

Combined Strategic & Annual Programme Report¹ 2016 EEA and Norwegian Financial Mechanisms 2009-2014

1 EXECUTIVE SUMMARY

The aim of this Report is to provide an overall indication of the progress made and outcomes reached both on programme and project level under these Grants.

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. Throughout the implementation of the projects in 2016, these goals were always kept in perspective in all the activities.

The bilateral relations between Croatia, Norway and Iceland were fostered through collaboration sought with partner organisations in Norway and Iceland, facilitated through continuous coordination between the Croatian NFP/PO, Norwegian Embassy in Zagreb and the FMO. Furthermore, successful and fruitful cooperation between Norwegian Embassy and Croatian National Focal Point and Program Operator also helped in achieving main goals of the EEA and Norway Grants in 2016.

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 were planned but only one is implemented:

1) iNavis, Croatian national resource centre for energy, environmental, marine and maritime research and business innovation project was cancelled during May 2016. However, FMO allocated further €100.000 to the City of Šibenik in order to develop founded project application.

2) Integrated School Project in Vukovar - the aim of the project is construction of integrated school in Vukovar. Furthermore, the aim of the project is to help social recovery of the post conflict and multi-ethnic communities and reaching a higher level of understanding, respect and cooperation between minority groups and the majority population.

The project consisted of two phases – reconstruction of the one storey building (administration) and the construction of the school building. The reconstruction of the building under the phase I was finished on 30 April 2016. The construction of the building under the Phase II has not started yet. The school was officially founded on Vukovar's City Council Session on 20 December 2016. 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.

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

Within the Norwegian Financial Mechanism Programme in Programme Area 31: Judicial Capacity-building and Cooperation, one **pre-defined** project is being 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 almost finished and it is expected that the building will be ready for technical approval on 10 February 2017.

- 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. This activity was successfully finished In 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 was presented in three local workshops in Zagreb, Osijek and Split.

PA22 Fund for Decent Work and Tripartite Dialogue

The programme was implemented by a donor entity. 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 project implementation ended in 2015.

The NGO Programme

The programme was implemented by a donor entity. 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.

Bilateral relations

Within the Norway and EEA Grants operates a separate Bilateral Fund with allocation of € 515,625.00 for Croatia in the period 2009-2014. Bilateral fund is intended to finance project activities that strengthen bilateral relations of the beneficiary country with donor countries - Norway, Iceland and Liechtenstein. One of the conditions of financing is the partnership at the level of the beneficiary country and partner who comes from one of the three donor countries. In this way, the expansion of

cooperation between Croatian institutions and companies with counterparts from Norway, Iceland and Liechtenstein is being encouraged. Within the framework of the Bilateral Fund project activities designed to connect, exchange and share experiences, knowledge, technologies and best practices between beneficiary countries and donor countries, as well as international organizations in the area of application of the program are being financed. During the 2016 two calls of proposals were announced and 12 contracts were awarded.

In conformity with the objectives of the Communication Strategy, the NFP/ PO is publicly promoting the EEA and Norway Grants on the official EEA and Norway grants web page eeagrants.hr/norwaygrants.hr. Several other publicity events were held (signing agreements with users of Bilateral Fund, promotion of projects in cooperation with Project Promoters) with the main objective of promoting the contribution which the EEA/Norway Grants give towards the economic and social stability. Building on this rewarding experience, Croatia looks forward towards extending this further collaboration with the Donor States for the next period.

2 ASSESSMENT OF THE EFFECT OF THE GRANTS

Following 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, both signed in 2014, financing is being received for three (3) areas for Norwegian Financial Mechanism, and two (2) areas for EEA Financial Mechanism, namely:

Norway Grants

A. Programme Area: Decent Work and Tripartite Dialogue

B. Programme Area: Civil Society Support Programme

C. Norwegian Financial Mechanism Programme

EEA Grants

A. Programme Area: Funds for Non-Governmental Organisations

B. EEA Financial Mechanism Programme

Furthermore, other allocations to Croatia were Fund for Bilateral Relations at national level and Technical Assistance to Beneficiary Country.

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

2.1.1. Programme Area: Decent Work and Tripartite Dialogue

Objective was to promote decent work and improvement of tripartite cooperation between employers' organizations, trade unions and public authorities with the aim to support balanced and sustainable economic and social development. Program Operator was Innovation Norway, while the Project Promotor was Ministry of Labour and Pension System in Croatia. Grant value was 100,000 EUR, and the project was successfully finished in September 2015.

2.1.2. Programme Area: Civil Society Support Programme

Objective was to strengthen the civil society development and enhance the contribution to social justice, democracy and sustainable development. Program Operator is FMO, and total Value of this grant is 353,200 EUR. Management of Funds was transfer to the National Foundation of Civil Society Development, and it was decided that NGO Funds within EEA and Norway Grants will be implemented together.

