



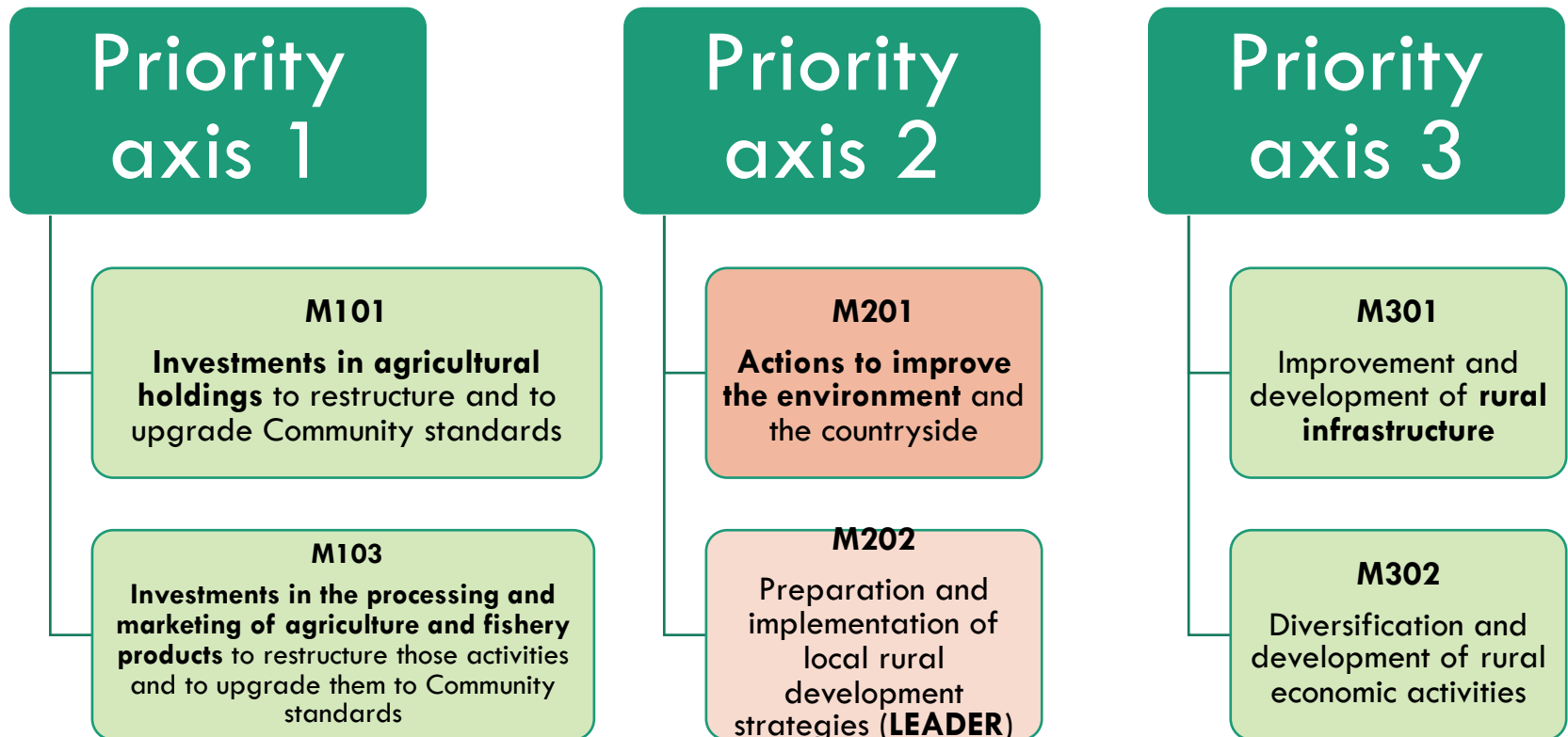
Experience from IPARD - LEADER in Croatia 2007-2013 *till now*

KEP – Know-how Exchange Program

“Capacity Building Program for extension services in the Western Balkans to support participation in IPARD calls”

Centralized training session – Belgrade, September 20, 2019

IPARD Croatia 2007-2013



M 501: Technical assistance, information and publicity campaigns

M 101. Investments in agricultural holdings to restructure and to upgrade to Community standards

