

11th MEETING
SECTORAL MONITORING COMMITTEE
OPERATIONAL PROGRAMME HUMAN RESOURCES
DEVELOPMENT IN CROATIA

IV Component of IPA Programme

28 November 2012 (09.00 - 12.30)

Hotel Trakošćan Conference Room, Trakošćan

Content:

1. Agenda of the meeting
2. List of participants including scanned "List of attendance"
3. Minutes on the topics discussed

AGENDA
11th Meeting
Sectoral Monitoring Committee
for the Operational programme Human Resources
Development in Croatia

1. Co-chairing of the Committee – Opening statements and approval of the Agenda (Head of Operating Structure and European Commission)
2. Adoption of Minutes of the 10th Sectoral Monitoring Committee for the Operational Programme Human Resources Development in Croatia, held on 24 May 2012 in Rovinj (Head of Operating Structure and European Commission)
3. Current state of play of implementation of Operational Programme Human Resources Development
 - Interim evaluation report HRD OP (Head of Operating Structure)
4. Modification of HRD OP - state of play regarding the internal procedures in the Republic of Croatia necessary for the entry into force of the Amendments to the Financing Agreement (Head of Operating Structure and NIPAC)
5. Current state of preparation for waving ex-ante controls (OS/NAO/MRDEUF)
6. Survey of the HRD OP grant scheme beneficiaries – Questionnaire analysis (Head of Operating Structure and Operating Structure)
7. Publicity activities in 2012 and implementation of Communication Action Plan 2012 (CAP) (Head of Operating Structure)
8. AOB
 - Date and venue for the next meeting of the Committee (Co-chairing)

LIST OF PARTICIPANTS

11th Sectoral Monitoring Committee for the Operational Programme Human Resources Development in Croatia

**28 November 2012, Hotel Trakošćan
Trakošćan**

European Commission	
Thomas Bender (Co-chair)	Head of Unit, Directorate General for Employment, Social Affairs and Inclusion
Adam Pokorny	Head of Unit, Directorate General for Employment, Social Affairs and Inclusion
Franz-Peter Veits	Directorate General for Employment, Social Affairs and Inclusion
Armel De Kerros	Directorate General for Employment, Social Affairs and Inclusion
Nataša Kokić	Directorate General for Employment, Social Affairs and Inclusion
Luigi Barile	Delegation of the EU to the Republic of Croatia
Rima Joujou Deljkić	Delegation of the EU to the Republic of Croatia
Dijana Kuzman	Delegation of the EU to the Republic of Croatia
Ministry of Finance	
Maroje Lang (member)	Assistant Minister, National Authorising Officer
Dubravka Flinta (substitute)	National Fund
Marina Brezak	National Fund
Ministry of Regional Development and EU Funds /Coordination Body	
Ana Papadopoulous (member)	National IPA Coordinator
Vlatka Marčan (substitute)	Directorate for Strategic Planning
Iva Šeler	Directorate for Strategic Planning
Ana Krvarić	Directorate for Strategic Planning
Ministry of Economy – Regional Competitiveness IPA IIIc	
Karmen Maričić (substitute)	Directorate for Competitiveness and Investments

Ministry of Labour and Pension System/ BROP	
Dario Baron (Co-Chair)	Assistant Minister, Head of the OS
Naida Mekić	Service for Monitoring and Evaluation
Stella Čužić	Service for Financial Management
Luka Rajčić	Service for Coordination and Programming
Gordana Dragičević	Service for Preparation and Implementation of Projects
Filip Miličević	Service for Coordination and Programming
Denis Dragojević	Service for Monitoring and Evaluation
Nikolina Volf	Service for Monitoring and Evaluation
Ministry of Social Policy and Youth /BRPM	
Maja Sporiš (member)	Assistant Minister
Natalija Bokulić	Sector for International Cooperation, EU Affairs and Accession and Structural EU Funds
Željka Ivandić Blažina	Sector for International Cooperation, EU Affairs and Accession and Structural EU Funds
Ministry of Science, Education and Sports/BRPM	
Hrvoje Bakić (substitute)	Office for EU programmes and Projects
Jasminka Majsec	Office for EU programmes and Projects
Mirna Štajduhar	Office for EU programmes and Projects
The Government Office for Cooperation with NGOs /BRPM	
Igor Vidačak (member)	Head of the Office
Stela Fišer Marković	Government Office for Cooperation with NGOs
Agency for Vocational Education and Training and Adult Education/IB	
Ivan Šutalo (member)	Director
Ana Buljan (substitute)	Assistant Director
Nada Trgovčević Letica	Department for financing and contracting of EU programmes
Croatian Employment Service/IB	
Ankica Paun Jarallah	Director
Sanja Mesarov	Department for Financing and Contracting of EU projects
National Foundation for Civil Society Development/IB	
Ina Štander (substitute)	National Foundation for Civil Society Development
A representative of the Government Office for Gender Equality	
Tamara Šterk (substitute)	Government Office for Gender Equality

