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Subject: Addendum to the Negotiating Position of the Republic of Croatia on Chapter 22 –  
Regional Policy and Coordination of Structural Instruments

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**INTERGOVERNMENTAL CONFERENCE ON THE  
ACCESSION NEGOTIATIONS OF THE REPUBLIC OF CROATIA  
TO THE EUROPEAN UNION**

**CHAPTER 22 – REGIONAL POLICY AND  
COORDINATION OF STRUCTURAL INSTRUMENTS**

**ADDENDUM TO THE  
NEGOTIATING POSITION OF THE REPUBLIC OF CROATIA  
(CONF-HR 15/08)**

Further to the Negotiating Position of the Republic of Croatia on Chapter 22 - Regional Policy and Coordination of Structural Instruments (CONF-HR 15/08), the Republic of Croatia hereby accepts the *acquis* under Chapter 22 as in force on 1 January 2011 and is ready to implement it by accession to the European Union (EU). With regard to the implementation of Article 93(1) of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, Croatia puts forward the following request:

*The Republic of Croatia requests that, by way of derogation from Article 93(1) of the Regulation, the deadline for automatic de-commitment for Croatia be 31 December of the third year following the year of the annual budget commitment under its operational programmes. Croatia requests that this deadline is also applied to the annual budget commitment in an operational programme falling under the European territorial cooperation objective, where Croatia is one of the participants.*

*In this regard, Croatia considers that in line with this request other relevant provisions of the *acquis* (e.g. on eligibility of expenditures, closure of the operational programmes, payment of final balance, ex post evaluation) and the respective reference dates would need to be adapted accordingly.*

Explanation: The Instrument for Pre-Accession Assistance (IPA) is used under the N+3 rule (part of the budget is automatically released by the Commission if it has not been used or no request for payment has been received at the end of the third year following that of the budgetary commitment). Since all IPA Component II, III and IV operational programmes are to be continued as the operational programmes co-financed from the EU Structural funds and the Cohesion Fund for the period from the date of accession to 31 December 2013, a continued application of the same N+3 rule until the end of the current Financial Framework 2007-2013 would allow for greater coherence and efficiency of the system.

Moreover, if N+2 rule would apply to operational programmes that are co-financed from Structural funds and Cohesion fund, 31 December of the second year following the accession would be the date when the Croatian administration would be confronted with two parallel deadlines: N+3 for IPA operations which commenced and have not been completed by the date of accession and N+2 for new structural operations. Such situation may create additional administrative burden and potentially have an adverse effect on the absorption of funds within the given time constraints.

Additionally, taking into account the present assumption that Croatia will accede to the EU in the last phase of the current Financial Framework 2007-2013 and should receive considerably higher annual allocations from Structural funds and Cohesion fund than currently under IPA, it will be of utmost importance for Croatia to benefit from a longer eligibility period in order to ensure the absorption of these funds in an effective and sound manner in the short period of time.

Croatia notes that in the current Financial Framework 2007-2013, the new Member States also benefited from N+3 rule in respect of their programmes for several years after their accession to the EU. It is worth noting that the first years after the accession are the crucial years for the start-up of programmes.

The above negotiating request is based on the existing *acquis* applicable until 31 December 2013 and is without prejudice to Croatia's positions regarding the respective future *acquis* for the programming period thereafter.

## Eligibility

Croatia considers that on the basis of the current *acquis*, in the period from the date of accession to 31 December 2013 all three statistical regions corresponding to NUTS level 2 (*Sjeverozapadna Hrvatska, Središnja i Istočna (Panonska) Hrvatska and Jadranska Hrvatska*<sup>1</sup>) would be eligible for assistance under the Convergence objective (*Objective 1*), the reference years being 2005-2007.<sup>2</sup>

Croatia considers that on the basis of the current *acquis*, all statistical regions corresponding to NUTS level 3 along Croatia's land borders and all statistical regions corresponding to NUTS level 3 along maritime borders would be eligible areas for funding under the cross-border cooperation under the European territorial cooperation objective (*Objective 3*) in the period from the date of accession to 31 December 2013. Croatia also considers that all three statistical regions corresponding to NUTS level 2 would be eligible areas for funding under the transnational strand of the European territorial cooperation objective and that the entire territory of Croatia would be eligible for interregional cooperation in the period from the date of accession to 31 December 2013.

Croatia reserves the right to revise the existing division on three statistical regions corresponding to NUTS level 2 for the next EU financial framework starting from the year 2014, on the basis of the population census which will be carried out in Croatia in 2011.

Also, Croatia considers that, on the basis of the current *acquis*, it would be eligible for Cohesion Fund assistance from the date of accession.

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<sup>1</sup> Engl. North-Western Croatia, Central and Eastern (Pannonian) Croatia and Adriatic Croatia.

<sup>2</sup> Based on Eurostat statistical data for GDP per capita (*measured in purchasing power parities and calculated on the basis of EU-27 figures*) for Croatian statistical regions corresponding to NUTS level 2 on the date of adoption of this Addendum to the Negotiating Position of the Republic of Croatia on Chapter 22.

