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Sida Country Report
October 2003–June 2004

Republic of Croatia



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1. Summary

During the reporting period, Sida activities developed in the light of transition from the former and still valid Swedish Country Strategy for Croatia to a new one. In addition to already existing projects and programmes from previous periods, all projects under development, have been steered in accordance with the directions of the guiding principles and priorities indicated in the new strategy.

Sweden and Croatia signed in June the Agreement on General Terms and Conditions for Development Cooperation, which will create much better conditions and speed up formal procedures when establishing new projects with Croatian counterparts. This Agreement is the first such agreement Croatia has signed with an EU country since it has been granted the EU candidate status. This event was a reason for the visit of the Swedish Minister for International Development Co-operation, Ms. Carin Jämtin and the opportunity to meet with the Croatian Minister of European Integration, Mrs. Kolinda Grabar-Kitarovic. The two Ministers held bilateral talks about the upcoming Swedish strategy for co-operation with Croatia for the period 2004-2006 and about the Croatian priorities for foreign development co-operation in view of its EU membership process.

Sida and the Ministry of European Cooperation have come to the final stage of identifying areas of bilateral cooperation in accordance with the Pre-Accession Assistance Needs (PAAN), EU “avis”, the priorities and recommendations stated in the European Partnership for Croatia and Swedish Country Strategy for Croatia.

2. Strategic Country Development Trends

Events in the Croatian political environment in the last six months have been very intensive and significant for the overall development of political atmosphere as well as for the continuation of the complex reforms already started or yet to be initiated.

In November 2003 Croatia carried out its fourth parliamentary elections since independence. The victory of the Croatian Democratic Union (HDZ), after they lost elections in 2000, resulted in many questions on the approach to be taken by this party, presented now as renewed and modern party claiming to have abandoned earlier conservative and nationalistic approach. The new minority coalition Government has been faced with many challenges, examinations and expectations by the Croatian citizens as well as by the international community.

The new Government took from the beginning very strong and decisive European orientation in all foreign relations and activities. After the Croatian application for the EU membership submitted in February 2003, the European Commission announced its positive opinion ("avis") in April 2004 and proposed to the European Council to start membership talks with Croatia. This major event was followed by one of the crucial moments since Croatian independence, the receiving of candidate status declared at the European Council in the second half of June. The date of the beginning of the membership negotiations has been fixed for early 2005.

One of the historical moves of the ruling party was its agreement with the representatives of the Serb, Italian and some other minorities on major and key issues and problems they confront. The Government promised to give the priority and immediate attention to resolving those issues if the minorities support the Government's programme. Although the results of this agreement after the first six months do not look too promising, some minor improvements in implementation have been accomplished, which keeps these "deal" still alive.

Regarding the reform of the judiciary as one of the crucial reforms, the Government adopted a reform programme in this sector and some first and quite determined steps have been taken especially in the problem of solving of huge backlogs of property registration cases.

Another key reform, the one of the public administration still awaits the comprehensive strategy and will present perhaps one of the most

challenging tests in the upcoming period. Although the Government reduced the number of ministries from 19 to 14 and formed four central government agencies, problems of cutting costs for public administration, rationalisation and decentralisation, as well as the increase of efficiency of state administration, still remain to be addressed in the cumbersome and demanding reform that has not yet started.

In spite of the improvements on a general level of the economic and financial situation in the last few years, especially when it comes to the financial and banking sector, the problems of foreign debt and the high rate of unemployment are still burning issues.

In the last six months period the foreign debt has grown up to US\$ 24 billion i.e. some 80% of GDP. Although the Croatian National Bank through several measures tried to keep the bank lending under control, these measures have not yet proved to be entirely successful. Part of the problem is the debt of the central state, which forms some 50% of the total foreign debt. Another challenge is still a quite high balance of payments deficit, the unemployment rate, which with some fluctuations during the summer season remained around 15%.

At the same time the macroeconomic indicators remained quite stable and favorable with trend of GDP growth around 3,5%, US\$ 5,137 per capita, the stable rate of Kuna and inflation below 3%.

June was marked with the opening of new 180 km of highway just before the real start of the tourist season. The distance Zagreb–Rijeka is now fully connected with the highway, and the many generations' dream to have a highway connection Zagreb–Split finally came true in spite of some smaller section, which remains to be completed by June 2005. However, the Government has not earmarked any significant amount in the budget for the construction of new roads which raised a lot of negative reactions in the economic and political circles.

Reduction in investments is partially a result of the signing of a new stand-by loan agreement with IMF valued at USD 141.3 million. The primary task of this loan is to keep the foreign debt down to a level of at least 77 percent of the annual GDP whereas the State's borrowing requirements will have to be met on domestic financial markets. These cuts in the investments will largely hit some of the largest companies in the country, such as the national railway company Croatian Railways, the electricity utility, postal services, the forestry, road construction and others.