Socio-Economic Partners	
Darko Šeperić (substitute)	The Union of Autonomous Trade Unions of Croatia
Ana Miličević Pezelj (member)	The Union of Autonomous Trade Unions of Croatia

Representatives of Civil Society	
Slađana Novota (member)	NGO "SMART"
Ninoslav Šćukanec (member)	Institute for Development of Education
Renata Trischler (member)	German People 's Union - National Association of Danubian Schwaben in Croatia
Nevenka Skendžić (substitute)	NGO 'Pacijent'
Saša Paić	Croatian Union of Association of Persons with Disabilities
Sanja Galeković	NGO 'GONG'

Agency for the Audit of European Union Programmes Implementation System/Audit Authority	
Neven Šprlje	Director

11th Meeting
Sectoral Monitoring Committee
for the Operational Programme Human Resources
Development in Croatia

28 November 2012 (09.00 - 12.30)

Hotel Trakošćan, Trakošćan

MINUTES

The eleventh meeting of the Sectoral Monitoring Committee (SMC) for the Human Resources Development Operational Programme (HRD OP) under the IPA Framework Agreement and Financing Agreement concerning the multi-annual operational programme Human Resources Development took place in Trakošćan, on 28 November 2012 (09.00 - 12.30) in the Conference Hall of the Hotel Trakošćan. This was the fifth Sectoral Monitoring Committee meeting held in a different region.

Opening statements and approval of the Agenda

The Sectoral Monitoring Committee (hereafter, SMC) was co-chaired by Mr Thomas Bender, Head of Unit, Unit A4 - External Relations, Neighbourhood Policy, Enlargement of the European Commission and Mr Dario Baron, Assistant Minister in the Ministry of Labour and Pension System (MLPS) and the Head of Operating Structure of the Component IV of IPA programme in the Republic of Croatia.

On behalf of the Directorate for Coordination of Programmes and Projects of the European Union in the field of Labour and Social Security, Mr Baron greeted all the members and observers and thanked them for their continuous support in implementing the HRD OP. Mr Baron also informed members that the Government Office for NGOs and the National Foundation for Civil Society Development received accreditation in August 2012 and thus formally became members of the HRD OP Operating Structure. The two bodies are responsible for the measure “Strengthening the role of Civil Society Organizations for Socio-Economic Growth and Democratic Development”.

Mr Baron gave an overview of the last six months in terms of progress made in the implementation of the HRD OP. In the 2007 – 2011 period, 195 individual contracts within 10 grant schemes (GS) have been implemented (total value of 24.5 million EUR; 20.8 million EU contribution). The implementation has ended for eight grant schemes while the implementation for the other two began in September 2012. Out of 20 contracted service contracts, 15 were implemented (total value of EUR 19.6 million). Moreover, EUR 47.5 million or 57.87% of the HRD OP 2007-2009 has been contracted, which is 105.68% of the programming period 2007-2009.

Mr Baron stated that all the documents distributed and presented for the meeting were opened for discussion and additional comments/improvements.

Following the introduction by Mr Baron, Mr Bender welcomed the participants of the SMC and said that from the beginning of the implementation of HRD OP to date substantial achievements have been made but also emphasised that there are still a few months ahead requiring additional work and efforts in order to successfully close this period. Specifically, he pointed out two issues to be addressed. The first issue regards de-commitment and making extra efforts to spend all of the received funds and to spend them well. This is not just valid for 2012 but also the remainder of the programming period. The second issue regards human capacities in the implementing structures; the issue has already been discussed several times and needs further and ongoing efforts. In his conclusion, Mr Bender referred to general progress of implementation of the HRD OP and congratulated the Operating Structure on good performance.

Mr Adam Pokorny, new Head of Unit for ESF Germany, Austria, Slovenia and Croatia welcomed the participants and said that he is looking forward to future cooperation. He agreed that the spending within IPA HRD OP has been effective but he also emphasised that the next few months of transition period from IPA to ESF pose a challenge as well as offer a new financial envelope available to Croatia from 1 July 2013.

Prior to adoption of the Agenda, Mr Baron informed the participants that one additional point has been added to the item 3 of the Agenda in order to include materials received from the Council for Development of Civil Society regarding the share of experience by civil society organizations in implementing IPA financed projects.

The Agenda was agreed by the members.

Adoption of the Minutes of the 10th Sectoral Monitoring Committee, IPA Component IV held on 24 May 2012 in Rovinj

The Minutes of the tenth Sectoral Monitoring Committee Meeting, held on 24 May 2012 in Rovinj were formally adopted.

