



European Union
Quick Impact Facility
Economic Development
in Croatia



This project
is funded by the
European Union



A project
implemented by
UNDP / UNOPS

WHAT IS THE QUICK IMPACT FACILITY (QIF) ?

In December 2000, the Council of the European Union adopted Regulation EC - Nr 2666/2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia. This Regulation provides for Community assistance to support participation of the recipient countries in the stabilisation and association process. Under the **CARDS** programme (“Community Assistance for Reconstruction, Development and Stabilisation”), the EC has decided to continue its previous support to the sustainable return and re-integration of Refugees and Displaced Persons (DPs) in Croatia.

The CARDS programme is an important contribution to support the Stability and Association Agreement (SAA), which is clearly a priority for both the EC and the Croatian Government.

This objective can be achieved notably through the enhancement of the existing EU funded integrated return programme in Croatia, including projects in the economic sector such as the **Quick Impact Facility (QIF)**

The aim of the QIFCARDS programme, is to generate higher income levels and employment in the war-affected areas of Croatia, mainly (but not exclusively) by



supporting the micro and small enterprise sector. To reach this main objective, activities in the following areas are carried out:

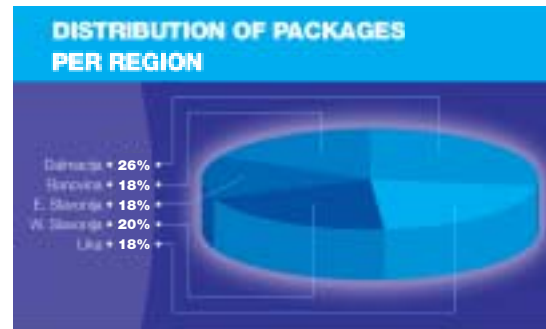
- (a) Assistance to the vulnerable returnee families, those who cannot access normal credit lines, for income-generation activities;
- (b) Support to family farming, crafts and SMEs through credit schemes (Guarantee Funds), including training and technical advice to entrepreneurs;
- (c) Capacity-building activities for local organizations, such as the municipalities, the Local Economic Development Agencies (LEDAs) and other local stakeholders which, on the long term, will continue to provide support for the economic development of the regions;

- (d) Support to regional development initiatives, such as organic food production and rural tourism;
- (e) Support to Agricultural Cooperatives in terms of credit, marketing, joint ventures and training; and
- (f) Support to Regional Development Planning local capacities, by preparing Regional Operational Programmes (ROPs) according to EU standards.

The QIF Croatia programme is implemented by UNDP/UNOPS (United Nations Development Programme / United Nations Office for Project Services) with the technical support of the International Labour Organization (ILO) and the services of the United Nations Volunteers (UNV) programme



START-UP PACKAGES FOR THE VULNERABLE FAMILIES



Feedback

Western Slavonia - Credit for an Agricultural Business

Our family was first included in the UNDP-UNOPS Start-Up Packages program. We received some equipment and started to fabricate milk products. In June 2000, we also received a credit to buy cows and to repair the stables, so that we could expand our milk production. We started only with five cows, and sold the production to the local dairy. We plan to take another credit for mechanization and to buy more cows, in order to improve our business and have more income for the family.

UNDP-UNOPS and EU supported us in the worst period of our life. Thanks to them and their programs, we are able to secure an income for our family.

The Doležal family (Pakrac)



The areas where the programme is operational includes local and specially returnee population which is particularly vulnerable: elderly people, women-headed households, disabled persons, unemployed returnee families with children and no income at all. By providing them basic agricultural or livestock support, the program can greatly contribute to increase their income (at least 40%) and long-term self-sufficiency.

Seventeen different start-up packages have been designed. These packages may include motor-cultivators, agricultural tools and equipment, greenhouses, livestock

(cows, pregnant pigs, sheep, goats, chicken) and other agricultural production inputs.

As of September 2003, 4.928 families had been visited and screened in the five regions where the programme operates. Start-up packages have been distributed to 1.996 of them (Lika 374, Dalmatia 508, Banovina 366, Western Slavonia 392, and Eastern Slavonia 356).

Concerning the vulnerability category, the distribution is the following: low-income families (59%); elderly people (26%); women-headed household (7%) and disabled (8%).