The new Government has not yet prepared the strategy for social welfare development and institutional arrangements. A number of reform papers prepared in 2003, resulted in a Social Welfare Reform Strategy paper (SWRS). Although some of the SWRS aspects were agreed with the former Government, the new Government has not reviewed some of its segments, such as continued de-centralisation of welfare provision, establishment of the Agency for Social Welfare or change of responsibilities and roles of Centres for Social Welfare yet. Therefore, it is to be expected that major reforms in these areas are not likely to be implemented in the short to medium term.

After the Employment Promotion Programme adopted by the former Government in 2003, the new Government started drafting the National Action Plan for Employment following the European Employment

Strategy Guidelines. This approach should ensure that good practices and legal solutions are examined and introduced where feasible in Croatia in order to gradually decrease the present 15 percent of unemployment.

3. Swedish Development Cooperation

3.1. Development Cooperation Strategy

During the reporting period Sida co-operation with Croatia has been based on the country strategy for Swedish development Cooperation 2001-2003. The new Strategy for Sweden's development Co-operation with Croatia for the period 2004-2006 has been designed and is expected to be approved by the Government in September.

In June Sweden and Croatia signed the Agreement on General Terms and Conditions for Development Co-operation that sets out the general terms and conditions for all projects and programmes of development co-operation between the two countries. The Ministry of European Integration on behalf of Croatia and Sida, on behalf of Sweden will represent their countries in all matters concerning the implementation of the Agreement.

The guiding principles for development co-operation outlined in the country strategy is perhaps the best reflected in this period. The EU integration, sustainability of the supported programmes and national and institutional ownership have been the steering principles through all sectors either when developing new projects or analyzing the continuation of the existing ones. The most important role in this process played the country's own priorities within the SAP requirements and its absorption capacity. However, the Swedish capacities and efforts and contributions of other donors have been given an equal attention aiming at greater complementarity and better synergy effects of our programmes. This has become especially evident in the public administration sector and social sector. Strengthening of the institutional capacity of Croatia should continue to be the primary form of the Swedish assistance as it has proved to be the most beneficial and most needed for the country at this stage of development.

3.2. Disbursement and Planning

The disbursement tempo is somewhat slower than foreseen in the annual plan. During the first half of 2004, approximately 40% of planned budget has been disbursed i.e. around Euro 2,5mn. The main reasons lie in the fact that the year started with the newly elected Government and the change in some key ministries, which caused delay in the project development process.

3.3. Donor Coordination

The EU Assistance Co-ordination Meetings arranged by the EU Delegation have been held on a monthly basis. As of the end of 2003, representatives of the Acceding Countries (EU countries as of May 1st, 2004) have also been present at the meetings. In addition to the regular exchange of information on Member States' activities (MS) in Croatia, primarily CARDS and bilateral assistance programmes, it has been agreed that agendas of the meetings should be enriched with presentations of other donors (e.g. The World Bank), EC Headquarters' officials, Government of Croatia services etc. All MS completed and submitted to the Commission the annual updates of their ongoing and future co-operation with Croatia. The purpose of these matrixes is to provide an overview on the overall structure of the EU external assistance implemented in Croatia. The information on the ongoing projects also serves as the base for sectoral analysis presenting at the same time the EU co-operation in an integral manner. The Civil Society Donor Coordination maintained the established dynamic of meetings – every two months. Following the initiative from the previous reporting period, and in order to achieve a more effective coordination among the donors in the area of civil society development, the EC Delegation engaged an expert on the project “Donor Coordination in the area of civil society development”. The project resulted in the Donor Coordination Strategy Session, official Mission Report, the Action plan and Proposals that identify the purpose, strategic objectives and activities to be realized to improve the donor coordination such as: the structure, information channels (brochure, webpage etc.) and the task force (donor working groups). The implementation of the recommendations has started and will be worked on throughout 2004. The Ministry of European Integration finalised in May a document called Pre-Accession Assistance Needs (PAAN) for 2004-2007 and presented it to the donors. The document was developed as a result of the needs and comprehensive analysis of the foreign assistance and investment projects that Croatia has been provided through various international donor programmes. PAAN is also the first such assessment conducted by the Croatian Government in the process of becoming a key assistance co-ordinator. Following the recommendations of the EC “avis”, PAAN identifies and outlines the priorities and sectors where donor assistance would be required and largely beneficial, thus representing the additional help for the donors in their efforts to avoid overlapping and achieve the maximum effect of the overall international assistance.