Current state of play of implementation of Operational Programme Human Resources Development

Mr Baron invited responsible persons from the relevant sectors to give an overview of the state of play of implementation within the following HRD OP Priorities/Measures:

- Ms Gordana Dragičević, Service for Preparation and Implementation of Projects in the field of Labour and Labour Market within the Ministry of Labour and Pension System, presented the state of play in regard to the progress of implementation within the Priority 1 - Enhancing access to employment and sustainable inclusion in the labour market. Among other, Ms Dragičević said that up to now two grant schemes were implemented: "Local Partnerships for Employment" (January 2011-January 2012, 26 contracts), "Youth in the Labour Market" (May 2011-May/July 2012, 30 contracts); one grant scheme is in implementation ("Improving access to sustainable employment of long-term unemployed highly educated persons") and another one is in preparation. In addition, two service contracts were implemented ("Youth in the Labour Market" and "Local Partnerships for Employment"). For monitoring purposes in relation to employment of persons after the implementation of the project, the Ministry of Labour and Pension System has created a data base of persons based on the information available from Final Recipient Identification Forms (FRIFs). The process of monitoring, as well as collecting and processing the received data is expected to be further enhanced. Ms Dragičević outlined that out of 120 final beneficiaries defined by the OP, 63 have been realized to date, while out of 5000 persons defined by the OP to receive some form of education, 3913 have received one to date. Ms Dragičević presented the project distribution map from which it is evident that most of the projects are located in Central and Eastern Croatia while Central and South Dalmatia are under-represented. Currently two projects are being implemented; the aforementioned grant scheme and the service

contract ("CES Services to clients: Improving Lifelong Career Guidance and ICT support"). Ms Dragičević also briefly informed about the projects in preparation.

- Ms Natalija Bokulić, Sector for International Cooperation, EU Affairs and Accession and Structural EU Funds of the Ministry of Social Policy and Youth, presented the state of play of the implementation in the Priority 2 – Reinforcing social inclusion of people at a disadvantage, Measure 2.1 Supporting access to employment by disadvantaged groups and Measure 2.3 Development of Social services to improve employment opportunities. Among other, Ms Bokulić pointed out that the final payments for three service contracts within 2007-2009 financial period were executed while 55 final reports within the three grant schemes are in the process of approval. The implementation of the service contract "Support to the Social Welfare Sector in the Process of Further Deinstitutionalisation of Social Services" (total value of 1,410,555 EUR) started at the beginning of November 2012. The signing of contracts for two grant schemes ("Broadening the Network of Social Services in the Community" and "Establishing Support in Social Inclusion and Employment of disadvantaged and marginalized groups") is envisaged for end of November and beginning of 2013. In addition, the amount of 1 million EUR was allocated to the grant scheme "Establishing Support in Social Inclusion and Employment of disadvantaged and marginalized groups" from the same grant scheme that was foreseen for 2012-2013 financial period. The re-allocation was made due to the large number of projects that obtained high score in the evaluation process. Currently, the final step of evaluation is being performed for the grant scheme "Improving labour market access of disadvantaged groups" (total value of EUR 2 million). For the financial period 2012-2013, two grant schemes are envisaged. For the grant scheme "Broadening the Network of Social Services in the Community", the call for proposals is foreseen for December 2012 while for the other grant scheme "Improving labour market access of persons with disabilities", the project documentation is in preparation.

Ms Bokulić briefly presented the structure of beneficiaries in percentage and the results achieved in terms of indicators set by the revised HRD OP. Among other results obtained, she mentioned: 66% of the final beneficiaries participated in project activities and obtained some form of employment, 77% of final beneficiaries improved their employability and 51% of final beneficiaries received professional rehabilitation services. In conclusion, Ms Bokulić highlighted two important results. The first result concerns the adoption of the Act on Nannies foreseen for

December 2012 regulating the employment and self-employment of nannies. The lack of legislation in this field was identified as a risk within the grant scheme "Women in the labour market". The second result concerns the Social Mentoring Model that was identified by an academic comparative research as one of the six best practice examples for social innovation. The model was established through the implementation of service contract "Establishing Support in Social Integration and Employment of Disadvantaged and Marginalized Groups".

- Mr Hrvoje Bakić, Office for EU programmes and Projects of the Ministry of Science, Education and Sports, gave an overview of the state of play of implementation for the Measure 2.2 Supporting access to education by disadvantaged groups and Priority 3 – Enhancing human capital and employability. At the beginning of the presentation Mr Bakić presented some of the weaknesses identified during the implementation of Measure 2.2 and Priority 3. Within Measure 2.2, three elements were identified and should be addressed in order to improve effective inclusive education: inadequate curriculum, insufficient education of teachers and inadequate equipment. Within Priority 3 in regard to development of qualification framework and projects in the field of vocational training and training of adults some of the identified weaknesses were: insufficient link between education and economy, lack of single legal framework and active partnership between various stakeholders, and insufficient human capacities for implementation. In this field, eight service contracts and 45 contracts within three grant schemes were implemented.