2.1.3. Programme Area: Norwegian Financial Mechanism Programme

Objective was to contribute to more just and efficient judicial system. Program Operator is Ministry of Regional Development and EU Funds, and the Project Promoter is Ministry of Justice. One predefined project is being implemented with two components:

- Reconstruction and renovation of the courthouse building in Karlovac
- Cooperation with the Council of Europe aimed at strengthening efficiency and professionalism of the Croatian judicial system.

Second component was successfully finished in June 2016, while first component, i.e. reconstruction of courthouse building will be finished in February 2017.

Under the Component I, related to the cohesion, it is expected that the new court house will provide better working conditions as conditions in old building were 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 several courts and state attorney are situated) will have better working conditions, which will improve the efficiency of solving cases etc. As for the Component II, the CEPEJ guidelines for judges developed under this component are expected to contribute to faster solving of the 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. Combination of effects of both components will improve judicial system.

2.1.4. Programme Area: EEA Grants

The objective is to strengthen social and economic cohesion at the national, regional and local level. Two predefined projects were financed:

First predefined project was iNavis, Croatian national resource centre for energy, environmental, marine and maritime research and business innovation. Project Promoter was the City of Šibenik. After the evaluation of Feasibility Study was performed by the independent experts, FMO made a decision that the project will not receive further funding for implementation during current financial period.

Second predefined project is the construction of Integrated School in Vukovar. Project Promotor is Ministry of Science, Education and Sport. Project was delayed due to political situation in Croatia, i.e. two parliamentary elections were held in the space of a year, and thus the decision on the founding of the school was moved to late December 2016. However, it is expected that the project, once finished, will contribute to reducing differences in the war afflicted area.

2.2 Bilateral relations

2.2.1. Bilateral relations at national level

Representatives of the National Focal Point participated in the bilateral sharing experience workshop organized within the Fund for Decent work and Tripartite Dialogue by Innovation Norway, which took place in Warsaw in March 2016. In addition, representatives of the Croatian National Focal Point and Programme Operator participated in the communications workshop organised by the Financial Mechanism Office, which was held in Riga in September 2016. Both occasions served as a valuable opportunity for building a good working relationship with the FMO whilst establishing new contacts with

representatives of other countries. Also, Croatian National Focal Point together with the representative of the Croatian Certifying Authority participated in a study trip to Malta in October 2016, where Croatian representatives shared valuable knowledge and experience with Maltese colleagues from National Focal Point and Program Operator. They also met with Maltese Certifying Authority and visited project of prison for juveniles, financed through Norway and EEA Grants 2009-2014.

During year 2016 the Croatian National Focal Point and Programme Operator actively promoted bilateral relations through all activities.

On 4 March 2016 the Norwegian State Secretary H.E. Elsbeth Tronstad met former Minister of Regional Development and EU Funds and former Head of National Focal Point, Mr Tomislav Tolušić, and Minister of Justice, Mr Ante Šprlje, to discuss how EEA and Norway Grants can provide benefits for Croatia and strengthen the bilateral cooperation with Norway. In the meeting with Minister Tolušić, H.E. State Secretary Elsbeth Tronstad explained in general Norway vision of the upcoming financial perspective.

Because of the current migrant situation in Europe, asylum and migration issues were discussed during the meeting organized in Karlovac with the Minister of Justice, Mr Ante Šprlje. H.E. Elsbeth Tronstad also visited the courthouse to see the renovation process. News about their meeting was published on the official eagrants web page.



Visit of Ms Elsbeth Tronstad, State Secretary, 4 March 2016

As well, Croatian National Focal Point and Programme Operator have fruitful and continuous cooperation with the Norwegian Embassy in Croatia.

2.2.2. Bilateral Fund

The work plan for the Fund for Bilateral Relations was adopted in May 2015 by the FMO and the National Focal Point. The Bilateral Fund Committee was set up in January 2016 to decide upon the functioning of the Fund for 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.

As stated before in the report, Croatia received an allocation of € 515,625.00 within the Bilateral Fund. One project worth €100 000 was predefined, to promote cooperation in geothermal energy between Iceland and Croatia. Throughout 2016, two calls of proposals were organized.

The first constituting meeting of the Bilateral Fund Committee took place on 29 January 2016. During the meeting the documents defining the functioning of the Bilateral Fund and the Committee functioning were adopted. Bilateral Fund Committee decided 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. In addition the predefined bilateral activity set in MoU that allocates 100,000.00 EUR to the activities that promote the development of cooperation in the field of geothermal energy between Iceland and Croatia was awarded to the Energy Institute Hrvoje Požar.

Second meeting of the Bilateral Fund Committee took place on 14 April 2016. Members of the Committee concluded that the applications of the Ministry of Justice and the City of Šibenik are eligible for financing. Application received from the Ministry of Science was deemed not ready and was thus send back to the applicant for finishing. It was agreed that decision about the financing will be made at the next meeting of the Bilateral Fund Committee. Ministry of Justice received approval for the activity: "Further improvement of bilateral cooperation, knowledge sharing and exchange of practical experiences in the field of enforcement of sanctions and measures, as well as the field of judicial infrastructure". Total Value of the activity was 48,980.00 EUR. City of Šibenik received payment for the activity titled "Exchanging is growing", in the amount of 48,160.00 EUR.