4. Sida Programmes and Projects

4.1. Human Rights

The Croatian civil society has developed greatly and made a significant step toward an open and democratic society. These are the results of the long and extensive support from the international community in the past decade. A flourishing number of Croatian NGOs and their activities have step by step been accepted and deemed valuable by the establishment. That is now encompassed in a legal framework and a government's decision to establish a national foundation for the support of the civil society. Civil society has become an accepted and respected complementary part of the society. All these have naturally also been acknowledged by the international donors and especially by the EC in whose rapports this progress has been evidently recorded. Thereby the next chapter, namely down-sizing or out-phasing of international support to the civil society has come to the surface. However, one should keep in mind that general empowerment of democratic values, respect for human rights and the progress which we supported extensively in the past are still quite fragile in a society in transition. Our current stand-points on out-phasing are as important for the future orientation of Croatia as for the whole EU.

Some of our implementing partners have started considering exit strategies. In our contacts with the local coordinator of Kvinna till kvinna these issues have been addressed and the discussion continues. However, referring to the generally positive developments in Croatia it should not be forgotten that at present gender equality issues are put a side by the ruling government.

Swedish Helsinki Committee has also prepared an exit strategy for Croatia with lesser partners and projects in the future. Local contacts with OPIC and its partners have though not been as fruitful yet.

Project comments

Swedish Helsinki Committee (SHC): In the first half of 2004 SHC continued with their activities programmed for the period February 2003-June 2004, within the Framework Agreement with Sida extended to June 30, 2004. In the spring 2004 SHC submitted the progress report, which encompassed SHC's support to six Croatian NGOs carrying out nine projects.

Support has been provided to the Croatian Helsinki Committee for Human Rights (CHC) aimed at the protection and promotion of basic human rights in the area of Eastern Slavonia, Baranja and Western Srijem. Apart from the main activity focused on the assistance to individuals in solving problems concerning property, obtaining citizenship and personal documents, labour and social rights, pensions etc., the project also involved monitoring of the judicial system, prisons, refugee centres and media. CHC has been also supported in the project “Ombudsman for Media”. Since such an institution in Croatia still does not exist, CHC initiated establishment of the Council for the Media (Media Council) consisting of various media experts to act like collective ombudsman until such an institution has been created in Croatia. The presence of a Media Council has been playing a more important role over the past six months and their engagement has brought about some positive changes in the legislation. They made quite a significant contribution in drafting of a new Media Law, especially in annulling the provisions on prison sentence for slander.

Olof Palme International Center (OPIC): OPIC continued with activities approved under the Framework Agreement for 2003 covering six ongoing projects in the reporting period. The most effective support and best results have been demonstrated in their work with GONG, the NGO working on the education and raising of public awareness on the importance of elections, especially at younger population. Support has been further provided through projects aimed at promotion and encouragement of participation of women and young people in politics. OPIC submitted the application for the extension of their activities in the upcoming period, which should be decided upon the Sida evaluation of their work in the past period.

Kvinna till kvinna (KtK): KtK continued with their work on twelve projects started in 2003. As a part of the regional Sida project on combating trafficking in women, the Swedish film Lilja 4-ever was shown on two occasions. Croatian women network “Petra” was Embassy’s implementing partner and carried out all practical arrangements for the showing, which reached around hundred Croatian politicians and officials. Petra will continue the showings of film countrywide. The project was complementary with the activities supported by Sida through IOM on the same burning issue.

KtK submitted the application for 2004 on the extension of the programme in Croatia for one more year with emphasis on mainstreaming of gender and trafficking issues. The extension has been granted till the end of 2004, but before entering in the new long-term agreement from 2004, Sida will carry out a comprehensive evaluation of KtKs work and achieved results.

4.2. Democracy, Good Governance and Gender

Further strengthening of democracy through the building of an efficient and independent public administration and judiciary is one of the priorities in the process of accession to the European Union. In addition to the assistance already provided to this sector as foreseen in the Swedish strategy, complementary support to this sector has been requested. This

primarily goes for the strengthening of human resources and operational capacity of public administration bodies and for the assistance to Croatia in development of the sustainable capacity of its judicial agencies.

The system of impact assessments within the Ministry of European Integration and in the bodies of state administration is not sufficiently adapted to the demands of the accession process. Following some initiatives made by the Ministry, a certain level of support focused on the enhancement of their strategic planning and impact assessment capacities might be considered.

Project Comments

Support to the Ministry of European Integration (MEI): MEI and Sida started in June the first joint project called “Support to the Ministry of European Integration in the Process of Coordinating, Managing and Monitoring EU Financial Assistance”. The project will be implemented in the period June – December 2004 and Swedish support amounts to SEK 1 399 920. The project should assist the Directorate for Coordination of EU Assistance and Cooperation Programmes in MEI to strengthen its capacities to plan, programme (e.g. preparations of CARDS project fiches) and monitor EU assistance programmes. The improved capacity within the Ministry to plan and monitor EU assistance funds will enhance Croatia’s performance regarding requirements and conditions of EU integration process. The project is implemented through the Sida framework agreement with Swedish Institute for Public Administration – SIPU International. The Inception Report has been already produced, while the first progress report should be submitted in mid-September.