Furthermore, a set of documents and tools was developed, labour market research models were piloted, sector profiles, qualifications/occupations/curricula standards were provided, a set of documents was developed for improvement of quality of services in education institutions, and the institution/human capacities were increased for further implementation of reforms in this sector. The adoption of Act on Croatian Qualification Framework is in process. The coordination and responsibilities of the Ministry of Labour and Pension System, Ministry of Science, Education and Sports and Ministry of Regional Development and EU Funds will also be regulated by this Act.

Mr Bakić briefly presented the achieved results in regard to increased human capacities (5656 persons received some form of education through project activities) and in regard to increased institutional capacities (329 education institutions). In regard to the conducted On-the-spot

checks, Mr Bakić said that there were two findings at projects within grants schemes based on which the contracts were cancelled and requests for recovery of funds made.

Overall, the 2010-2011 financial period includes three service contracts and four grant schemes (two re-allocations from 2012-2013). Another two grant schemes are planned within 2012-2013 financial period and five within the ESF 2013.

- Ms Gordana Dragičević, Service for Preparation and Implementation of Projects in the field of Labour and Labour Market of the Ministry of Labour and Pension System, presented the state of play in regard to the progress of implementation within the Priority 4 – Technical Assistance. Ms Dragičević informed that two framework contracts aimed to provide support to regional and local level stakeholders with the grant scheme project preparation were implemented. Within the area of employment, 41 workshops were held with 870 participants and in the area of social inclusion, 25 workshops with over 800 participants. Currently, one framework contract is in implementation ("Developing Investment Plan of CES") with the objective to support the Croatian Employment Service in infrastructure projects pipeline development.

The activities of the service contract "Support to the HRD OP Operating structure regarding Information, Publicity and Visibility" ended in September 2012. There are three projects currently being prepared. First regards support to potential applicants/beneficiaries of the grant schemes under HRD OP IPA 2012-2013 (framework contract), the second one concerns the preparation of project-pipeline of national projects and support to ESF beneficiaries (service contract), and the third one regards evaluation of previous IPA HRD OP assistance (service contract). Among future objectives, Ms Dragičević mentioned that Technical Assistance will continue to ensure assistance in project preparation to all potential beneficiaries of the OP HRD and ESF in Croatia, training and professional improvement of employees of the Operating Structure and resources, and conditions needed for continuation of successful work of the Structure.

Following the presentation on Technical Assistance Priority, Ms Dragičević also gave an overview of the Priority 5 (Strengthening the role of Civil Society for better governance), Measure 5.1 (Promotion of Social Dialogue), which is under the responsibility of the Ministry of Labour and Pension System, Service for preparation and implementation of projects in the field of labour and labour market. Two operations are envisaged within this Measure for the financial period 2012-2013/2: "Strengthening of social dialogue" (grant scheme) and "Strengthening

Administrative Capacities of the Independent Service for Social Partnership" (framework contract).

- Ms Stela Fišer Marković, Government Office for Cooperation with NGOs presented the planned activities within the Priority 5 (Strengthening the role of Civil Society for better governance) within the responsibility of the Office as the Body responsible for Priority/Measure. The Office obtained the accreditation and became a formal member of the Operating Structure in August 2012. In the period 2012-2013, three grant schemes are envisaged: "Support Structures for CSOs at the Regional Level", "Supporting CSOs Advocacy and Motivation Programmes for Socially Excluded Groups" and "Supporting Contribution of CSOs Active in the Field of Volunteering to Strengthening of Economic and Social Cohesion". In the financial period 2013/2, two grant schemes are envisaged: one is focused on micro-projects aimed to assist smaller civil society organizations that have so far had difficulties in applying and the other on the capacity building of civil society organizations providing social services. Ms Fišer Marković also presented an indicative list of projects for the financial period 2014-2020 based on active involvement in 2014-2020 programming and on the sector analysis conducted by the Office and the Council for Civil Society Development.

- Ms Stella Čužić, Service for Financial Management of the Ministry of Labour and Pension System gave a financial overview of the Operational Programme 2007-2013. There are 66 operations within the Programme (total value of EUR 94,422,000; EU contribution). Up to date, 31 contracts were implemented, 20 contracts have been completed and the final payments are in process for 11 contracts. In addition, 15 contracts are to be concluded by the end of 2012, 12 in 2013 and 18 in 2014. Ms Čužić presented financial indicators for 2007-2011 in terms of contracted/planned achievements. In respect to what was planned, 74% was contracted and 73% paid or 40% in respect to the OP. The certifying index is 88% in respect to the planned or 31% in respect to the OP. Ms Čužić also said that framework contracts and service contracts have the highest certifying index while the grant scheme certifying index is 52%. Ms Čužić said that the presented figures show that the achievements are lower than those planned. In addition, Ms Čužić briefly presented the current status in terms of N+3 target and explained that the risk of de-commitment at the end of 2012 is 5,153,754. According to the Lothar table, forecast for certification by end 2012 is EUR 3,955,000 posing the risk of potential de-commitment of EUR

1,198,000. In addition, Ms Čužić informed about the re-allocations within Priority 2 (two re-allocations of operations of similar content and activities) and within Priority 3 (two re-allocations of operations of similar content and activities). The re-allocations will reflect on the N+3 only in 2013.