- **Eligible beneficiaries:** agricultural holdings (family farms, crafts and legal entities) privately owned in 100% or with up to 25% of whose capital is held by a public body or bodies and defined by Act on Agriculture, registered in the Register of Agricultural Holdings and VAT payers.
- **Eligible expenditures:** the construction or improvement of immovable property; the purchase of new machinery and equipment, including computer software up to the market value of the asset; general costs such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licences up to a ceiling of 12% of the costs referred to in two points above, of which business plans costs are eligible up to 2% but not more than 3.000 Eur.
- Eligible costs are determined excluding VAT
- Eligible public aid intensity: 50% - 75% depends form different conditions
- Eligible: 13.500 Eur/project; Max. 900.000 Eur/beneficiary
- ***Transfer of MA to Croatia: November 30, 2009.***

M 103. Investments in the processing and marketing of agriculture and fishery products to restructure those activities and to upgrade them to Community standards

- **Eligible beneficiaries:** crafts and enterprises privately owned in 100% or with up to 25% of whose capital is held by a public body or bodies, which are in the VAT system and registered for the related business and which belong to micro, small and medium sized enterprises
- **Eligible expenditures:** the construction or improvement of immovable property; the purchase of new machinery and equipment, including computer software up to the market value of the asset; general costs such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licences up to a ceiling of 12% of the costs referred to in two points above, of which business plans costs are eligible up to 3% but not more than 5.000 Eur.
- Eligible costs are determined excluding VAT
- Eligible public aid intensity: 50%
- Eligible: min. 33.800 – max. 3. mil. Eur/projekt; Max. 5 projects/beneficiary
- ***Transfer of MA to Croatia: November 30, 2009.***

M 201. Actions to improve the environment and the countryside

3 site-specific submeasures:

- Grassland maintenance and protection in Velebit Nature Park with the objective of preventing further natural succession on species-rich grasslands; preserving or enhancing the current amount of valuable grassland habitats
- A grassland pilot measure in Lonjsko Polje Nature Park with the objective of restoring and maintaining wetland grassland as a habitat for endangered habitat types and species
- An arable farming pilot measure in Zagreb County aimed at the reduction of existing and prevention of possible future negative environmental impacts arising from adverse agricultural practices as well as increasing biodiversity value on arable land and to preserving its characteristic mosaic landscape
- **Final beneficiaries:** individual farmers, agricultural co-operatives, agricultural enterprises, NGOs and public institutions which own and/or lease land in the pilot areas. The contracts' length will be five years. The minimum land area eligible for support under particular pilot areas
- **Transfer of MA to Croatia: NO due non sufficient data base**

M 301. Improvement and development of rural infrastructure

- **Eligible beneficiaries:** Local self-government units: Municipalities and cities with up to 10.000 inhabitants according to Census 2001.
- **Eligible expenditures:** the construction or improvement of immovable property – in sewerage and wastewater treatments; local unclassified roads heating plants; fire prevention passage; the purchase of new machinery and equipment, including computer software up to the market value of the asset; general costs linked to expenditure referred to in two points above such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licences up to a ceiling of 12% of the costs referred to in two points above;
- Eligible costs are determined excluding VAT
- Eligible public aid intensity: 100%
- Eligible: min. 405.000 Eur – max. 958.000 Eur/projekt; 1 projects/beneficiary
- ***Transfer of MA to Croatia: March 17, 2011.***

M 302. Diversification and development of rural economic activities

- **Eligible beneficiaries:** natural and legal persons registered for relevant business, which are in the VAT system and which belong to micro enterprises
- **Eligible expenditures:** the construction or improvement of immovable property in rural tourism, traditional crafts, direct marketing, on-farm processing plants, freshwater aquaculture, mushroom production and renewable energy resources; the purchase of new machinery and equipment, including computer software up to the market value of the asset; general costs linked to expenditure referred to in two points above, such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licences up to a ceiling of 12% referred to in two points above, of which business plans costs are eligible up to 2% but not more than 2.000 Euro
- Eligible costs are determined excluding VAT
- Eligible public aid intensity: 50%
- Eligible: Max. 1 50.000 Eur/project excl. Renewable energy projects – max. 675.000 Eur/project; Max. 5 projects/beneficiary
- ***Transfer of MA to Croatia: March 17, 2011.***