Following the ongoing dialogue, earlier this year MEI submitted to Sida a list of some areas for bilateral co-operation between Sweden and Croatia. Due to the parliamentary elections in Croatia that took place in November 2003, MEI’s work on PAAN and ongoing development of Swedish country strategy for Croatia, MEI and Sida agreed to look into the areas where the Swedish assistance would be most beneficial and meet Croatia needs, until all strategic papers were fully completed. Special attention in the priority list was given to the assistance to MEI’s Directorate for Integration Strategy and areas known as those requiring reforms within the framework of Stabilisation and Association process. In July, Sida received the first ToR submitted by the Directorate requiring the assistance in conducting regulatory impact analysis on legal acts in the field of environmental protection, which will be taken under consideration.

MEI also officially welcomed the introduction of the Swedish Institutional Support Fund, as one efficient instrument for the support of some short-term technical assistance projects selected and proposed by Croatia.

Croatian Bureau of Statistics: The cooperation between the Central Bureau of Statistics of Croatia (CBS) and Statistics Sweden on the development of a central metadata database repository and creation of a public macro database continued successfully during the reporting period. By June 2004 two partners completed their work on 16 months long second phase of the project. In order to fulfil all the objectives set for this phase, project

was extended from 12 to 16 months and budget enlarged for SEK 1 231 400, i.e. SEK 6 399 400 was allocated for the implementation of the Phase II. The extension of the project involved the additional development work and around 10 additional missions.

In the period October 2003 (last reporting period)-April 2004, nineteen activities were conducted, out of which seventeen missions and two study visits. Most of the activities carried out in the Phase II were focused on IT development and capacity building of the general management and IT management within CBS such as organization of software development, standards, statistical data warehouse, project planning, data capture, equipment procurement and publishing. Part of the assignment was dedicated to EU statistical knowledge and inclusion of CBS in the international development of statistical metadata system through the participation at international meetings and conferences.

One of the most important achievements in this phase is that theoretical and practical knowledge within the macro data component was further developed and designed for a modern distributed client/server statistical information system. The collection of statistical metadata tools (Bridge NA classification database) has been established and is currently being used in the daily statistical production. A first version of public macro database available from the CBS Website was also established and knowledge was further developed within the field of web development.

CBS arranged in June the presentation of the current state of the project development. The statistical staff of CBS and other Croatian statistical offices, representatives of EU CARDS programme and representatives of Sida and Statistics Sweden, attended the presentation. It provided an outstanding and informative overview of the work and results achieved in the past two years.

In June 2004, Sida received the project proposal for the third and the final Phase of this project, which is planned to cover another sixteen months and end in November 2005. During the third phase, the central metadata repository should be fully created while the remaining work on web programming and management would be also completed.

Supported by Sida, CBS hosted in May the international conference on the development of official statistics in transition countries with participants coming from Sweden (SCB management), Albania, BiH, Macedonia, Serbia Montenegro and Croatia.

Capacity Building for the Real Property Registration and Cadastre Project: Support to the Ministry of Justice (MoJ) and State Geodetic Administration (SGA) within the framework of the Real Property Registration and Cadastre Project (RPRC) continued through the second half of 2003 and beginning of 2004. Following the planned timing, the project was completed end of February 2004 and the final report has been submitted to Sida in March. Execution of this project has been in excellent timing with the execution of the WB managed RPRC Project aimed at the modernisation and reform of Land Administration system (Cadastre and Land Registry) in Croatia.

Since its start in April 2003 till its completion in February, 17 training activities and one study trip have been carried out and all eight project results set in the Inception report have been fulfilled. The management

capacity of the Project Implementation Unit, SGA and MoJ has been significantly improved (e.g. project and office management, organisation, financing and marketing orientation). IT experts at PIU, SGA and MoJ as well as cadastral experts at SGA and PIU have been sufficiently trained to lead the development of the IT and cadastre systems respectively. Land registration experts at MoJ and PIU have been trained to lead the development of land registration. The budget of SEK 3.6 mn allocated for this Project has been utilized up to 87,3%.

Based on the good results of the Phase I and in order to improve the organisation, management and human resource development skills of the key management and operational staff at SGA, MoJ and PIU, these main project actors, Swedish consultants and WB approached Sida with a proposal for the second phase of the project. The Project Proposal submitted to Sida in March outlined several main goals for the next 10 months period. In addition to earlier mentioned goals, further support would be provided for the development of long-term strategy and rules for cadastral system and for the execution of the pilot project of development of document management system in SGA. Further training would be also provided to PIU registration officials at courts as well as to SGA regional staff to get them skilled to lead development and implementation of the Cadastre and Land Registration system in their respective regions.

In June Sida approved the extension of the Capacity Building Project to Phase II and the budget allocated for this purpose amounts to SEK 6.2 mn. First activities should start in September.