Ms Naida Mekić, Service for Monitoring and Evaluation of the Ministry of Labour and Pension System, presented the report of the HRD OP 2007-2013 Interim Evaluation. Ms Mekić briefly reported on the main conclusions and recommendations of the evaluation. Some of the recommendations she highlighted include: further developing of methodology and establishment of the system for regular measurement of the mismatch between the education system and labour market, taking corrective measures in regard to the intervention logic of the proposed Priority Axis 5 in order to explain its contribution to the fulfilment of the Programme's framework objective, improving the system of measurable indicators to meet the SMARTness criteria, revision and reduction of the length of contracting procedures, establishing the procedures for Direct Award operation, regulating the remuneration for the public servants within the Operating Structure in a similar way as for civil servants, and further capacity building in terms of staffing and skills enhancement. The evaluation was conducted in 2012 with the cut-off date May 2012 within the project "Ex-ante evaluation of programming documents and strengthening evaluation capacity for EU funds post-accession". The objective was to conduct an independent analysis in order to improve the continuation of the Programme and to provide recommendations for the successor post-2013 Programme.

Following the presentations, Mr Baron invited participants to give comments, if any, on the topics/items presented.

Ms Miličević Pezelj, The Union of Autonomous Trade Unions of Croatia, referred to the presentation on Priority 1 and said that it was good to introduce monitoring indicators to see the impact of received education on the employment status of the participants. She also said that the foreseen operation "Evaluation of active employment policy measures" would contribute to the quality and connection of used funds and achieved results. In regard to the presentation of the Ministry of Social Policy and Youth, Ms Miličević Pezelj said that the Act on Nannies will not

have the desired effect. However, the Act has not yet been adopted and it remains to be seen whether some of the proposals given will be taken into consideration.

In regard to the connection between the labour market and educational sector, Ms Miličević Pezelj said that the sector profiles that were made in respect to 26 occupations are good for methodology. However, the proposed Act on Croatian Qualification Framework contains some elements that need to be further developed (f.i. counties' capacities to define their needs). There are some further inconsistencies such as the responsibilities over the counties which are formally under the competence of the Ministry of Administration, while the MRDEUF is responsible for NUTS regions. It should be seen which statistics could be obtained on the county level as an input for sectoral councils in order to define labour market needs. It is also important to establish methodology and mechanism and include social partners for planning.

Mr Šćukanec, Institute for Development of Education, commented on the interim evaluation and referred to the report delivered prior to the session. He asked for a comment regarding the status of contracting and final payments. Mr Šćukanec asked what steps have been taken in regard to addressing this problem and how this is going to affect the plans for the forthcoming period.

Mr Baron replied that most of the problems mentioned referred to the issue of insufficient capacities, especially in Implementing Bodies, CES DFC and AVETAE DEFECO. Currently, steps are being taken in regard to new employments in these institutions. Also, the modification of procedures has been initiated to speed up the approval of quarterly reports and in general to simplify procedures not just within IPA but also for future Structural Funds.

Ms Slađana Novota, NGO „Smart“, informed about the 14th session of the Council for Civil Society Development which gathered around 90 organizations. The results of the session are the recommendations that were distributed also to the SMC members as part of the working materials. The Council concluded that the main problem was no longer the preparation of projects but rather their implementation, i.e. the phase after the contracting. She highlighted the need to harmonize the processes of Implementing Bodies where evident discrepancies exist. Generally, there appears to be a lack of trust toward the beneficiaries. The problem of the duration of process for the approval and control of quarterly and final reports remains another major obstacle to

implementation. The Council's recommendation is to unify the process of control for narrative and financial reports, to introduce rules on deadlines for reviewing documentation and approval of the report. In addition, the proposal is to reduce to a minimum the use of discretion rights of evaluation committee in terms of (none) acceptance of applications.

Ms Novota also emphasised the role and competence of evaluation committees' members and evaluators. Further on, there is a need to harmonize the entire protocol with Croatian legislation (Labour Act, timesheets, vacation leaves, sick-leave compensations and other). She also pointed out the need to establish the mechanisms for interim financing. The establishment of Europe Plus Fund should be speeded up to help overcome this problem, but it is also important to invite regional/local self-government units to participate as some type of interim-financing lever. In respect to the forthcoming ESF, Ms Novota emphasised the need to simplify procedures for reporting and enable lump-sum budgeting for some costs. The complex procedures present burden for the entire system, she concluded.