M 501. Technical Assistance

- **Eligible beneficiarie:** Managing Authority (Ministry of Agriculture)
- **Eligible expenditures:**
 - Expenditures on meetings of the Monitoring Committee
 - Seminars, workshops (national and international) including work of NRN
 - Experts, Promotional and Publicity campaigns, translations etc.
 - ***All activities related to support for LAGs and LDS development; targeted to at least 5 established LAGs and 10 LDS created***
- ***Transfer of MA to Croatia: April 30, 2013.***

IPARD Croatia 2007-2013 (9 changes)

The ratio of payments to the initial and final budget						
Measure	Initial budget		Final budget		Contract.	Payed
	Mil. Eur	%	Mil. Eur	%	Mil.Eur	Mil.Eur
101	44,6	77,39	42,2	81,7	35,8	34,5
103	69,6	41,30	35,7	80,6	30,1	28,7
202	3,7	75,86	3,9	71,2	3,8	2,8
301	35,3	77,33	29,7	92,1	29,2	27,3
302	23,2	30,59	10	71,1	7,4	7,1
501	4,7	6,19	0,3	89,0	0,3	0,3
Total	181,1	55,6%	121,8	87,2%	106,6	100,7

- The average rate of return, close to 40% - reasons relate to the fact that **potential beneficiaries withdrew their support requests** because they were **unable to prepare or collect all the necessary documentation for the specific tender, or that the cancellation was due to a lengthy decision making and changes in certain circumstances by the time a decision is made.**

IPARD Croatia 2007-2013, ex post ev. conclusions

Key factors influencing the results of the Program :

- **Late start** of implementing certain measures,
- **Insufficient use of Technical Assistance (Measure 501),**
- **Insufficient institutional capacity** in certain areas,
- The **lack of prior experience** and therefore the **lack of a model of cooperation between banks and users** on best practice, **lack of cooperation with relevant stakeholders**
- **Lack of established strategic planning process** that would precede the publication of calls for proposals, and took into account the operational dynamics of particular sectors,
- **Socio-economic regional differences in Croatia**, which generally resulted in a smaller activity, a smaller number of users and **generally less absorption of available resources** by the least developed counties in the country
- The **quality of monitoring data**, which does **not allow for a more detailed, quantitative analysis** of the program's net effects on the agricultural sector and the state's economy.

IPARD Croatia 2007-2013 – LEADER (M202)/TA (M501)

TIME LINE	2010.												2011.												2012.												2013.																																						
MEASURE	01.	02.	03.	04.	05.	06.	07.	08.	09.	10.	11.	12.	01.	02.	03.	04.	05.	06.	07.	08.	09.	10.	11.	12.	01.	02.	03.	04.	05.	06.	07.	08.	09.	10.	11.	12.	01.	02.	03.	04.	05.	06.	07.	08.	09.	10.	11.	12.																											
101	█	█	█		█	█	█	█	█	█	█				█	█	█	█	█			█	█		█	█			█	█																				█	█	█																							
103	█	█	█		█	█	█	█	█	█	█				█	█	█	█	█			█	█		█	█			█	█																						█	█	█																					
202																																																																											
301															█	█			█	█																																																							
302															█	█	█						█	█																																																			
501																																																																											

M501 – Technical assistance

In addition to other IPARD technical assistance - initially **planned target**:

- **Strengthening the capacity** of local multisectoral development stakeholders;
- **Establishment of 15 LAGs + Creating 15 Local Development Strategies (LDS)**;
- Establishment of the **National Rural Network (NRN) and the LEDAER Subcommittee**

For the total technical assistance planned EUR 4.7 million (2.6% IPARD CRO), utilized only 0.3 mil. (less than 10% of that for LEADER activities)

Croatian result from TA:

➤ **0 LAGs or LDS created**

➤ *NRN and LEADER Subcommittee formally established but never functioned (LEADER Network Croatia create methodology and forced MA)*

LEADER in Croatia – real „bottom-up” initiative

Lack of any support from national Managing Authority (MA) but.....