Public Administration Reform (PAR): After the initiatives of the previous Government and the first trial policy paper on PAR prepared by MEI working group in autumn 2003, there has been no significant changes in the process of reform of the state administration after the elections and set up of the new administration.

The main change was the establishment of the Central Office for State Administration (COSA), but its capacity to, among other tasks, prepare and implement overall public administration reform policies, has proved to be insufficient. In June, COSA presented the outline of some planned activities in the current year in this area, but so far, there has been no clear vision or country strategy for PAR presented neither by the Government nor by the Central Office. The Central Office only announced that any such policies or programme document could not be expected before autumn or even the end of 2004.

Conversation with the Croatian Government on the Swedish assistance in the process of preparation of the public administration reform was, therefore, put on hold in the reporting period. However, the strengthening of the operational capacities within the State Administration to include COSA itself as well as the strengthening of human resources in public administration bodies is one of the areas for the Swedish assistance in the upcoming strategy period. It also follows and matches with needs for donor assistance stated in PAAN. Having these papers in place, Sida plans to revive its talks to Croatia on the Swedish-Croatian development co-operation in this sector in the upcoming months.

Programme Against Corruption and Organised Crime in SEE (PACO Impact):

Within the Sida funded regional project on Implementation of Anti-corruption Plans in Southeastern Europe, in June Zagreb hosted the start up workshop for regional counterpart institutions and beneficiaries. With the assistance of the Council of Europe project management team, the Croatian Office for Prevention of Corruption and Organized Crime (USKOK) organized the workshop. The workshop goals were to introduce the participants with the project, to exchange information, assess and brainstorm more specifically on project needs and expected outcomes. The participants also discussed further steps and plan of action in the implementation of the project during and after the inception phase.

Croatian institutions involved in this project are USKOK (Project Coordinator for Croatia), Ministry of Justice, Ministry of Interior, Ministry of Finance, Ministry of European Integration, General Prosecutor's Office. Representatives of EC Delegation in Croatia also participated in the workshop.

The end of the Inception phase was July 2004 and in August all countries were presented with the Inception Report, which provides analysis and recommendations on the work plan of activities and projects to be taken in i.e. by each country. The report should be scrutinized and accepted by the participating countries before further concrete steps could be taken.

4.2. Natural Resources and Environmental Protection

Establishment of the sustainable and accelerated land reform has become a must for the country's integration in the EU. This sector represents one of the crucial sectors for Swedish support in the upcoming period. Lessons to be learned from the Croatian experience in the next couple of years have the tendency to grow into the wide and sustainable regional programme. Support in the area of environmental protection is quite sensitive area when it comes to Swedish assistance. Some forms of support have been already incorporated in the existing projects and a new assistance may be considered in the harmonization of environmental legislation. Any deeper presence in this sector should be carefully considered in order to make sure that any engagement of Swedish resources has a long-term effect accompanied by the realistic goals.

Project Comments

Land Consolidation in Croatia: Support to the Ministry of Agriculture, Forestry and Water Management (MAFWM) progressed as planned in the first half of the year. After the study tour to three selected locations in different parts of Croatia that Swedish consultants visited in December 2003, the follow up fact-finding mission was completed with their second visit in late March-early April 2004. During these two visits, the consultants as well as Sida representatives met all relevant stakeholders on the issue of Land Consolidation to include the representatives of both former and new central and local (county and municipality) administration in agricultural sector, in charge for the implementation of this project. Meetings involved the decision-making levels in MAFWM and Ministry of Justice responsible for the legislative changes related to land consolidation.

In May, Swedish consultants presented the first draft of the Discussion Paper on the Pilot Project on Land Consolidation, which was scrutinized by all stakeholders and decision makers. Their comments and suggestions have been incorporated in the final version, which was presented and discussed at the thematic workshop prepared for July.

The main goal of the workshop was to ensure the Croatian ownership on the Land Consolidation project and to agree upon the action plan of activities for the implementation of the third, and the final phase of the project - on the start of first pilot projects. This goal has been achieved and Sida is now expecting MAFWM to submit the Terms of Reference and estimated project budget officially. During October, selected Swedish experts on land consolidation will start preparations of the first pilot project activities.

4.3. Economic Growth

Process of return has slow down and the responsibility for reconstruction has gradually been taken over by the government. However, our LWF support continues throughout the year and has proven to be a good tool as for income generating and revitalising aspects for the war torn regions. Although the external donors continue withdrawing support from this sector there are vital segments in it that should be considered in order to alleviate discrimination and poverty of the most vulnerable.

Project Comments

Lutheran World Federation (LWF): Process of return has slow down and the responsibility for reconstruction has gradually been taken over by the government. However, our LWF support continues throughout the year and has proven to be a good tool as for income generating and revitalising aspects for the war torn regions. Although the external donors continue withdrawing support from this sector there are vital segments in it that should be considered in order to alleviate discrimination and poverty of the most vulnerable.