CREDIT SCHEMES: THE GUARANTEE FUNDS

UNDP/UNOPS and ILO, with QIF and previous EU funding, have signed eleven Guarantee Fund agreements with the Croatian Banking System, to provide credit for agriculture, livestock, family crafts, agricultural cooperatives, and SMEs (micro and small enterprises). The total amount available for credit is Euros 11 million. The programme normally guarantees up to 50% of each single operation / credit; but, in the case of SMEs, this percentage may, in exceptional cases, go up to 70%.

Although all credits are approved by the banks, and disbursed with their own resources, the programme ensures the risk of any individual loan through the Guarantee Fund, but in terms of a complementary and subsidiary fund. The terms Complementary and Subsidiary (or auxiliary) are crucial in order not to lessen the personal responsibility of the borrowers on their financial obligations. Complementary means that either their personal assets (including those to be bought with the loan) or their financial guarantors



accepted by the banking system will be considered the credit's basic guarantee. In such a case, the programme's Fund will offer an additional fiduciary guarantee to reach the standard level normally required by the bank to its clients. Subsidiary means that the first guarantees to be affected - under the

regular procedures of the bank- are the ones owned by the borrower.

The actual "leverage level" given by the banks is one to one. For each Euro the programme deposits into each Guarantee Fund, the corresponding Bank adds one Euro from its own resources.

GUARANTEE FUNDS FOR AGRICULTURE, LIVESTOCK AND FAMILY CRAFTS (RETAIL)

Maximum amount per loan: Euros 8.000

YEAR STARTED	NETAMOUNT OF THE GUARANTEE FUND (Euros)	BANK	REGION	NR LOANS APPROVED 30/11/2003	AMOUNT LOANS (In Euros)
1998	455.000	JADRANSKA	ŠIBENIK	334	1.309.978
1999	476.000	JADRANSKA	KNIN/LIKA(*)	207	990.307
1999	535.000	POŽEŠKA	W. SLAVONIA	366	1.224.696
2000	480.000	NOVA	BANOVINA	195	956.414
2001	480.000	CROATIA	E. SLAVONIA	468	1.344.565
	2.426.000			1.570	5.825.960
				LOANS	EUROS

(*) Covers two regions: Knin and Lika

PERFORMANCE OF THE RETAIL GUARANTEE FUNDS (March 1998 - November 2003)

REGION	BANK	NR LOANS	AMOUNT APPROVED	DEFAULT PAYMENT (1)
ŠIBENIK	JADRANSKA	334	1.309.978	16,40%
KNIN (*)	JADRANSKA	151	714.077	15,46%
LIKA (*)	JADRANSKA	56	276.230	10,19%
BANOVINA	NOVA	195	956.414	4,65%
W. SLAVONIA	POZEŠKA	366	1.224.696	5,79%
E. SLAVONIA	CROATIA	468	1.344.565	3,35%
TOTAL		1.570	5.825.960	

DISTRIBUTION OF CREDITS PER REGION

W. Slavonia + 33%
E. Slavonia + 33%
L. Slavonia + 11%
B. Slavonia + 23%



PROGRAMME COMPONENTS

IMPACT OF THE SMALL LOANS SCHEME (RETAIL BANKING)

Although it is difficult to precise exactly the results of each loan, the following global outputs should be mentioned:

According to the QIF technical guidelines (Regional Rehabilitation Programmes of Šibenik, Knin and Western Slavonia – “Settlement Pattern”), the average yearly income per family generated by the selected crops or by one of the 8 farming models would oscillate between Euros 4.200 and Euros 5.600. If all the 1.570 credits could be considered as successful, the total yearly income generated by the credit system would vary between Euros 6.594.000 and Euros 8.792.000.

In terms of employment, and assuming that every credit would provide 1,0 full-time employment for agriculture and livestock and 3 for each Family Business, this means that the credit system would already have provided more than 1.800 full-time employments

.A qualitative impact – which is very difficult to prove, but still is present – is that a certain percentage (estimated in between 30 to 40%) of the displaced / returnee families who received a credit would most probably have left again the region if they had not been given the opportunity of starting an income-generation activity.