The Committee was informed about great interest in Bilateral Fund funding and the Committee decided to open the second call for proposals in May 2016 with maximum amount of the activities to be 100000.00 EUR, while due to the limited recourses, the preference to be given to the activities within the range from 20,000.00 to 40,000.00 EUR. It was decided that the list of potential applicants will be exchanged between the members of the Bilateral Committee.

Second call of the Bilateral Fund was opened from 3 May until 3 June 2016. Total amount of available funds was €318,122. Invitation for participation was sent to the 11 potential applicants. In total 9 applications were received in total amount of €346.554 which equals to €28.432 more than amount of available funds. Ministry of Science, Education and Sport decided to withdraw their application.

Third meeting of the Bilateral Fund Committee took place on 14 July 2016 in Zagreb. Nine applications received approval for funding and two were send back to the applicants with comments for improvement.



Bilateral Fund Committee, third meeting, 14 July 2016 (source: official web page)

On 27 July an official signing ceremony was organized in the premises of Ministry of Regional Development and EU Funds with 8 institutions, users of the Bilateral Fund. Total value of signed contracts was 281,978.00 EUR. Contracts were signed with the following institutions: CARNet, City of Kutina, Croatian Metrology Institute, Croatian Journalists Association, Innovation Norway, and Ministry of work and pension system, Ministry of Foreign and European Affairs and Chamber of Economy of Koprivnica-Križevci County. 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.



Signing ceremony for Bilateral Fund applications, 27 July 2016 (source: official web page)

Although allocation for Croatia was relatively small, all project activities financed through Bilateral Fund are successful and they bring media coverage and visibility to the Norway and EEA Grants in Croatia. It is important to mention that the main goal – strengthening bilateral cooperation – was reached as all Croatian institutions as project activity promoters managed to find a partner from one of the donor's countries, most of them from Norway. Croatian and Norwegian (and Icelandic) colleagues shared precious knowledge and know how, and established long term relations.

3 REPORTING ON PROGRAMMES

3.1 Overview of Programme status

Croatian National Focal Point organized the Annual Monitoring Meeting on 19 January 2016. Meeting was chaired by Mr Tomislav Belovari from the Ministry of Regional Development and EU Funds as representative of a National Focal Point and Program Operator. Beneficiary institutions gave the insight information about the implementation progress of the project including risks and mitigation measures.

Second Annual Meeting of the EEA and Norway Financial Mechanisms 2009-2014 between the representatives of the Donors, Norwegian Embassy, National Focal point and Project Promotors on 10 March 2016. Mr Tomislav Jurendić, former assistant minister and Head of the Programme Operator

chaired the meeting, where a short overview of the EEA and Norway Grants was given, presenting both programmes and projects financed by the donors in the Republic of Croatia. More detailed presentations of projects (implementation details, risks and problems) were closely presented at the afternoon sessions by the beneficiaries.

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

a) progress in establishing agreed Programmes, including calls undertaken

HR02, EEA NGO Programme

The programme was implemented by a donor entity.

HR03, EEA Financial Mechanism Programme

Programme Operator is the Ministry of Regional Development and EU Funds. Two predefined projects defined however only one project is being implemented.

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

Following the submission of the CBE study on 30 November 2015, during May 2016 FMO informed the NFP of their decision to terminate this project as FCB Study did not offer solution of the identified significant financial risk, which is the potential inability of the Project Promoter to secure the necessary financial support to maintain iNavis operations after the end of the financial eligibility.

Progress: There was no progress on predefined iNavis project. However parallel to cancelling of the iNavis project, donors made €100,000.00 available for further development of the project with the aim of producing new sustainable project application with a revised log frame and a detailed, sequenced implementation plan.

Pre-defined project II: Integrated School Project, Vukovar

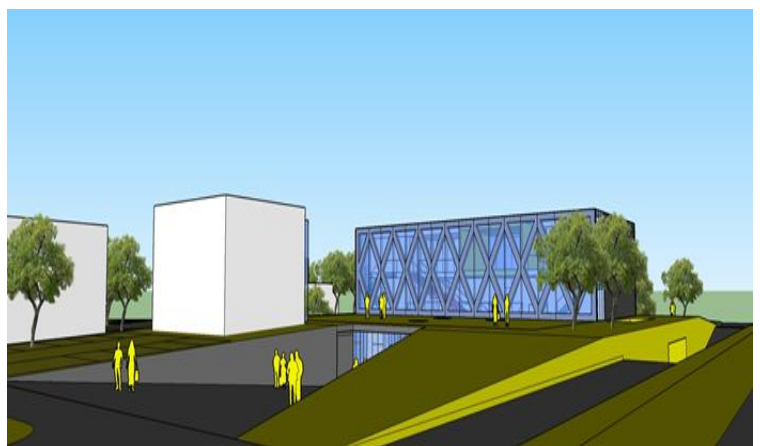
Project Promoter is the Ministry of Science and Education (MoSE). Partner is Nansen Dialogue Centre. Project Grant is 2,204,608.00 EUR.