The project of Assisted Return and Regional Economic Development managed by the LWF entered its final phase in the first half of 2004. In the period February 2003 to March 2004, the returnees from Serbia, Montenegro, Bosnia and Herzegovina and internally displaced persons (within Croatia) have been supported through the emergency house rehabilitation programme, subsistence support and variety of development packages.

During the past year, out of 675 houses planned for rehabilitation, the number grew to 727 houses that received support through the programme. This component of the project represents a key factor for the sustained return and stabilization in the selected regions as well as the first step to a recovery. In addition, the system of “self help” where beneficiaries use supplied material to do smaller reconstructions by themselves proved very stimulating for them and much more cost-efficient than using the contractors.

The subsistence livestock support was provided to 70 families and in most cases, this was the only opportunity for the existence and survival in the deserted areas. When it comes to the livestock development packages, out of planned 300 potential beneficiaries, LWF visited 507 families and

selected 368 families for this form of assistance. Through this component, 244 heifers and 3192 sheep were delivered. Additional support in farming equipment has been provided to 156 farmers.

The programme also provided assistance to the veterinary stations in Knin and Lika to improve their basic infrastructure and working tools. In turn, the overall quality of veterinary services has significantly improved in the course of 2004. In the segment of social infrastructure, LWF also supported the reconstruction of kindergarten in Gracac, a group “The Women Initiative” and their activity centre, as well as music school in Knin.

In April, LWF submitted the Final Report for the project and a request for the continuation of this project for one more year.

Regulatory and Quality Infrastructure Development for Food Safety and Quality: The project is the result of two International Training Programmes that Sida supported during the course of 2003. At the follow-up workshop in Zagreb that was arranged by the Croatian Ministry of Health, Croatian National Institute of Public Health and Sida, INEC, all participating countries presented the country analysis on the current situation and needs when it comes to food safety and quality. The country reports also provide the recommendations and proposals developed by national experts and relevant institutions on the activities and project that are requiring foreign assistance. All country programmes as well as the consolidated regional co-operation have been approved by participating SEE countries. The Croatian Ministry of Health and Social Welfare sent to Sida the official request for the support in the implementation of the proposed programmes, which ensured the political commitment to the programme and Croatian ownership.

As a next step, it is expected that Swedish consultants engaged by Sida will come to Croatia in the period September-October to start working on the specific Terms of Reference for Croatia. Based on the proposed actions from the country report, consultants from the Swedish National Food Administration and SWEDAC should work together with Croatian experts on further definition of projects and their implementation mechanisms.

4.4. Social Development

Development of the strategy for improvement of all social welfare forms is the national priority and has an overall impact in all components of the society. When it comes to the institutional and capacity development oriented support, there have been no major foreign assisted programmes in this sector. However, there are several initiatives on national and international level, which indicate that social issues will be given much more attention in the upcoming period, and donor assistance is more than welcome. Due to the constant changes in the state administration structure and institutional setup, any long-term Swedish assistance should be carefully analyzed.

Project Comments

Society for Psychological Assistance (SPA): The Society for Psychological Assistance organized in March the Regional Conference titled “Challenges of Supervision in South-East Europe”. It was at the same time the

final activity and closure of the three-year long project “Capacity building of social service providers through training in supervision”. Two hundred fifty participants from 10 countries attended the Conference. As one of the project results, SPA also produced and published Manual in Supervision, which was presented and disseminated at the Conference. The textbook was approved by the University of Zagreb, as the official textbook for several study programs.

The overall goal of the project was to improve the quality of social services and extend these services through: a) developing the model of supervision in the social welfare field, b) training a group of social services providers as supervisors and c) introducing supervision into the regular curriculum at the university level. All project goals have been successfully fulfilled.

During the three-year training period over 40 supervisor teams from Croatia with over 200 professionals participated in the programme. The training was done in accordance with the specific requirements of the Association of National Organizations for Supervision in Europe, which ensures the compliance with the EU standards. At the end of the programme, 36 professionals in social care system became certified supervisors. The University of Zagreb approved the inclusion of the “Methods of Supervision in Psycho-Sociological Work” as separate subject in the regular curriculum.

The size of the Swedish support for the project was SEK 3 056 000.

Centre for Social Policy Initiatives (CSPI): During the first implementation year of the project “Training of experts, professionals and foster parents in the area of foster care”, CSPI organized two intensive trainings for 25 national trainers/experts covering implementation, policy and conceptual level. In the implementation segment, training was provided to participants from centres for social welfare, institutions for children without adequate parental care and two NGOs i.e. civil sector. Policy component involved representatives of the Ministry of Health and Social Welfare, while on a conceptual level training was provided to professionals from the University of Zagreb.

National trainers and experts had also two preparatory local trainings. Nine Swedish experts provided all trainings for all national trainers and professionals.