In her conclusion, Ms Novota informed about the established cooperation with MRDEUF and the information the CSO received in respect to be able to participate in the preparations for future funds. She highlighted the need for a constant dialogue with CSO's, throughout the entire process.

Mr Baron thanked for the constructive comments and contributions. He said that the Operating Structure is aware of these problems and that the steps have been taken to remove them.

Mr Bender thanked for the informative presentations and commented on the following issues. In regard to the education sector, Mr Bender was interested to know about the repercussions of the two cancelled procedures. Another question related to mitigation measures undertaken in respect to the identified problems within grant schemes, especially having in mind that the forthcoming allocations will be even bigger in terms of available funds. Third question related to the planning methodology since it is evident that the achieved results are much lower than those envisaged. Mr Bender commented on the Interim evaluation report/presentation and said that the EC and EUD found it a surprise and a methodological weakness that they were not approached during the evaluation process as they would have given an input by their side. In addition, Mr Bender said

that it appears that in some aspects the report did not highlight the real challenges like for example problems of certification which pose a challenge in terms of meeting N+ 3 targets. Mr Bender also referred to the recommendation regarding the intervention logic for Priority 5 and to the level of satisfaction of beneficiaries with the Operating Structure since there appeared to be some discrepancies between the Grant Beneficiary Questionnaire Analysis and the findings stated in the Interim Evaluation Report. Finally, Mr Bender was interested in what was going to be done with the recommendations and whether there be a follow up on them.

Mr Pokorny, European Commission, commented on the foreseen activities within the Evaluation of previous IPA HRD OP Assistance (Technical Assistance Priority). More precisely, which activities will be taken to meet the objective envisaged by the operation (“to enhance Croatia’s capacity for effective and efficient use of ESF funds by preparing adequate number and high quality operations”). Second question referred to the recommendation by the Interim Evaluation Report in regard to establishing Direct Award procedures, namely, what is the planning in regard to it.

Mr Franz-Peter Veits, DG EMPL, commented on the issues of beneficiaries; process of attracting them, informing them and training them. He also mentioned the discrepancy in regard to beneficiary map distribution as it is evident that some parts of Croatia were not covered. In regard to the foreseen activities, especially training of the unemployed, Mr Veits said that it is important to notice that the main responsibility remains within employers who must have interest to do the trainings, as well as with trade unions. The issue of claiming funds in terms of time and deadlines is another matter to be addressed, especially due to the increasing problem with liquidity of beneficiaries. Mr Veits also pointed out the role of local authorities in attracting beneficiaries, which calls for a constant dialogue between all of the involved bodies to avoid designing projects which are not fit for or competitive within a particular intervention.

In reply to the question concerning the educational sector, Mr Bakić said that the tenders were cancelled for two service contracts for which the project documentation is now being revised: "Development of the National Information System for Science and Higher Education" and "Strengthening Institutional Framework for the In-service VET Teacher Training". The revision of the former project documentation tender regards the requests for services provided by national

experts since this matter raises the question of meeting the service contract criteria. The latter tender was cancelled due to administrative reason, namely the expiry of bids. Furthermore, additional funds (from Measure 3.3) were re-allocated to this operation.

Mr Baron commented on the question regarding the mitigation measures for grants where delays have been identified in terms of certification. He pointed out that the undertaken measures are directed toward making a unified system and simplification of procedures in regard to publication of calls.

In respect to the methodology of planning, Ms Dubravka Flinta, Ministry of Finance, explained that the planning was made on the basis of realistic expectations however taking following the lack of the capacities among other things, there is a evident possibility that the objectives cannot be reached.

Mr Baron commented on the Interim Evaluation report and said that the follow up on the recommendations would be done in a six-month time, that is, at the next SMC meeting. He also said that some of the recommendations have been addressed already. In particular, the improvement of procedures, typology of indicators and Direct Award procedures.

Ms Ana Papadopoulos, Ministry of Regional Development and EU Funds, referred to the question of why the EUD and EC were not approached by evaluators while performing the Interim Evaluation. She said that this question needs to be checked with the evaluators, but she agreed that this was a methodological oversight and that the input from EUD and EC would have been valuable. As regards the recommendation on intervention logic for Priority 5, she said that this recommendation cannot be accepted. Ms Papadopoulos concluded that the recommendations are being considered in a broader sense, together with the findings of ESF 2013 ex-ante evaluation. In addition, all the comments and proposals on the Interim report are still welcomed and will be considered for future reference.