More than 50 LAGs formed and created Local Development Strategies (from 2009. till 2012.), exclusively:

- ✓ By **funds from LAG's multifactoral stakeholders** (mostly local self governments)
- ✓ **UNDP (with present LMH Experts) - developed a methodology** for the establishment of **LAGs and Local Development Strategies** in accordance with EU guidelines and experiences of other countries

Conclusion, approach:

LAGs was established by local stakeholders (**real „bottom-up” or „grass-roots” initiative**); nobody waits for funds and MA activities

LAGs organized by themselves and **formed LEADER Network Croatia** as **independent association** to force MA in LEADER implementation

M202. Preparation and implementation of local rural development strategies (planned and **realized**)

3 sub-measures planned in IPARD:

1. Acquisition of skills, animating the inhabitants of LAG territories (*not realized*)

- Awareness and promotion activities;
- Defining and setting up LAGs; Advisory and experts services related to establish a LAG
- Technical assistance for rural studies, regional analysis
- Technical assistance for preparation of local development strategies including training/education sessions and training-of-trainers

2. Implementation of LDS

- to develop projects to be implemented in accordance with the LDS
- Running costs of local action groups shall be eligible within a limit of 20% of the total public expenditure of the local development strategy.
- The implementation of the local development strategy is limited to those measures accredited under axis 3 within the IPARD programme (M301, M302). (*not realized*)
- Expected that the implementation of the local development strategies will begin 2010. (*not realized*).

M202. Preparation and implementation of local rural development strategies (planned and **realized**)

3 sub-measures planned in IPARD:

3. Cooperation projects (*not realized*)

- The overall objective of this sub measure is to develop and implement the LEADER method
- through encouragement of cooperation projects.
- Expected results – min. 5 cooperation projects (inter-territorial and transnational projects)
- Eligible costs:
 - Preparatory technical support e.g. studies, travel expenses, lodging/accomodation;
 - Joint actions e.g. exhibitions, seminars, meetings, workshops;
 - Running common organisational structures;
 - Animation activities;
 - Publicity concerning the project

LEADER in IPARD Croatia

IPARD M202 (LEADER) **department in MA start 2008.**

National regulation finalized in April 2012., approved (accreditation transfer) by EC in **July 2012.**

64 established; applied on 2 calls (2013.) - **41 approved** (64%), rejected 38

➤ Approved LAGs include: > 60% of municipalities and inhabitants, cover > 70% of the national territory

Contracted **3,8 mil. Eur** - Finally payed **71,20%**;

Problems/weaknesses recognized during implementation:

- IPARD (EAFRD/RC) - just for LDS implementation (in running costs and animation activities, **project selection by LAGs was not allowed**) –**problems with prefinancing by LAGs**
- **Huge administrative burden and obstacles for LAGs**; lack of communication with MA; Paying Agency; other national bodies and financial institutions **did not recognize LAGs**
- Lack of understanding of local multisectoral approach and decision making processes; **lack of self-management tradition**
- MA forced LAGs to include local self-governments as public sector stakeholders (result-high influence of local political organizations and interest groups) wich was not EU idea!

Approved LAGs, IPARD Croatia (M202)



Impact on „local areas”; IPARD Croatia, M202

LAGs has a very demanding mission in terms of empowering the development potential of less developed rural areas as shown:

Indicator	All approved LAGs/40	In relation to the overall Republic of Croatia
The number of the local selfgovernments in LAGs	355	63,8% (556 RH)
The number of settlements in the LAGs	4030	59,6% (6.756 RH)
Total area coverage by LAGs	38.810,97 km ²	68,6% (56.594 RH)
Polulation number in LAGs/Census 2011	1.415.259	31,9% (4.284.889 RH)
Population density in LAGs, inhabitants /km ²) / Census 2011	44	Fare below national average of (78,4)

Impact on IPARD M202 indicators – power of LAGs and support LEADER Network

IPARD indicator	Target value	Achieved value / No.	Achieved value/%
No. Of applicants	40	80	160%
No. of selected LAGs	25	40	200%
Area/teritory	16.600	38.810	234%
No. of inhabitants in selected LAGs	715.000	1.415.259	198%
No. of created jobs	300	80	
No. of LAGs capacity building (CB) activities	100	388	388%
No. of participants in CB activities	1000	6.276	628%
No. of info- promotional acitivities	200	673	337%
No. of participants in info-promotional acitivities	6000	46.651	778%

Selected (approved) LAGs in Croatia - conditions

- Be registered and act as **an CSO in accordance with the Law** on CSO
- Include a **rural areas with more than 10.000 and less than 150.000** inhabitants in accordance with Census 2001. (M202); 2011. (M19)
- Include a clearly defined and geographically continuous area and residents of one or more **settlements within at least 5 local self-government units**
- **Settlements** or local government units, must be **directly connected to each other either by land, sea or water**
- **One settlement** may **belong to only one LAG** (no territorial overlapping)
- The **headquarters of the LAG** must be located **within the areas** covered by the LAG