In June CSPI arranged one National Seminar, which had 128 participants. The goal of the seminar was to share of knowledge and skills acquired at the intensive trainings, testing of materials that had been developed (manuals, analysis, questionnaires) as draft documents and planning of activities on a local level for the second phase of the implementation of the project.

In the period April-May 2004, the Ministry of Health and Social Welfare arranged four regional meetings for the directors of all centres for social welfare and institutions for children (163 participants) in order to present the project, its goals, activities and expected results. It is important to emphasize that in those meetings social reform was once again highlighted as a priority reform and in that light was the foster care issue given special importance. *Support to the Ministry of Health and Social Welfare (MHSW):* Progress in the project aimed at the support to the Ministry of Health and Social Welfare in strengthening the policymaking

and evaluation capacity of the Ministry, has not been as significant as expected after the past reporting period. The Parliamentary elections held in November 2003 had a special impact on the organizational structure of this Ministry. The former Ministry of Labour and Social Welfare has been divided into two new ministries: Ministry of Health and Social Welfare and the Ministry of Family, War Veterans and Intergenerational Solidarity (MFWVIS). Integration of two previously independent ministries (Health and Social Welfare) on one side and separation i.e. division of responsibilities to one additional ministry (MFWVIS), put new structural challenges before the new administration.

Since the main project purpose is the establishment and training of the (Social) Reform Implementation Policy Unit inside the Ministry, due to the ongoing reorganisation of the mentioned ministries, it was not practically possible to continue with all planned project activities until the location and structure of the new ministry have been fully in place.

Although this work is expected to be completed in October 2004, process of recruitment of the staff for the future Policy Unit has been brought to the final stage. The Policy Unit will have four project staff, while their work and implementation of the project will be coordinated and supervised by the State Secretary for the Social Welfare. This way and in spite of earlier stated formal difficulties, the Croatian ownership of the project has been confirmed.

In addition to earlier submitted project documentation, Sida is now expecting the revision of ToR for the project.

Social Protection Project (SPP): Changes in the setup of the new Ministry of Health and Social Welfare, effected significantly and slowed down the intensity of preparations of the Social Protection Project designed by the World Bank. In addition, the project which aims at improving the social protection system in Croatia had to be somewhat restructured, also due to the differently set priorities of the new administration when it comes to the implementation of certain components of the project, in order to ensure a full ownership by the Croatian counterpart.

In light of all these changes, the WB team made several missions to Croatia in order to reach agreement with the Government and potential donors on the proposed project concept, objectives, scope and strategy. Sida was involved in all related discussions within the context of Swedish support to the project. In March, the WB SPP team organized two-day project preparation workshop to identify and agree on overall project and its components, key activities and to develop training and technical assistance plans. The workshop discussed most important aspects of project management as well as the implementation arrangements. Although this workshop was primarily designed for the stakeholders and decision makers, Sida was invited to participate in a role of an observer, but also to get more detailed insight into the core issues of the project and especially those components where Swedish assistance would be most required and beneficial.

Sida and WB agreed on two broader areas of cooperation i.e. components that Sweden would support in this project: a) improvement of social statistics, their analysis and use for policy making, monitoring and evaluation (potential further support to CBS); b) support to reform of

provision of social services. In the upcoming period Sida and WB team will further work on defining and designing concrete projects within these two components.

East West Institute (EWI): Development of the strategy for improvement of all social welfare forms is the national priority and has an overall impact in all components of the society. When it comes to the institutional and capacity development oriented support, there have been no major foreign assisted programmes in this sector. However, there are several initiatives on national and international level, which indicate that social issues will be given much more attention in the upcoming period, and donor assistance is more than welcome. Due to the constant changes in the state administration structure and institutional setup, any long-term Swedish assistance should be carefully analyzed.

In the past period, EWI reported continuation of projects from 2003 focused on developing further steps of cross-border cooperation at both expert and governmental level. Through a numerous consultations, expert group meetings and targeted trainings, the most progress has been made in the areas of ecology, youth initiatives and culture. In 2004, more emphasis was put on some SME related initiatives.

EWI supported and assisted development of a joint monitoring of the sea project in Boka Kotorska Bay established among responsible institutions in Dubrovnik and Kotor. Joint monitoring should result with identification of key policy and tools for local and national level government officials aimed at protection and development of the Bay region. Within the framework of the Stability Pact Working Table III, EWI supported setup of practical protocols of interaction for the fire fighters in cases of seasonal fires in the rugged cross-border terrain.

Balkan Children and Youth Foundation (BCYF): The BCYF programme for Croatia remained quite vague in this report period. Progress reports presented in the meantime do not provide clear information on the size, quality and results of the projects BCYF supports in the NGOs sector in Croatia. According to the last report on the activities in 2003, there were two projects in Croatia, both in cooperation with NGOs located in Zagreb. Education for Love and Non-violence project was focused on work with 450 children in four primary schools in Zagreb. Activities included individual work and interactive workshops extended also to parents and teachers. However, there has been no more concrete projects results showing the impact of the project, neither its facilitators.