Mr Maroje Lang, Ministry of Finance, said that the process of contracting funds for 2014-2020 is on-going, emphasising that the ESF will offer much bigger financial envelope bringing along not just more financial assistance but also bigger challenge and responsibility. As regards control

procedures, he highlighted the fact that the procedures do require simplification but that the financial controls need to remain strong. Some simplification is needed, especially in terms of repeating and this is being worked on. Mr Lang said that in 2012 the funds will be spent in the amount of N+3 target, but they will not be certified. He concluded that the forthcoming period will be challenging in this respect also.

Modification of HRD OP - state of play regarding the internal procedures in the Republic of Croatia necessary for the entry into force of the Amendments to the Financing Agreement

Mr Baron said that the revised HRD OP 2007-2013, with the new Priority 5: Civil Society Development for Better Governance was adopted at the previous SMC meeting and followed by the approval of the European Commission on 1 August 2012. After the approval of the revised OP, the procedure for amendment to the Financial Agreement was initiated.

Ms Papadopoulos informed the SMC members that the European Commission delivered a signed copy of the Financial Agreement. In addition, the procedure for authorization for signing the Agreement for NIPAC was completed and the Commission informed accordingly. Currently, the Act on Financial Agreement is being prepared and is to be sent shortly to the Parliament for adoption under urgent procedure. It is expected that all the necessary procedures will be completed by the end of the year so that the National Fund may then submit request for advance payment for 2012-2013 allocations.

Ms Flinta added that it is planned for the National Fund to submit the request for EUR 2.7 million by the end of the year and thus help avoid de-commitment. In addition, these funds should ensure the liquidity of the state budget at the beginning of the next year.

Current state of preparation for waving ex-ante controls

Mr Baron informed the SMC members that in 2012, the Operating Structure has been preparing for the fulfilment of criteria required to get approval for the system without ex-ante control. Manuals were prepared accordingly and additional efforts made in order to improve the system.

In this respect, Mr Lang said that the progress report currently being prepared will be submitted to the EC in the beginning of December. He highlighted the question of human resources as the main question and added that the Government has brought a decision on employment within institutions working on EU funds tasks. Mr Lang also said that another Government's Decision is to follow requesting these institutions to launch the employment procedure as soon as possible. Mr Lang agreed that this is a lengthy procedure but added that the Ministry of Finance is making every effort to ensure maximum funds for the implementation of EU programmes.

Mr Bender informed the SMC members that the European Commission is in the process of preparing the decision in regard to waiving ex-ante control. The decision is being prepared to be brought by the end of the year, or in January 2013 at the latest. Mr Bender said that the Commission is monitoring the issue of staffing which will be crucial for effective management of EU funds.

Mr Ivan Šutalo, Agency for Vocational Education and Training and Adult Education, commented on the issue of employment procedure at Implementing Bodies and said that it will be very difficult to manage future funds under the current conditions. The issue of lack of human capacities lies within the responsibility of highest-level authorities. Although the Decision on employment exists, currently there is a problem with securing the funds available for salaries of new employees, which is the reason why there is a problem with the implementation of the Decision. The part of the Operating Structure, responsible for this segment, should make extra efforts to ensure adequate conditions for work.

Mr Baron said that this topic was addressed also on the highest levels, including the issue of salaries.

Mr Lang said that at the time of financial crisis, the spending of state budget is additionally controlled. The Government allowed new employments only for institutions working with EU

funds recognizing thus the problem of human capacities and needs. Furthermore, it will shortly adopt the Decision ordering these institutions to urgently carry out employment procedure. Mr Lang emphasised that the Ministry of Finance is aware of the situation and the fact of how important it is to be able to manage efficiently future funds on which active labour market policies will largely rely on.

Ms Ankica Paun Jarallah, Croatian Employment Service, commented on the recommendations and conclusions brought by the Council for Civil Society Development and said that she agreed with many of them, as well as with the fiscal responsibility and responsibility of the entire Operating Structure. Croatian Employment Service has been implementing EU projects for over ten years and as Contracting Authority it has been in the Structure for five years. Based on this experience, the need for simplifying implementation procedures is evident and necessary. The funds available in future will offer much more opportunities and the institutions should avoid bringing complicated procedures and making the implementation even more demanding. New employments are crucial and urgent in order to address the responsibility of absorbing and spending the EU funds. Further efforts are needed to harmonize not just procedures but also working conditions within the Operating Structure. In this respect, the Minister of Labour and Pension System sent a letter to the Ministry of Administration explaining the need to harmonize the conditions of employees in Implementing Bodies with other institutions in the Operating Structure. Ms Paun Jarallah raised the question of lack of adequate system for monitoring of indicators explaining that CES decided to set up such a system through its own funds. She also commented on the increased number of rejections to project proposals and said that this was the result of a significantly increased number of submitted proposals in comparison to available financial possibilities. In conclusion, Ms Paun Jarallah referred to the local partnerships for employment which should be further encouraged and supported on the state level.

