Pre-defined project II: Integrated School Project, Vukovar

Risks are following:

- Due to the potential delays in the public procurement process, it is possible that the school building within the Phase II will not be finished before September. This means that the classes will have to be organized and held in the renovated building under Phase I, at least until Phase II is finished.
- It is probable that the school's Establishment Act will be adopted by the Government without any problems or delays. However, since this didn't happen yet, it is a potential risk. The Ministry of Science, Education and Sport needs to repeat the entire procedure of obtaining positive feedbacks from several ministries and governmental agencies before sending the Act to the Government again.
- Launching event was not organized yet, and currently the school's visibility is still on a low level. It is possible, once the school goes public, that some representatives of local community will react negatively due to the fact that this is the first intercultural school in Vukovar. However, this is seen by PP and PO as an opportunity as well, to promote intercultural and European values in Vukovar. One of the mitigation action is to inform local community through constant partner's activities (Nansen Dialogue Center).

- Former minister of Science, Education and Sports has signed an official letter stating that the Ministry of Science, Education and Sport will cover the insufficient funds in the project. However, we need to obtain new official confirmation from the new minister of science, education and sport concerning the coverage of the insufficient funds (5,131,494.00 HRK) within the allotted limits in the State Budget for 2016. Also, the Ministry of Finance must once again confirm that the funds for the regular maintenance of the school will also be secured in the State Budget of the Republic of Croatia, from donations and other sources, in accordance with the law, as well as the fact that the salaries and benefits for the school staff will be secured in the regular activity of the Ministry of Science, Education and Sports, and material costs according to the Decision on the minimum financial standard. The leadership of the Ministry of Science, Education and Sports have made clear that enough funds will be ensured in 2016.

The Norwegian Financial Mechanism 2009-2014

HR04 - 'Improving the quality and efficiency of the judicial system through infrastructure development and better management'

Risks to the programme are following:

- Currently the only risk is the fact that the insufficient funds are still not officially secured in the State Budget for 2016, because state budget is still not accepted. The Ministry of Justice has sent an official letter to PO, stating that all insufficient funds in the project will be secured through the national budget: "Total value of the Component I of the project increased from the initially planned € 3,575,058.00 to € 4,853,320.05. Based on the increased value of the Component I, the new budget of the project is € 5,382,925.05. The Ministry of Justice will secure from its budget additional € 1,553,262.05."

3.2.5 The need for adjustments of plans, including actions for risk mitigation;

HR03 - The EEA Financial Mechanism Programme 2009-2014

For pre-defined projects I: iNavis, Croatian national resource centre for energy, environmental, marine and maritime research and business innovation there is a need to adjust planned time schedule for implementation of project activities due to the fact that project did not yet start. The donors need to make a decision on how to proceed with the project and which activities can be implemented in the timeframe that is still left. The project will probably have to be adjusted according to the donors' decision.

Pre-defined project Integrated School Project in Vukovar

- In the case that the school building under Phase II will not be finished by the beginning of school year, the classes will start in the smaller building (within the Phase I)
- It is important to build good and transparent cooperation between Task Force Members, especially in the phase when school curricula is being revised and commented by all members.
- It is important that the Establishment Act be adopted.
- It is important that the budget be ensured for the finalization of the project. The Ministry of Science has made clear that the budget will not be an issue.
- It is important to have political support (national and local) for the construction of this school, to have "ambassadors" of the idea of intercultural school in Vukovar, not only among PP and partners, but among local politicians, representatives of minorities, and national political level as well.

The Norwegian Financial Mechanism Programme 2009-2014

HR04 - 'Improving the quality and efficiency of the judicial system through infrastructure development and better management'

- Regarding the adjustments, on 30 September 2015 the Programme Operator approved the request of the Council of Europe and the Ministry of Justice to extend the deadline for the implementation for additional 6 months, till 30 June 2016.

Regarding the risks, currently the only risk is that the state budget was not accepted yet, therefore, insufficient funds are still not secured officially. However, the Ministry of Justice has sent an official letter to PO, stating that all insufficient funds will be secured through the national budget.

3.2.6 The use of funds for bilateral relations;

According to the respective Memorandum of Understanding (MoU) signed between the Republic of Croatia (the Beneficiary State) and Iceland, Liechtenstein and Norway (the Donor States) for the implementation of the EEA and Norway Financial Mechanism 2009-2014 in Croatia the fund for bilateral relations at national level referred to in Article 3.5 of the Regulation shall be implemented jointly with the funds for bilateral relations at programme level referred to in Article 3.6 of the Regulation. The total allocation to the two funds shall amount to €515,625. The aim of the aforementioned Fund is to strengthen political, professional, social and economic ties and lay foundations for wider relations between the two parties.