Objectives of the project are: construction of the integrated school in Vukovar (first of a kind in this region), social recovery of the post-conflict and multi-ethnic communities and reaching a higher level of understanding, respect and cooperation between minority groups and the majority.

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

Phase I of the project (reconstruction of the one-storey building) has been completed (the works are finished) and on 8 December 2016 the handover of the building to the Ministry of Science and Education



took place. Building works on the building were finished on 30 April 2016 but due to the resolution of a Government in June and new Parliamentary Elections in September the building wasn't handed over before.

On 12 July 2016 the representatives of the National Focal Point and Program Operator visited Vukovar as a part of regular annual On-the-spot check. The renovated two-story building consists of one classroom, library, offices for principal and teachers and toilets. The building has a basement that will be connected with the bigger building within Phase II.

The project was presented to the City Council of the City of Vukovar on 20 December 2016 and City Council gave its approval for the establishment of the new integrated school. This move was necessary in order to develop and strengthen ownership for the project within the local community, as the school is foremost intended to benefit the local children and parents. Therefore, it is vital that the community embrace the envisioned concept and identify with the project objectives.



Due to delays it will not be possible to construct the new building (Phase II) and finalize the elementary school facilities which are part of the original project until the last date of eligibility on 30 April 2017.

In order to fulfil the objectives of intercultural/integral education and cooperation between minority groups and the majority, through completing the construction of the main school building envisaged by the Phase II of the project, request was sent to the donors in order to reach a new agreement regarding a 1-year project extension and reallocation of financial resources.

In the meantime, a 3-D visual of the future school (both buildings) is available here:

<https://sketchfab.com/models/326b02ebac8c4ef39257a96351620369#>

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

Programme Operator is the Ministry of Regional Development and EU Funds. One project, related to the judicial reform, is being implemented.

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

The Project of Improving the quality and efficiency of the judicial system is funded through Norway grants. Project promotor is the Ministry of Justice. Objectives of the project are: Renovation of the courthouse building in Karlovac, Improvement of the way cases are handled by the judicial system by applying tried and tested methodologies developed by the Council of Europe and achievement of more just and efficient judicial system.

The project is implemented through two sub-projects:

- Activities of cooperation with the Council of Europe on strengthening the efficiency and professionalism of Croatian judicial system. Following an assessment of the compliance of the judicial processes with European standards, time management and other strategies will be piloted at Karlovac before being introduced countrywide

- Activities related to the Renovation and Reconstruction of Courthouse at Karlovac.

Total Value of the project is 5,382,925.05 EUR. The project is being implemented with the partner Council of Europe.

Activity implemented with Council of Europe, was completed on 30 June 2016 which was in accordance to the plan. A guidance manual for judges was finished and presented in three regional workshops: on 12 April 2016 in Zagreb, on 13 April 2016 in Split and on 24 May 2016 in Osijek. Final video conference was held on 16 September 2016 in the premises of Ministry of Justice.

As for the second sub-project – Reconstruction of the Karlovac courthouse building, works that started in December 2015 are progressing according to the plan. Technical approval of the building is expected to take place on 10 February 2017.

PA22 Fund for Decent Work and Tripartite Dialogue

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

The project promoter was 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 were 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 successfully finished in 2015.

b) commitments and disbursements made by the Programme

During the 2016 three IFRs were submitted – March, 20, July 20 and November 20, 2016. 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 until 31.08.2016.	%	Proposed until 30.04.2017.	%
Program mgmt - NFP	84.000,00	14.171,00	16,87%	74.484,00	88,67%
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%	47.000,00	87,04%
Program mgmt - Other	2.000,00	1.283,00	64,15%	2.000,00	100,00%
Bilateral fund	282.193,00	74.193,00	26,29%	282.193,00	100,00%
Total	426.193,00	121.703,00	28,56%	409.677,00	96,12%

Program		HR03			
Budget heading	Budget amount	Incurred until 31.08.2016.	%	Proposed until 30.04.2017.	%
Program mgmt	334.504,00	88.985,00	26,60%	174.408,00	52,14%
iNavis	1.685.890,00	53.275,00	3,16%	128.275,00	7,61%

MZOS	1.274.580,00	343.968,00	26,99%	703.873,00	55,22%
Bilateral fund	109.291,00	0,00	0,00%	100.000,00	91,50%
Program preparation	0,00	0,00	N/A	0,00	N/A
Total	3.404.265,00	486.228,00	14,28%	1.106.556,00	32,50%

Program	HR04
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Budget heading	Budget amount	Incurred until 31.08.2016.	%	Proposed until 30.04.2017.	%
Program mgmt	359.013,00	88.985,00	24,79%	174.594,00	48,63%
MP	3.165.604,00	499.962,00	15,79%	3.165.604,00	100,00%
Bilateral fund	119.535,00	0,00	0,00%	25.000,00	20,91%
Program preparation	5.391,00	4.894,00	90,78%	4.894,00	90,78%
Total	3.649.543,00	593.841,00	16,27%	3.370.092,00	92,34%
Overall sum	7.480.001,00	1.201.772,00	16,07%	4.886.325,00	65,33%

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

HR02, EEA NGO Programme

The programme was implemented by a donor entity.