GUARANTEE FUNDS FOR SMES

CORPORATE BANKING - Maximum amount per loan: Euros 70.000

YEAR STARTED	CUR	AMOUNT OF THE GUARANT FUND	BANK	REGION	NR LOANS APPROVED 30/11/003	AMOUNT LOANS (EUROS)
APR 2002	EUR	600.000	JADRANSKA	ŠIBENIK	37	862.100
APR 2002	EUR	600.000	POZEZKA	W. SLAVON	27	869.900
APR 2002	EUR	400.000	NOVA	BANOVINA	15	334.400
SEP 2002	EUR	500.000	CROATIA	E. SLAVON	37	1.021.600
SEP 2002	EUR	700.000	CROATIA	ZADAR	49	1.433.500
MAR 2003	EUR	300.000	CROATIA	LIKA	02	95.000
		3.100.000			167 LOANS	4.616.500 EUROS

PRESS

VEČERNJI LIST • 31st January, 2002.

Guarantee Fund is available to the Požeško - Slavonska County Entrepreneurs WITH THE HELP OF THE EMPLOYMENT SERVICE FOR THE STARTERS

In the future, international organizations will pay more attention to economic development rather than to humanitarian aid.

With the support of the LEDA (Local Economic Development Agency) of Okučani, as from the 1st of February, all entrepreneurs of Požeško-Slavonska County, will have access to the Guarantee Fund. The European Commission has established that Fund to support all entrepreneurs, especially the starters.

Mr Davor Ilijašić, LEDA's Executive Director, informed the media about all details concerning the new Guarantee Fund of the European Commission. The Guarantee Fund is a well-known model to support investments related to the improvement of small and medium enterprises. Mr Ilijašić said that the LEDA will provide all assistance for potential entrepreneurs. The business plans, communication with banks and all technical assistance will be provided by the LEDA. In cooperation with Požega's Croatian Employment Service, a training and promotion campaign will be carried out to improve the small and medium enterprises sector in the County.

In the new Guarantee Fund, the potential entrepreneurs will have to present 75% of collaterals, instead of the 120 to 250% which is usually requested by the banks. Based on the previous positive experience, Požeška Banka has been chosen as a partner by the European Commission for the new project.



CAPACITY-BUILDING: LOCAL ECONOMIC DEVELOPMENT AGENCIES (LEDAS)

With the technical support of the International Labour Organization (ILO) four Local Economic Development Agencies (LEDAs) have been established in Croatia: East Slavonia, West Slavonia, Banovina and Dalmatia. These four LEDAs are fully operational and legally registered.

The main objectives of a LEDA can be summarized as follows:

- 1 - Informing the county (region) on the existing entrepreneurial opportunities and the access to financial and technical support
- 2 - Supporting the promotion of the region by preparing and promoting regional development initiatives, as well as by channeling financial and technical resources that will contribute to the development of the local economy in the regions
- 3 - Assessing and valuing the local resources, in order to promote sustainable entrepreneurial activities and create a favorable climate for business development
- 4 - Assisting SME in their development, either directly (through the Guarantee Funds) or by helping selecting the right support institutions for them
- 5 - Supporting and stimulating innovations, introducing new technologies and products to the local markets



It is through these activities, that the LEDAs promotes themselves as a technical instrument for the territory where information, documentation, contacts and qualified technical and financial assistance can be found and will be delivered.

On the basis of the above- mentioned points, the performance of the different LEDAs is analyzed. The analysis is focused on the following items, reflecting the main activities of the LEDA:

- 1 - Regional Development Initiatives
- 2 - Business planning and counseling
- 3 - Credits approved for SMEs or Cooperatives
- 4 - Training to entrepreneurs and business starter
- 5 - Relation with local authorities and other institutions
- 6 - Resource mobilization
- 7 - Promotion and marketing

Besides these four LEDAs, the QIF programme has operational agreements with the Center for Enterprises (CFE) of Osijek and the Center for Technology Research (CTR) of Slavonski Brod, who provide

Business Development Services (BDS) in those regions not covered by the LEDAs. Under the CARDS 2001, an agreement has recently been reached with the Zadar Center for SMEs, increasing to seven (7) the Business Development Service providers linked to the QIF programme.