The objective of the Bilateral Fund as stipulated in the MoUs is to strengthen Bilateral Relations between the Donor States and the Beneficiary State by stimulating long-lasting cooperation between institutions and organizations through the implementation of activities with partners from the Donor States, including through partnership at project level in all programme areas supported. The Donor States and Croatia would like to see a clear impact and long-term effects of the cooperation taking place under the Bilateral Fund, which should provide a platform for increased political, cultural, professional and academic relations. Therefore, entities from the Donor States and relevant national stakeholders in the Beneficiary State shall be able to access and benefit from the Fund in order to prepare and implement specific activities for this purpose.

The work plan for the Fund for Bilateral Relations was adopted by both the National Focal Point and the donors in 2015. The Bilateral Fund Committee was set up in January 2016 and the first call for proposals was organized. The applications from the beneficiary institutions were received by the PO. For detailed information see section 2.2.

4 MANAGEMENT AND IMPLEMENTATION

4.1. Management and control systems

The Ministry of Regional Development and EU Funds is the National Focal Point and Programme Operator for three pre-defined projects. In April 2015 new re-organization took place, which resulted in the change of functions in the Ministry. The deputy minister was the Head of the National Focal Point and the head of Service was designated the Head of Programme Operator.

As of June 2015 two external experts were contracted as substitution for absent colleagues and the former external financial monitoring expert. The two external experts deal with financial reporting /monitoring, and visibility tasks respectively. In the second half of 2015 sufficient administrative capacities were ensured. In 2016 further functional capacity will be ensured where and when necessary.

4.2 Compliance with EU legislation, national legislation and the MoU

There have been no problems encountered with regards to the regulatory environment of the financial mechanisms.

Public procurement in Croatia is governed by the Law on Public Procurement (Official Gazette NN 90/11, 83/13, 143/13, 13/14). All the Project promoters are obliged to follow this Legislation which is in line with the EU regulation.

State aid is governed by the Law on State Aid (Official Gazette 47/14). None of the financed projects will have an undesirable impact on the common market as defined in the Law on State Aid and the Commission Regulation on State Aid. Two of the three projects do not have activity which could be considered as economic activity by the above mentioned State Aid Regulation. The project “iNavis” will transfer any possible aid in the form of de-minimis aid to end user via a de-minimis aid scheme which will be developed according to the final project proposal and budget.

Project Promoters have been made aware of their obligations with regard to public procurement, state aid, the environment and promoting equality of opportunity for all people irrespective of gender, age, race or disability as part of their grant contract as well as Grant Implementation Manual which the NFP/PO has developed.

4.3 Irregularities

Procedures for managing irregularities and fraud in the context of EEA and Norwegian financial mechanism 2009-2014 are integrated within Manual of procedure of the Programme Operator. Furthermore, Procedures for managing irregularities and fraud in the context of EEA and Norwegian financial mechanism 2009-2014 describe methodology for comprehensive irregularity management, which includes activities related to prevention, detection, verification, reporting of irregularities and monitoring of actions to be taken upon reported irregularities.

Regarding reporting of the irregularities in 2015, Service for Combating Irregularities and Fraud (SCIF) reported 3 cases via DORIS system.

In order to strengthen administrative capacities, SCIF employees participated in “*Irregularities training and DORIS application training*” organized in Zagreb on 5 and 6 May 2015.

4.4 Audit, monitoring, review and evaluation

The monitoring manager in the National focal Point is in charge of preparing and organizing monitoring committee and annual meeting, performing the administrative activities for appointing members of the monitoring committee, as well as coordinating the preparation of the combined strategic and annual report. In 2015 preparatory activities were undertaken by the monitoring manager in terms of communication with the Donors on organisational issues and setting the date for relevant monitoring committee and annual meeting.

In 2016 monitoring activities will take place in accordance with the relevant regulation.

The PO has had 2 bi-monthly monitoring meetings for each of the 3 projects in implementation. Also, biweekly reports are written and sent to the FMO regularly, for all the three projects.

The PO is actively involved in “unofficial” monitoring of all of the projects, such as attending working group and task force meetings for the project “Integrated School in Vukovar and Knin”.

As for iNavis project, regular bimonthly meetings were held and biweekly reports were written and sent to the FMO. On the spot monitoring was not performed as envisaged in 2014, because the pre-feasibility study was not finished, which postponed the continuation of the project.

As for the Karlovac court, on the spot monitoring is planned for 2016.

The Audit Authority submitted the Audit Strategy in January 2015 and implemented the compliance assessment audit (at the level of the Programme Operator) in the period April-May 2015, while the following audits are scheduled to be performed in 2016.