HR03, EEA Financial Mechanism Programme

Pre-defined project I: From the original budget of the project in the amount of 1.719,513 amount spend of CBE was €53,275 (paid in December 2015), additional €100.000 was allocated to the further development of the project (co-financing rate 75% EEA funds €75.000).

Pre-defined project II: Integrated School Project, Vukovar

It is clear that the project will not be completed within the allocated funds and set deadlines. Request for the prolongation of the implementation was already sent to the donors and contingency plan, including the request for reallocation of funds within the HR03 will be finalised as soon as answer regarding the implementation period is known.

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

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. During 2016 the Ministry of Justice secured additional insufficient funds from national budget € 1,553,262.05.”

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. It is expected to finish the component as planned.

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 was successfully completed by 30 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.

After evaluation of the Feasibility Study donors made a decision and on 12 May 2016 NFP received notification that project will not receive funding in the current financial period and that €100.000 will be awarded to the further development of the project. New contract between Ministry of regional Development and EU Funds and City of Šibenik was signed on 20 December and implementation started. Until end of April 2017 City of Šibenik should be in possession of revised project proposal.

Pre-defined project II: Integrated School Project, Vukovar

After relatively long delay, mostly due to the fact that from period November 2015 to September 2016 Croatia conducted two parliamentary elections and three changes of government, the school was officially founded by the Vukovar City Council in December 2016. After reaching this milestone, it is expected that other pending activities will be implemented easier, especially the ones related to the activities in the local community.

Regarding the Phase I, the works on the one-storey building were finished and the building was handed over to the Ministry of Science, Education and Sport in December 2016. Contract for supply of furnishings was also signed.

As for Phase II, currently, the concept design of the new school building is developed but the construction of the building didn't start yet, and it is now clear that it will not happen within the time frame of this project period – until April 2017.

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

With regards to the Component I (Renovation and reconstruction of the Karlovac courthouse), the works started in December 2015 and will be finished in February 2017 (technical approval of the building is scheduled for 10 February).

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), it was finished by 30 June 2016.

PA22 Fund for Decent Work and Tripartite Dialogue

The programme has been finished successfully.

3.2.1.1 Progress on horizontal concerns/ Cross-cutting issues

Croatia as Beneficiary country is expected to adhere to the three crosscutting issues: social sustainability, economic sustainability and gender equality.

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

After cancellation of iNavis project the integrated school project will deliver curriculum that will be better adapted to the needs of multi-ethnic and post-conflict communities and that will 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 this project as the results will contribute to providing the new educational models for local citizens. Good governance will also be fostered through the introduction of monitoring and control for the project implementation.

Integrates school in Vukovar project will 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 was conducted in accordance with government legislation and policy. The new building is now much more accessible to persons with limited mobility (good governance).

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

The specific impact of the introduction of CEPEJ tools increased case flow, thereby made the courts more efficient in economic terms (economic sustainability).

The piloting of satisfaction surveys enabled 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 will be met as project implementation was cancelled.

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 that will provide education following the newly developed integrative / intercultural curriculum strengthened.

As for the first outcome, due to mentioned delays in the official founding of the school, project partner Nansen Dialogue Centre couldn't inform local community about the details of the schools as precise details about the founding of the institution, enrolment of children, etc. were not known. Therefore, it is important that in the upcoming period when the school is officially founded and has political support of the City of Vukovar, to inform and educate local community, both parents and regional authorities (as well as NGO) about the importance of intercultural school and education in post conflict region.

Second outcome is being achieved with workshops for potential teachers. Several workshops were held during 2015 and 2016.

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

The expected outcome of this programme was to improve efficiency of the court systems, including the development of systems for case handling.

It was 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, the building is reconstructed and all employees from the court house who were moved to another location will soon come back to their offices.

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.

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

As implementation of the project was cancelled set outputs for iNavis projects will not be achieved.

Pre-defined project II: Integrated School Project, Vukovar

Within the Phase I of the project, several outputs were reached:

- The one-storey building was completely reconstructed and equipped with furniture.
- The building was handed over to the Ministry of Science and Education in December 2016.
- The school was officially founded at Vukovar City Council in December 2016.

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

- Design project was developed.