Mr Šutalo said that investment into human resources has a direct benefit to the state budget since the EU funds may be used to cover a number of areas otherwise financed from the state budget. It is a paradox that at the time of increasing financial envelope, the human resources are decreasing in number. Mr Šutalo gave the example of AVETAE where in the period from 1 August 2011, eight people left the Agency while no person was employed.

Ms Miličević Pezelj asked whether the issue of staffing could be addressed directly by the Government in terms of standardizing employment procedures that would speed up the entire process.

Mr Lang replied that the Government is aware of the situation and also interested to see the system functioning. Some steps have already been taken, f.i., the increased salaries for civil servants working on tasks related to EU funds. The question of salaries within the Implementing Bodies is yet to be resolved. However, as stated earlier, the Decision was brought to enable new employments.

Ms Šterk, Government Office for Gender Equality commented on the issue of staffing and said that one solution might be to better organize the existing human capacities.

Survey of the HRD OP grant scheme beneficiaries – Questionnaire analysis

Mr Filip Miličević, Ministry of Labour and Pension System, presented the results of the questionnaire conducted in spring 2012 among grant beneficiaries in order to provide information on types of questions and received feedback. The questionnaire included eight grant schemes within which out of 157 beneficiaries, 109 replied. Mr Miličević highlighted the questions of cooperation with the Operating Structure and the issue of implementation. The general conclusion is that the beneficiaries graded the cooperation favourably, while they found implementation very demanding. In terms of co-financing, the main sources indicated by beneficiaries were their own sources and partners.

Mr Bender expressed two concerns related to the findings of the questionnaire analysis. The first one regards the high percentage of own resources that may be problematic given the amounts under ESF (it depends whether co-funding for ESF will be secured in the HR budget). The second concern regards the monitoring system and the need to set it up well in order to reply to future requirements for monitoring results and achievements. He concluded that the questionnaire provided a number of useful recommendations which should be taken into consideration.

Publicity activities in 2012 and implementation of Communication Action Plan 2012 (CAP)

Mr Miličević gave a short overview of the Communication Action Plan and related implemented activities. The main activity was the implementation of operation "Support to HRD OP in regard to Information, Publicity and Visibility". The activities included organization of events, development of new CAP, development of campaign and promotion materials and other. Future activities will focus on ESF campaign and Mr Miličević highlighted some of the key messages to be communicated.

Ms Novota commented on the questionnaire analysis and gave some recommendations in terms of further elaboration of questions related to implementation, cooperation, on-the-spot checks and co-financing. Ms Novota recommended that additional attention should be given to sampling in order to avoid misinterpretation. Namely, she gave the example of co-financing which was much more demanding for civil society organizations than for schools relying on state budget. The un-proportionate sample may lead to a misinterpretation that co-financing was not as demanding. Further on, it would be good to ensure focus groups in implementation in order to get even better feedback on real problems and difficulties.

AOB

In conclusion, Mr Bender thanked SMC members for their active participation and informative presentations. He referred to the challenges ahead and the need to take seriously the problems discussed, especially staffing.

Mr Baron thanked the participants on constructive discussion and proposals which shall be taken into consideration when further working on the Human Resources Development Programme.

Date and venue for next meeting of the Committee

The next SMC meeting will be held in May 2013. The actual date will be determined afterwards.

General conclusions and main points of topics discussed:

- Progress made in the implementation of the HRD OP 2007-2011

- 195 individual contracts were implemented within 10 grant schemes (total value of EUR 24.5 million (20.8 million EU contribution); 15 service contracts were implemented from total of 20 contracted – (total value of 19.6 million EUR);
- The implementation ended for eight grant schemes; the implementation for two grant schemes started in September 2012;
- Revised OP HRD 2007-2013/2, with new Priority “Strengthening the role of civil society for better governance” was adopted by the Commission in August 2012;
- The National Foundation for Civil Society Development and Government Office for Cooperation with NGOs received accreditation in August 2012 and became formal members of the Operating Structure;
- Interim Evaluation of HRD OP 2007-2013 completed in May 2012 – main recommendations concern human capacities, indicators’ system and need to simplify and synchronize control and reporting mechanisms;
 - Follow up of the actions taken in respect to recommendations will be done at the next SMC meeting, i.e, in May 2013
- Current state of preparation for waving ex-ante controls – the European Commission is in the process of preparing the decision
- Draft meeting minutes will be delivered to the SMC members for endorsement within 15 working days following the day of a meeting.

Agreed by:

Co-chairperson

Thomas Bender

Head of Unit, DG EMPL

Co-chairperson

Dario Baron

Assistant Minister, MLPS

Head of the Operating Structure