4.5 Information and publicity

Following information and publicity activities were undertaken in the reporting period:

- Official EEA and Norway Grants web page for Croatia was completely redesigned and revised, and is regularly updated with all relevant information and news (in Croatian and English language).
- Promotional materials were prepared (umbrellas, USB sticks, pens, maps etc.) for the Programme
- Promotion and Visibility Expert revised Publicity plans for all three projects.
- Promotion and Visibility Expert revised all PP’s publicity requirements according to the official EEA and Norway Grants Communication Manual.
- Regular meetings with PP’s, visiting project sites (Vukovar and Karlovac for now)
- Revising web pages, promotional materials, information boards on the construction sites etc. of Project Promoters.
- Participating in the first visibility event (Karlovac), working closely with PP’s promotion officer.

4.6 Work plan

The second monitoring committee was held on 19 January 2016 and the next annual meeting is planned for March 2016. The following monitoring committee and the annual meeting will be held in early 2017. The monitoring manager shall attend bimonthly meetings for each project and perform on the spot checks once a year for each project of which the programme operator is the National Focal Point.

A work plan contains monitoring/audit activities:

- On-the-spot visits to all projects (1 per project – 3 visits) in September/October 2016
- Monthly or bi-monthly monitoring visits (6 per project – 18 visits) – every two months in 2016
- Bi-monthly monitoring meetings for each project (6 meetings per project – 18 meetings) – independent external evaluation 2016 or 2017
- Audit by the Audit Authority in 2016

HR03 - the finalisation of the ToR has been a moving target, since all the planned deadlines for that activity had been broken. Due to the delayed start of the work on the Feasibility study, it has been

foreseen to shorten the time envisaged for the preparing of the Feasibility study as much as possible. In that respect it has been foreseen that Feasibility study should be prepared in 4 months' time, in order not to lose any more of the precious time needed for the activities that will follow. The newly proposed timeline is going to be set in the final version of ToR.

HR04 – court rationalization process/ reorganisation is on-going long term reform that began in 2008 and it will continue.

Related to the tender and the launch date, in accordance with revised and up-dated project proposal, it will happen till the end of February 2015, if the pre-eligibility condition is lifted. The undertaking and completion of the works and the supervision of works on Karlovac court building is scheduled for May 2015.

5 SUMMARY LIST OF ISSUES AND RECOMMENDATIONS

The National Focal Point produced a Grant Implementation Manual for Project Promoters and annexes to serve as guidance for Project Promoters during implementation. This document and its annexes are accessible on our webpage.

The National Focal Point/Programme Operator is pleased with the excellent working relationship among all stakeholders. Regular contact, follow up and availability have proven beneficial to all parties concerned.

The National Focal Point/Programme Operator is grateful for the support provided by the Financial Mechanism Office and looks forward to further collaboration over the next year in order to ensure smooth and successful programme implementation.

The HR03, EEA FM Programme

Pre-defined project iNavis, Croatian national resource centre for energy, environmental, marine and maritime research and business innovation project is still in suspension subject to FMO's approval of CBA Study. Planned date for the delivery of CBA Study for was 22 July 2015. However despite the extension of deadline (10/9/2015) Final version of Study was delivered to the PO/NCP and forwarded to the FMO at the end of November.

Recommendation: to proceed with activities as soon as possible. The donors need to decide on the progress of the project.

The PP for the pre-defined project Integrated School Project in Vukovar should speed up (within their power) the process of adoption of the Establishment Act. Also, it should begin as soon as possible with visibility and promotion measures in the community (launching event, articles in the newspapers etc.). It is also important to hold regular Task Force Meetings in order to secure transparent and good cooperation between all partners and associates.

Recommendation: to adopt the Establishment Act as soon as possible; to secure the budget; to enrol the first generation of children for Autumn 2016.

HR04 - 'Improving the quality and efficiency of the judicial system through infrastructure development and better management'

The Project Promoter should continue with all activities according to the plan. It is important to secure funds in the state budget for 2016 (insufficient funds for the project). The Project Promoter should continue with all activities according to the plan. It is important to use this project as positive example in Croatia and to promote EEA and Norway grants. The project is running alongside with a reform of the judicial system designed to make the courts more efficient and sustainable. The specific impact of the introduction of CEPEJ tools is to increase case flow, making the courts more efficient in economic terms and by the transfer of good practices to other courts.

2 ATTACHMENTS TO THE STRATEGIC REPORT

The Strategic Report shall also include a number of attachments. DoRIS reports are available for extraction to be used for attachments 1-5. The reports can be accessed from the folder called: *Strategic Report Attachments* which is located under the *Country report* folder. Please follow the following link in the reports section of DoRIS (<https://doris.eeagrants.org/MapReports/>).