Selected (approved) LAGs in Croatia - conditions

LAG managing board (MB) must include:

- ✓ representatives of the economic (such as non-majority companies and / or units of regional / regional and / or local self-government units, cooperatives, craftsmen, agricultural holdings) and the civil sector (such as citizens, CSOs, foundations, foundations) with at least 50% representation
 - ✓ public sector representatives (such as local self-government units, companies, institutions and institutions in majority ownership of the Republic of Croatia and / or regional / regional and / or local self-government units) with a maximum of 49% representation
 - ✓ women with at least 30% representation
- **Legal and natural persons** who are members of the MB **must be registered within the LAG**
- Natural persons (citizens) who are members of the LAG and present themselves in person must have a permanent residence within the LAG
- **One person in the MB may only represent one LAG member**

Selected (approved) LAGs in Croatia - conditions

- The public, economic or civil sector or **any single stakeholder group within a LAG may not own more than 49% of the voting rights individually**, in accordance with Article 32 of Regulation (EU) No. 1303/2013
- Have regulated financial obligations according to the state budget of the Republic of Croatia
- Have **prepared the LDS** for the period 2014-2020 and adopted by the LAG's competent body, in accordance with the LAG Statute
- **LAG members may not be affiliated entities** /affiliated companies in accordance with Annex I of Regulation (EU) No. 702/2014
- **Representatives of the executive body of the local and regional self-government unit in LAG bodies may represent exclusively this unit** of local and regional self-government. Any departure from the said provision shall be deemed to be in breach of the obligations prescribed by the Contract referred to in Article 12 of this Ordinance.
- **The task of the selected LAG is to select the most representative representatives of each stakeholder in LAG bodies.**

EAFRD 2014-20; Measure 19: LEADER-CLLD

EMFF 2014-20; Measure III: LEADER-CLLD

The position of the Republic of Croatia during the negotiations for EU membership:

- 1st allocate 1% of **EAFRD for LEADER** implementation in Croatia; 2nd Croatia ultimately agreed to 2.5% (half of the EU minimum of 5% EAFRD) – **current 3%**
- *7% of EMFF for LEADER implementation*

Current implementation; **one Managing authority** - Ministry of Agriculture:

- **Mono-funding** (separate organizations: **LAGs – EAFRD**, **FLAGs – EMFF**)
- **LAGs just replicating (copying) another measures of EAFRD (MA/PA)**
- *...FLAGs in real LEADER implementation, multi sectoral partnership projects are supported (only MA)*
- No urban implementation

Implementation through EAFRD is in contrary to the LEADER principles and recommendations of the EC not to copy other measures of EAFRD through the LEADER measure!

LESSONS FOR NEXT PROGRAMMING PERIOD (2021-27)!



EAFRD - LEADER-CLLD (M 19): Main data

- **54 approved LAG-s** (in comparison with IPARD: 42)
- **56,96%** inhabitants (IPARD: 34%)
- **90,2%** of the national territory (IPARD: 69%)
- 6.165 settlements (91,06% of all)
- 108 towns (85,04%) and 403 municipalities (94,16%)
- Total of **511 Croatian self-governments units**
(92,07% of all)

- *Survey 2019 (MA): 52 LAGs (96,29%)
opted for multi-funding
in 2021-2027*



LAGs in RDP Croatia 2014-2020 (M19)

MONOFUND – only EAFRD, total in **RDP 64 mil. EUR** (3% of all RDP Croatia)

4 submeasures:

19.1 LDS preparation activities (eligible - running and animation costs, external experts costs), than - public tender for LDS and LAGs approval,

Average per LAG, 1-1,3 mil EUR (for implementation)

And **LAGs finally start with real work – on Croatian way** – main problem: **false LEDAER – same other RDP measures on small scale**

19.2 LDS implementation - LAGs choose private projects for agricultural development and public infrastructure development through open calls, open to all LAGs stakeholders