The sustainability of these public-private initiatives is a critical issue. Therefore, the QIF programme has established a decreasing scale of financial support for the operational costs of the LEDAs: 100% in the first 2 years, 75% in the third, 50% in the fourth and 25% in the fifth. Other actual sources of income for the existing LEDAs are: the Ministry of SMEs, the Counties, other international donors (Canada, Soros Foundation, Mercy Corps/USAID), the fees paid by entrepreneurs for the preparation of the business plans; and, in the future, the interest paid by the Banks to the Guarantee Funds (fixed-term deposit), once their property will be transferred by QIF to the LEDAs.

REGIONAL DEVELOPMENT INITIATIVES



UNDP/UNOPS and LEDA Krka, under the QIF programme have prepared two regional studies on the production of Eco-Food and Rural Tourism. The studies have been published and officially presented to the public in April 2002. The studies not only provide good inside information in the potential of ecological agriculture and rural tourism in Croatia, but will also function as a framework for future credits that will be disbursed in the context of the new Guarantee Funds.

Another regional initiative has been started in Vukovar County, where the QIF supported Entrepreneurship Center has started a program aimed at creating a cluster of woodworkers

in the County. The objective is to join individual production capacities in order to meet the requirements of the market. Vinkovci area has a long tradition in woodworking and a big number of small and medium private firms operate in this sector. A similar project is under study for the building industry. Both programs count with the financial support of the Ministry for SME.

Organic Food Production

A pilot project has been started in January 2002, involving a reduced number of only 12 farmers. As the pilot phase proved to be successful, the project will involve 45 farmers in 2003.

Organic fertilizers, seeds and protection materials were distributed to the farmers on a “recoverable advance” modus. An agricultural cooperative and an association of organic food producers, both called Eko-Dalmacija, have been legally established.

In 2002, an agreement was signed with Naturland Deutschland to provide training to the UNDP/UNOPS staff and to the farmers.

- A Controller’s Training course was held in Munchen, Germany, from the 15th to the 19th of April 2002. Four UNDP/UNOPS staff attended the course.
- A Farmer’s Training course was held in Dverske, Knin, from the 19th to the 27th of April 2002. Two teachers from Naturland gave the course, which was attended by 25 farmers.
- A Farmer’s training course on “organic production in greenhouses” was also held in December 2002 in Šibenik.

In 2002, an agreement was also signed with IMO (Institut fur Marketologie) Switzerland for the Inspection and Certification of the farmers. After the field inspection, IMO certified, in June 2002, that most of the agricultural production of the farmers is in accordance with the defined organic production methods; and that Eko-Dalmacija is entitled to process and market those organic products certified by IMO, in compliance with EEC Regulation NO 2092/91. The part

PROGRAMME COMPONENTS

of the production that was not certified by IMO was sold by Eko-Dalmacija as "conventional" production.

Based on the IMO inspection, a sub-license agreement between Eko-Dalmacija and Naturland Deutschland, to use the Naturland Trade Mark in Croatia, has been approved, for those products certified by IMO Switzerland.

The Municipality Kistanje has provided facilities for free to Eko-Dalmacija to establish in Varivode a packing facility. The building, partially destroyed during the war, was repaired; Eko-Dalmacija, with EU funding, bought packing equipment and a small truck for distribution. Four people have been employed by the Association.

As of the end of November 2002, Eko-Dalmacija has produced and sold 118 tons of organic food, including potatoes, carrots, onion, tomatoes, paprika, eggplant, cucumber, broccoli, cabbage, coliflower and potbeans.

In April 2003, a contract was signed between the Eko-Dalmacija Cooperative and the prestigious firm SMS. The firm will buy and process, in its Split premises, 12 different agricultural products from the Cooperative. The Institut für Marketologie (IMO) of Switzerland, together with BIOPA Croatia, carried out the inspections of the farms from the 22nd to the 27th of April 2003. The final inspection report is expected by the end of May 2003. If approved, Naturland Deutschland will certify their production for the year 2003/2004.



Rural Tourism

A total number of 30 families have already been pre-selected for credit purposes. Ten (10) of them have already been granted a credit through the EU funded Guarantee Fund for SMEs. The feasibility study carried out in 2001 shows that there are 11 non-traditional tourism activities that could be carried out in Šibenik-Knin County.