1. For each Programme, a table [DoRIS report to be extracted] showing the breakdown in respect of applications received and projects selected / contracted, as well as the types of intervention supported.
2. For each Programme, a table providing information in respect of donor partnership projects (names of Donor State entities, number and proportion of partnership projects). [DoRIS report to be extracted]
3. A summary table on Donor partnership projects on the Beneficiary State level. [DoRIS report to be extracted]
4. A list of irregularities detected at the Beneficiary State level and at Programme level during the reporting period and financial corrections made. Provide an update on previously reported irregularities. [DoRIS report to be extracted]
5. For each Programme, a list of irregularities detected at project level during the reporting period and financial corrections made. Provide an update on previously reported irregularities. [DoRIS report to be extracted]
6. A plan setting out the monitoring and audit activities in the Beneficiary State for the coming reporting period. (This is a non-public attachment)
7. A risk assessment at the national and programme levels (This is a non-public attachment. See suggested structure in Annex).

Attachments for each Programme

1. Monitoring Plan, see section 7.3 in the Programme Operators' Manual
2. Risk assessment of the programme.

Monitoring Plan

As noted in Section 1.12 of Programme Proposal, the monitoring plan is based on a mixed system of progress reports prepared by the PPs, on-the-spot verifications and bimonthly meetings between the PPs and representatives of the Sector for EU Programmes at the NFP and PO level.

An indicative plan for year 2016 is presented below:

1. PROGRESS REPORTS

The submission of progress reports by the PPs will follow the reporting periods of the Interim Financial Reports i.e. they will be submitted three times per year for the following period of 4 months, one month after the end of the reporting period:

- January (covering 1 September - 31 December)

- May (covering 1 January - 30 April)
- September (covering 1 May - 31 August)

2. BIMONTHLY MEETINGS

Bimonthly meetings will be held with each individual PP in order to examine project progress and specific issues (e.g. late contracting, tight implementation schedules etc.) that could present problems for the successful project implementation, so that necessary corrective actions could be agreed on. Minutes of the meetings as well as a follow up table will be addressed by the PO to the parties concerned.

Bimonthly meetings will be organized 6 times in 2016 according to this schedule:

- February
- April
- June
- August
- October
- December

3. ON-THE-SPOT VERIFICATIONS

In addition to the Progress reports and bimonthly meetings, the PO will ensure the quality of the implementation of programme and projects' progress towards expected outcomes by conducting on-the-spot verifications.

Due to the fact that only 2 projects will be implemented within EEA FM Programme on-the-spot verifications shall be conducted for both projects each year.

On-the-spot verifications will be conducted at least once a year depending on the projects' progress.

Annex: Risk assessment at the national level

The risk assessment at the national level regards risks to the two overall objectives and overall operations of the Grants.

Type of objective ²	Description of risk	Likelihood ³	Consequence ⁴	Mitigation planned/done
Operational issues:				

² The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

³ Each risk should be described as to whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue, where 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

⁴ Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; n/a = not relevant or insignificant.

Annex: Risk assessment of the programme

Programme #	Type of objective ⁵	Description of risk	Likelihood ⁶	Consequence ⁷	Mitigation planned/done
The HR03, EEA FM Programme Pre-defined project I: iNavis, Croatian national resource centre for energy, environmental, marine and maritime research and business innovation	Cohesion (Programme) outcomes:	1. Delay of the start of the project activities, namely of the preparation/approval of the Feasibility study	High	High	1 Following the submission (with delay) of the Study (30/11/2015) FMO needs to form its opinion of the document and to suggest needed changes in order to finalize the documentation that will enable implementation to start.
Pre-defined project II: Integrated Schools Project, Vukovar		1. Establishment Act of the School still not adopted 2. Insufficient funds are still not officially secured in the state budget 3. Tight timeframe for the works (the beginning of school year 2016/2017).	Low Medium High	High High Low	1. PP prepared all the documentation needed for the adoption of the Establishment Act. 2. PP should obtain official letter from the new minister of science, education and sport, stating that the Ministry will secure insufficient funds from the state budget for 2016. New state budget is still not accepted. It will be in mid March. 3. It is possible that the building within Phase II will not be finished by September 2016. However, one storey building within Phase I will be ready for the beginning of school year

⁵ The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

⁶ Each risk should be described as to whether it poses a risk to the cohesion outcomes (programme outcomes), the bilateral outcome or crucial operational issues 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

⁷ Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; n/a = not relevant or insignificant.

					and classes can start there until the other building is finished.
HR04	<p>Cohesion (Programme Outcomes):</p> <p>Improved efficiency of the court systems, including the development of systems for case handling</p>	Insufficient funds are still not secured officially in the state budget for 2016	Low	Low	<p>State Budget for 2016 is still not accepted on a national level. It will be in mid-March. However, the Ministry of Justice has sent an official letter stating that it will cover the insufficient funds in the state budget.</p>