19.3 LDS implementation in LAGs cooperation projects, nationally or transnational LAGs cooperation

19.4 running and animation eligible costs

LEADER Network Croatia – bottom up association

- **national non-governmental umbrella organization of the LAGs and other supporting organizations and institutions, from the civil (national and expert associations) and public sectors (universities, institutes, chamber of commerce etc.) only**, dealing with the development of rural areas and acting on national level
- **founded on 12th April 2012** by 20 LAGs and 7 supporting organitaions/institutions

Main objectives/tasks:

- **strengthening the capacity of LEADER organization and dissemination of LEADER/CLLD principles and methodology** for local and integrated territorial development; nationally and on international levell
- **exchange of experiences and advocacy interests of Local Action Groups (LAG)**, development and research institutions and all organizations dealing with rural development in the Republic of Croatia, as well as ensuring the participation of Croatian LAGs and other rural stakeholders in national, regional and European rural networks;
- **providing technical assistance to LAGs on daily basis, by unique IT toll created just for LAGs** (Spotbe LMH closed network), email, phone, field visits;
- **provide frameworks; tools; unified methodology and documents;**
- **EU levell unique IT toll developed specialized for LAG monitoring and evaluation** with all national and EU strategic goals and indicators (ProgressLAG)



Member of organizations/bodies

- organizations on EU level:
 - **ELARD** (European association of LAGs)
 - **ENRD** (European Network for Rural Development)
 - thematic clusters within the ENRD's
 - **European Evaluation Helpdesk**
- National level:
 - **National Rural Network at the MA**
 - **National Committee for LEADER / CLLD measure of IPARD** (Measure 202) **and RDP 2014-2020** (Measure 19)
 - **National Monitoring Committee for IPARD and RDP Croatia 2014-2020**
 - Through our membership network –member of all relevant bodies for EU programming and implementation

Key achievements 2012. – till now

- **Everyday advisory assistance (TA)** to our members and **cooperation with organizations** responsible for the development of rural areas (**Ministry of Agriculture and Paying Agency**) from period 2012. – ongoing (**by phone, e-mail and internal social platforme „Spotbe”**)
- Participation in the **development of the Ordinance and tender launch for Measure 202 (LEADER), IPARD 2007-2013; Measure 19 (LEADED-CLLD; submeasures 19.1, 19.2, 19.3 and 19.4), RDP 2014-2020 and Measure III.2/III.3 CLLD in Maritime and Fishery Operational Programme for Croatia 2014-2020**
- **Encouraging formation and advocating structure and transparency of national Network for Rural Development** in Ministry of Agriculture, Croatia
- **Exemption from VAT for beneficiaries of Measure 202 (LAGs) and Measure 301 (local government units) IPARD 2007-2013**
- organization and implementation of **capacity building national and individual workshops** for LAGs/FLAGs and their members on monthly/yearly basis
- **International workshops – transfer know-how/tailor made tools** for LEADER/CLLD creation and implementation, emphasise on SEE countries

Key achievements 2012. – till now

- **Scientific research and impact assesment** of LEDAER-CLLD programe and rural development support measures
- Creation and implementation of **unique software for LAGs project management, monitoring and evaluation of LDS IPARD and RDP 2014-2020 – ProgressLAG**
- Establishing the **unique 2 pre-financing systems for approved LAGs through cooperation with Cooperative for Ethical Financing in Croatia and National Foundation for Civil Society Development**
- Initiator and one of the founders of the **first Cooperative for Ethical Financing in Croatia** as an **originator of the first ethical bank in the Republic of Croatia**
- Creation of an **unique fund to finance social entrepreneurship development (EU SEF)** – cooperation with European Commission / EC funding activities / financial instruments
- **Creation of Rural/Fisherly/UrbanCLLD guidlines** for present and next programming period.....



We are delighted to invite you in
1st SEE LEADER International conference on practical and theoretical implications
of LEADER/CLLD approach SEE countries,
in Opatija (Croatia) on November 20-22, 2019.





www.see-leader.eu

info@see-leader.eu



Thank you for your attention!

Ms Bojana Markotić Krstinić IPMA/CMC
LEADER Network Croatia, General Secretary

www.lmh.hr

www.see-leader.eu

Contacts:

Kurilovac 1, 47 280 Ozalj

tel:+385 47 731 400 (112), fax: +385 47 731 172

gsm: +385 98 901 9685 / +385 98 490 902 / +385 91 4085 366

e-mail: predsjednik@lmh.hr, glavni.tajnik@lmh.hr