The second project reported was the support to youth voluntary organizations in the region. The goal of this project was to provide 30 youth leaders from eight countries in the region with the leadership training to enable them to organize summer camps and to equip young people in their communities with the skills to initiate and manage volunteer projects. Again, no project details have been reported to Sida.

PRONI: The regional PRONI activities continued during the reporting period through an agreement with SIPU International, awaiting a new host organisation to take over after Sida terminated its agreement with PRONI Institute in August 2003. However, Sida concluded that Proni

Centre in Vukovar has become a completely independent local NGO, solid and strong enough to receive direct support from Sida. Therefore, Sida and Proni Center Vukovar signed an agreement in end March 2004.

Proni-Center Vukovar will continue to train youth leaders at university level and support youth activities in Vukovar and Osijek as well as provide continuous support to youth clubs.

4.6. Various

International Training Programmes: Apart from the follow up training on the Regulatory and Quality Infrastructure Development for Food Safety and Quality held in Croatia elaborated earlier, Croatia was the host of follow up training in Solid Waste Management in May 2004. The follow up seminar was co-organized by the Croatian company that participated in the first training in Sweden and SWECO, the Swedish agency that was the main facilitator of the training. The follow up seminar was very successful and beneficial for all participants from the region.

5. Concluding Remarks

The transition from the recipient system to co-operation system in the structure of the development co-operation with Croatia has become more evident and present in every day implementation of Sida programme in Croatia.

More dominant focus on the capacity building and institutional development projects came not only as a result of the change of Swedish approach towards forms of Swedish assistance to Croatia, but also as a need expressed by the Croatian counterpart. Croatian institutions and organizations have become more developed and have much better capacity to manage, monitor and evaluate reform-oriented projects, so they require much more partnership relation then passive absorption of presented information and knowledge.

The past period has also brought good results of the International Training Programmes that Sida supports on a regional level. In two cases, Croatian institutions hosted very successful follow up trainings that resulted with a number of project ideas, firmer regional and international network of contacts, exchange of experiences or even regional projects. One such good example is the Regulatory and Quality Infrastructure Development for Food Safety and Quality, which presents crucial step for all involved countries in improving the infrastructure in the SPS and TBT related issues, and creates conditions for strong bilateral and regional co-operation in the field of trade in food, foodstuffs and agricultural products. Therefore, such programmes should be further encouraged and supported.

Annex: Project list

Projectlist containing ongoing projects, disbursement statistics and
implementary partners. Currency: Swedish kronor.

Partner	Project name	PLUS	Officer	Country	Sector	Data		
						Committed for 2004	Disbursed for Planned for 2004	Planned for 2005
CPIC	Children in foster homes	76002610	GU	CRO	HCY	1 549 316	-	600 000
KIK	Women's projects, framework	76002942	EN	CRO	HRD	2 730 000	-	2 730 000
LWF	IAP Lika 2004	76002979	JB	CRO	RR	20 000 000	-	15 000 000
	IAP Croatia 2003	76002586	JB	CRO	RR	4 491 800	-	4 491 800
SHK	Democratisation regional, framework 2004	76002989	PB	CRO	HRD	3 500 000	-	1 750 000
	Democratisation regional, framework 2003	76002603	PB	CRO	HRD	90 000	-	-
EWI	Transfrontier S Adriatic	76002783	EW	CRO	LDE	500 000	-	133 333
Pront Croatia	Youth work Vukovar	76003051	GU	CRO	HCY	1 800 000	-	1 800 000
SCB	Meta Macro data statistics	76002127	BO	CRO	PF	4 970 081	-	2 943 117
Field Admin.	HRV-SAK-01	21250006	GK	CRO	MSC	1 700 000	-	874 185
	HRV-NPO	21259006	GK	CRO	MSC	400 000	-	216 231
Swedish Institute	Swedish Institute	76002223	GU	CRO	HCY	540 000	-	-
PRONI	Youth Work	76002594	GU	CRO	HCY	5 611 200	-	-
OFFS	Open Fun Football School	76003021	GU	CRO	HCY	608 000	-	608 000
OPIC	HR and democracy, framework 2004	76002983	PB	CRO	HRD	2 420 000	-	2 420 000
Swedesurvey AB	Capacity Building Cadastre	73004849	OM	CRO	RUR	1 746 704	-	1 105 785
	Capacity Building Cadastre 2	73000568	OM	CRO	RUR	5 500 000	-	700 000
Nordic Consulting Group	Farm Structure Croatia	73004850	PHe	CRO	RUR	562 810	-	5 000 000
Grand Total						58 719 911	-	17 063 333

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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