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: Several workshops for teachers were organized in the community.
- Study visit in Northern Ireland: Study visit to Northern Ireland was conducted from 27 of September to 2 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 Courthouse building is being reconstructed. All works are being finished, and the building will be ready for technical approval on 10 February 2017.

Component II

- Component II was completed successfully on 30 June 2016 according to the plan.
- 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 was finished and presented in three regional workshops:
 - a) On April 12th 2016 in Zagreb
 - b) On April 13th 2016 in Split
 - c) On May 24th 2016 in Osijek.
- Final video conference was held on September 16th 2016 in the premises of Ministry of Justice. Remaining funds from this component will be reallocated to the second component.

Additional information:

- 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
- Program Operator organized on the spot check in Karlovac on 28 December 2016.

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.

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

As project was cancelled all of the objectives that were set out in the Programme related to the iNavis project will not be met.

Pre-defined project II: Integrated School Project, Vukovar

Risks are following:

- Due to the fact that the school's Establishment Act was adopted in December 2016, it is now obvious that the Second phase of the project will not be realized by the deadline – April 2017. 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.
- Launching event was not organized yet, and currently the school's visibility is still on a low level. However, since the school was officially established in December 2016, it is expected that the promotion activities will start soon.
- Ministry of Regional Development and EU Funds as Program Operator and National Focal Point has sent an official letter to the FMO, asking for the extension of the deadline for the project completion.

The Norwegian Financial Mechanism 2009-2014

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

Currently there are no risks to the programme because the project is almost finished completely. One component is finished, while the other is near its end: the construction works are nearly finished and the building will be ready for technical approval on 10 February 2017.

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

HR03 - The EEA Financial Mechanism Programme 2009-2014

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

Project was cancelled no adjustments are possible.

Pre-defined project II: Integrated School Project in Vukovar

- School building under Phase II will not be finished by the beginning of school year, therefore 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 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.
- National Focal Point has sent an official letter to FMO asking for the prolongation of the project deadline.

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 risks, currently there are no risks since the project is almost finished.

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 allocation to the fund 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 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. From April to July 2016 in the Republic of Croatia following agreements grant on the strengthening bilateral relations were signed:

- The development of bilateral relations with Iceland in the field of geothermal energy (user: Energy Institute Hrvoje Požar)
- Further improvement of bilateral cooperation, knowledge sharing and exchange of practical experiences in the field of enforcement of sanctions and measures, as well as the field of judicial infrastructure" (beneficiary: Ministry of Justice)
- Development of cooperation in the field of fisheries, aquaculture and maritime industry (beneficiary: City of Šibenik)
- The development and exchange of experience in economic diplomacy (beneficiary: Ministry of Foreign and European Affairs)
- Feasibility study to define areas of bilateral business cooperation (user: Innovation Norway with partner Croatian Chamber of Economy)
- Collective bargaining and the development of social dialogue (beneficiary: Ministry of Labour and Pension System)
- Exchange of ICT knowledge and skills (user: CARnet)
- Preparatory activities for the establishment of the Media Development Center (user: Croatian Journalists' Association)
- Creating preconditions for the establishment of a national traceable metrology standards (user: Croatian Metrology Institute)
- Education of installers on installing biomass stoves (user: Chamber of Crafts of Koprivnica-Križevci County)
- The development of economic cooperation between young entrepreneurs of the Republic of Croatia and the Kingdom of Norway (user: City of Kutina)
- Bilateral cooperation in the field of aquaculture (user: Development Agency of the Šibenik-Knin county).

4 MANAGEMENT AND IMPLEMENTATION

4.1. Management and control systems

The management and control system in Croatia is stipulated in the Description of Management and Control Systems. The Ministry of Regional Development and EU Funds acts as a National Focal Point, Programme Operator for three pre-defined projects and Programme Operator for Bilateral Fund with 12 activities financed during 2016. Implementation of one of the pre-defined project was cancelled during May 2016. During the 2016, two changes of personnel appointed to the roles of Head of National Focal Point and Head of Programme Operator took place as a result of repeated general elections that were carried over in the period of 10 months from each other.

Following the elections held in November 2015 a new re-organization took place, which resulted in the change of functions within the Ministry. The minister was appointed the Head of the National Focal Point and the Assistant Minister was designated to the role of Head of Programme Operator. As political instability of appointed government caused delays and problems in decision on 16 June 2016 the Parliament voted distrust to the Government which led to the new general election that were held in September 2016. The current segregation of duties is as follows: the Minister is appointed to a role of Head of National Focal Point and State Secretary is appointed to a role of Head of Programme Operator. During this period number and staff in the Service for EU Programmes and Financial mechanisms remained constant. Two external experts that were contracted in June 2015 as a financial/monitoring and publicity manager and who are dealing with financial reporting /monitoring, and visibility tasks respectively continued with their assignment through renewed 12 months contracts starting in June 2016. Vacant position of a layer for the EEA/Norway Grant who left to other post within the ministry