### **Other principles of structural actions expenditure and financial management**

With regard to pre-financing, and taking into account the present assumption that Croatia will accede to the EU in the last phase of the current Financial Framework 2007-2013, Croatia expects to receive the pre-financing amount paid in one single instalment as soon as possible after its accession to the EU.

Should the gradual two-year phasing-in of structural actions expenditure be applied, Croatia considers that the rates could be as follows: 60% in the year of accession, 80% in the year following the accession year (whereby it should be ensured that the calculated amount is adjusted, if necessary, to represent an adequate nominal increase compared to the amount calculated for the year of accession), with full phasing-in achieved by the second year following the accession year.

Croatia considers that in the period from the date of accession to 31 December 2013 at least one third of the overall envelope for structural actions for Croatia shall be allocated to the Cohesion Fund.

The above considerations are without prejudice to Croatia's positions regarding the EU Cohesion Policy principles and rules to be defined for the EU financial framework starting from the year 2014.

### **Programming and Institutional Framework**

Following the outcomes of technical consultations on Chapter 22 with the European Commission services on the programming and institutional framework for the use of EU Structural funds and Cohesion fund in Croatia, certain modifications in relation to the number, titles and scopes of operational programmes indicated in the Negotiating Position of the Republic of Croatia on Chapter 22 (CONF-HR 15/08), have been agreed.

For participation in the *Objective 1*, Croatia shall complete and have ready for submission to the European Commission 6 months before its accession to the EU the following strategic documents:

- *National Strategic Reference Framework,*
- *Operational Programme for Transport,*
- *Operational Programme for Environment and Energy,*
- *Operational Programme for Regional Competitiveness,*
- *Operational Programme for Human Resources Development,*
- *Operational Programme for Administrative Capacity Development.*

The operational programmes, with the exception of *Operational Programme for Administrative Capacity Development* which will be a completely new programme, will represent a continuation of the interventions co-financed under the Instrument for Pre-Accession Assistance (IPA), Components III and IV operational programmes.

As a result of Croatia's accession to the EU, the following operational programmes for participation in the *Objective 3*, shall be modified as appropriate:

- 6 programmes for cross-border cooperation: *Cross-border Cooperation Programme Slovenia – Croatia, Cross-border Cooperation Programme Hungary – Croatia, IPA Adriatic, IPA CBC Croatia – Bosnia and Herzegovina, IPA CBC Croatia – Serbia and IPA CBC Croatia – Montenegro,*
- *Transnational Operational Programme for South-East Europe,*
- *Transnational Operational Programme for Mediterranean.*

All programmes will represent a continuation of the interventions co-financed under the Instrument for Pre-Accession Assistance (IPA), Component II programmes.

The institutional framework for the management of the above-mentioned operational programmes in Croatia under the EU Structural funds and the Cohesion Fund is the following:

<b>ROLE</b>	<b>INSTITUTION</b>
<b>Horizontal functions</b>	
NSRF Coordinating Authority	Central Office for Development Strategy and Coordination of EU Funds
Certifying Authority	Ministry of Finance - National Fund
Audit Authority	Agency for Audit of European Union Programmes' Implementation System
<b>OP Transport</b>	
Managing Authority	Ministry of Sea, Transport and Infrastructure
<b>OP Environment and Energy</b>	
Managing Authority	Ministry of Environmental Protection, Physical Planning and Construction
Intermediate Bodies	Environmental Protection and Energy Efficiency Fund
	Ministry of Regional Development, Forestry and Water Management
<b>OP Regional Competitiveness</b>	
Managing Authority	Ministry of Economy, Labour and Entrepreneurship
Intermediate Bodies	Agency for Regional Development
	Croatian Agency for Small Enterprises
	Business Innovation Agency (BICRO Agency)
<b>OP Human Resources Development</b>	
Managing Authority	Ministry of Economy, Labour and Entrepreneurship
Intermediate Bodies (level I)	Ministry of Health and Social Welfare
	Ministry of Science, Education and Sports
	Governmental Office for Cooperation with NGOs
Intermediate Bodies (level II)	Croatian Employment Service
	Agency for Vocational Education and Training and Adult Education
	National Foundation for Civil Society Development

<b>OP Administrative Capacity Development</b>	
Managing Authority	Ministry of Public Administration
Intermediate Body	Central Finance and Contracting Agency
<b>Cross-border programmes<sup>1</sup></b>	
Managing Authority	Ministry of Regional Development, Forestry and Water Management

Adopted by the Government of the Republic of Croatia

Zagreb, 27 January 2011

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<sup>1</sup> This relates only to the cross-border programmes where Croatia would provide a Managing Authority (i.e. *IPA CBC Croatia – Bosnia and Herzegovina*, *IPA CBC Croatia – Serbia* and *IPA CBC Croatia – Montenegro*).