was solved as at the beginning of 2016 as the previously assigned layer returned from the maternity leave. During 2016 sufficient administrative capacities were ensured. In 2017 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 90/11, 83/13, 143/13, 13/14). From 1 January 2017 new Law on Public Procurement (Official Gazette 120/16) is entered into force. The Project promoters and the Programme Operator are obliged to follow this Legislation which is in line with the EU regulation. The Project promoters are responsible for the proper enforcement of the public procurement procedures. The Programme Operator monitors the implementation of public procurement procedures under the grant contract. Audit identified that Project Promoters are not submitting a Procurement Plan to the Programme Operator. Also, since the Programme Operator do not envisage templates for checking the public procurement procedures, it is not possible to determine whether and in which way the Programme Operator controls alignment with the existing public procurement rules and regulations. In the area of controlling public procurement procedures should enhance capacities, together with improving in advance the conducting of public procurement controls (they need to ensure checking of all aspects of the public procurement processes in accordance with mandatory legislation and development of templates for controlling each individual phase of the public procurement procedure).

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.

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

Service for combating irregularities and fraud drafted Procedures on management of irregularities in the context of EEA and Norwegian financial mechanism 2009-2014 which are integrated within Manual of procedure of the Programme Operator. Furthermore, Procedures on management of irregularities in describe methodology for comprehensive irregularity management, which includes activities related to prevention, detection, treatment, reporting and follow-up on established irregularities including reporting templates.

Regarding reporting on irregularities in 2016, there were no established irregularities in the context of EEA and Norwegian financial mechanism 2009-2014.

4.4 Audit, monitoring, review and evaluation

In 2016 ARPA performed one single audit composed of audit of projects and audit of the management and control system (MCS). The final report on audit activities was drawn up and sent to the auditees on 28 December 2016, containing findings and recommendations given by ARPA.

Moreover, the follow-up of two compliance assessment audits which were performed by external audit company in 2014 and 2015 was conducted for the purpose of preparing the Annual Audit Report.

Results from both system audit and audit of projects as well as from follow-up activities are included in the Annual Audit Report, leading to issuing an annual audit opinion which was, together with AAR, sent to the FMC/NMFA on 30 December 2016.

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 2016 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 2017 monitoring activities will take place in accordance with the relevant regulation.

The PO has conducted bi-monthly monitoring meetings for projects implementation. Also, biweekly reports were written and sent to the FMO regularly, with the exception of bi-monthly meetings and bi-weekly reports for the iNavis project as implementation was suspended while awaiting FMOs assessment of the CBE study. During these meetings all issues arising from the implementation challenges are discussed and all concerns are closely followed up.

Two on-the spot monitoring checks were carried out in 2016, one in Vukovar (July 2016) and one in Karlovac (December 2016). During the visit physical progress of the project was assessed.

In order to ensure that the documents in relation with the project are in order the minimum two on-the-spot checks will be performed in first half of 2017.

The National Focal Point is planning to commission an independent half year evaluation of the EEA and Norway grants programme. In performing its obligation of carrying out evaluation of programme to access actual and/or expected effects at the outcome level the idea is to evaluate the outcome and results of the Component II of the Norwegian Financial Mechanism Programme 2009-2014 HR04 – Improving the quality and efficiency of the judicial system through infrastructure development and better management.

The evaluation will try to estimate the quality of the programme comparing the newly earned knowledge of the judges with knowledge of the judges of similar courts which have not passed the education under this project, and to explain in which extent the results of the intervention contribute to the overall goal of the programme i.e the reduction of economic and social differences and strengthening the bilateral activities between Croatia and donor countries. The purpose of the evaluation is to measure the results of the intervention in a way to recommend the future financing of the same or similar education by questioning effectiveness, efficiency and sustainability of the intervention. The budget of the evaluation exercise is about 19,000.00 EUR which is planned to be paid

partially, thirty percent upon the approval of the Inception report and the remaining amount upon the acceptance of the Final report.

4.5 Information and publicity

In the reporting period information and publicity activities were twofold: information and publicity activities on the national level for National Focal Point, and publicity and information activities on the project level, for Program Operator.

4.5.1. National Focal Point's information and publicity activities

Ministry of Regional Development and EU Funds as National Focal Point has undertaken continuous information and publicity activities, such are:

- 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): www.eeagrants.hr
- Promotional materials were prepared (umbrellas, USB sticks, pens, maps etc.) for the Programme
- Promotion and Visibility Expert revised all PP's publicity requirements (including the bilateral activities) according to the official EEA and Norway Grants Communication Manual.
- Regular meetings with PP's, visiting project sites (Vukovar and Karlovac)

Furthermore, three representatives of the National Focal Point and Programme Operator participated at the EEA and Norway Grants Annual Communication Workshop 2016, held on 21 September 2016 in Riga, where several important topics were discussed, such are: why is communication of the EEA and Norway Grants important – from the donors' perspective, feedback on current communication requirements and experiences with communicating the EEA and Norway Grants from different beneficiary countries, Communication Requirements 2014-2021 funding period etc.

Also, representatives of the National Focal Point went on study visit to Malta in October 2016, where they visited Maltese National Focal Point and Program Operator, and exchanged know-how and knowledge on EEA and Norway Grants. Croatian team also visited one EEA and Norway Grants funded project in Malta – Prison for juveniles.

Also, representatives of the National Focal Point attended the ceremony marking the Day of the Constitution of the Kingdom of Norway, at the invitation of the Norwegian Ambassador in Croatia, Astrid Versto.

Furthermore, National Focal Point published news on all important events or meetings/visits in order to raise awareness about EEA and Norway Grants in the public. For example, news was published when in March 2016 Norwegian State Secretary Elizabeth Tronstad visited Croatia and met former Minister of Regional Development and EU Funds, Mr. Tomislav Tolušić, and her visit to courthouse in Karlovac which is being reconstructed within EEA and Norway Grants.

National Focal Point also published news on Bilateral Fund Committee meetings, as it was explained in details before. Also, all important news from the official EEA and Norway Grants web page are being translated into Croatian language and published on the Croatian EEA and Norway Grants web page.

Furthermore, all project activities promoters published relevant news on their official web pages and in newspapers.

4.5.2. Program Operators' information and publicity activities

As Program Operator, Ministry of Regional Development and EU Funds is responsible for two projects: Construction of integrated school in Vukovar and reconstruction of courthouse building in Karlovac. In the reporting period only Karlovac project, i.e. Ministry of Justice as Project Promoter, organized visibility activities, while the project in Vukovar wasn't yet officially promoted in the public, due to the fact that the school wasn't officially founded until December 2016.

Besides the above mentioned visit of State Secretary Ms Tronstad to Croatia and to Karlovac, Ministry of Justice as Project Promotor also organized final video conference, where also publicity officer from the Program Operator was present.

The conference was held in Zagreb on 16 September 2016, where both Croatian team and the team from the Council of Europe (as Project Promoters' partner) presented all activities implemented in the Second component of the project, which was successfully completed on 30 June 2016.



Final video conference for II component of the Justice project

Both Ministry of Justice as Project Promotor, and Ministry of Regional Development and EU Funds as Program Operator, published the news about the final conference on their web pages.

4.5.3. Information and publicity activities about the Bilateral Fund

In July 2016 signing conference for Bilateral Fund was organized in the premises of the Ministry of Regional Development and EU Funds, where 9 contracts were signed with different institutions from Croatia and their partners from donor countries. This conference was covered in the media and the news was published on the official web page of EEA and Norway Grants. Afterwards, all project activities financed through Bilateral Fund are being monitored and all news and progress is reported on the web page.

4.6 Work plan

The second monitoring committee was held on 19 January 2016 and the Second annual meeting was held in March 2016. The following monitoring committee and the annual meeting are planned to be held in February/March 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. Also monitoring meetings will be held for activity funded under the Bilateral fund.

A work plan contains monitoring/audit activities:

- On-the-spot visits to all projects (1 per project – 2 visits) until April 2017
- Monthly or bi-monthly monitoring visits (2 per project – 4 visits) – every two months in 2017
- Bi-monthly monitoring meetings for each project (2 meetings per project – 4 meetings) – independent external evaluation in 1Q2017
- Audit by the Audit Authority in 2017

HR03 - iNavis project is stopped and is no longer being financed. As for the integrated school project, due to delays, it is clear now that the Second Phase of the Project – the construction of the school building – will not happen within the time frame of the expected and planned project implementation – by 30 April 2017. However, PO has submitted a request for the prolongation of the implementation deadline and is expecting the answer. The smaller building reconstructed under the Phase I is finished and the School was founded. Upcoming activities will include public presentation of the project in Vukovar, stronger publicity activities in the local community undertaken by the Project Partner – Nansen Dialogue Centre, implementation of Socio-linguistic research in Vukovar and implementation of Feasibility Study for Knin.

HR04 – Courthouse building is being reconstructed and the works are in its final phase – it is expected that by 30 April all activities will be finalized, the building will go through technical approval and all employees will be moved back to their offices.

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

After cancelling of the iNavis project in May 2016 further allocation of €100,000.00 was awarded to City of Šibenik in order to develop new sound financially viable project application.

The PP for the pre-defined project Integrated School Project in Vukovar should speed up (within their power) the process of publicity activities among local community because due to the delays in official founding of the school, partners (Nansen Dialogue Centre) couldn't reach as many parents as it wanted. Next step will be to enrol children into school. Also, final version of curricula should be adopted by all partners.

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.

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 2017 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 4 times in 2017 according to this schedule:

- February
- April

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.

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 II: Integrated School Project, Vukovar	Cohesion (Programme) outcomes:	1. Construction of the bigger school building under phase II	High	High	1. Program Operator has sent an official letter to the FMO asking the prolongation of the deadline.

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.