As of September 2003, the QIF programme has supported nineteen (19) rural tourism community infrastructure projects in Šibenik-Knin County and four (4) in Zadar County. They include, for example, furniture for the ethno-museum of Drniš, the revitalization of hiking / biking paths, the conclusion and equipment of mountain refuges, the illumination of national heritage monuments and rural churches, and the co-funding of a small documentary film on the Dalmatian Pršut (smoked ham), that will help traditional farmers to promote their production in and outside Croatia. More rural communities are approaching the QIF programme for assistance, as the process of approval is smooth and fast.

The kind of projects that QIF is supporting can be seen in the following webpage:
www.jurlinovidvori.com

PRESS

VEČERNJI LIST • 27th April, 2002.

UNDP AND NATURLAND HAVE PROVIDED SUPPORT TO "EKO DALMACIJA"

DEVRSKE - The fertile land of Kistanjska Bukovica that has been abandoned and neglected for decades, is going to be used in the future for production of eco-food. The demand for that kind of food is growing both in our country and in the rest of the world. The program is financially supported by the European Union and UNDP (United Nations Development Program). The technical orientation for the development of eco-production was provided during a seminar for the members of "Eko Dalmacija" association in Devrske. The seminar was held in "Biopharm d.o.o." owned by dr. Željko Krpan, one of the initiators of eco-food production. Until next autumn, "The eco-food production" program in Kistanjska Bukovica will be based exclusively on the cultivation of fruits and vegetables suitable to the Dalmatian and Mediterranean climate. By the end of the year, as they have told us in "Biopharm" in Devrske, organic meat breeding will be added to the production lines, including the raising of animals only on natural pastures.



PROGRAMME COMPONENTS

SUPPORT TO AGRICULTURAL COOPERATIVES

UNDP/UNOPS, with QIF and other funding, has been providing support, since 1999, to agricultural cooperatives in Eastern Slavonia. More than 7.600 has of different crops have been cultivated by them as a result of the programme's assistance.

CROP	1999-2000	2001	2002	2003	TOTAL (HAS)
MAIZ	1.116	000	416	729	2.261
SUNFLOWER	749	000	252	386	1.387
SOYA	326	000	273	805	1.404
LUZERNA	74	000	000	000	74
BEER BARLEY	850	675	775	000	2.300
SUGAR BEAT	000	000	192	000	192
TOTAL	3.115	675	1.908	1.920	7.618

Only during the last two agricultural campaigns (2002-2003), with EU funding, credits have been approved for Agricultural Cooperatives in that region, that benefited 760 families, to grow 1.145 has of corn, 1.387 has of sunflower, 1.078 has of soya, and 775 has of beer barley. The total amount lent to the Cooperatives in the last two years has been Euros 782.000. In order to approve the credits, three conditions have to be met: (a) a marketing contract has to be signed from beforehand (b) crops have to be insured with Croatia Osiguranje and (c) the Cooperatives themselves have to present collaterals of at least 50% of the total loan



Using the ILO/MATCOM (Materials and Techniques for Cooperative Management Training) methodology, QIF is providing training to Cooperative managers of Croatia, Bosnia and Serbia.

PRESS

GLAS SLAVONIJE • 15th May, 2002.

THE CREDITS ARE GIVEN INTO THE RIGHT HANDS

VUKOVAR - 437 credits have been given to small family businesses and to agricultural associations in Eastern Slavonia, since 1998, with a total value of 1.772.000 EUR.

Those credit lines are part of the common program of UNDP-UNOPS, the EU Guarantee Fund, the Japanese Government and Croatia Banka. High-ranking officials and members involved in the execution of that program - the Japanese ambassador in Croatia, Mr. Shojiro Imanishi; the director of UNDP in Croatia, Mr. Cornelis Klein; the special delegate of EU, Mr. Florian Hauser; the prefect of Vukovarsko-Srijemska County, Mr. Nikola Šafer; the president of Croatia Banka management board, Mr. Vedran Kuiš; the Lovas municipality major, Mr. Željko Cirba; and local officials of international organizations, as well as representatives of associations of Lovas, Međe, Negoslavci, Cezareja, Ilača and Torda- were present both on the working meeting and on the visit to some small entrepreneurs and the associations. In Petrovci, they visited a young upholster, Miroslav Pavković, who has improved the quality of his products using a new and modern machine that he bought, by using a credit. In Novi Jankovci, high-ranking officials visited the pig farm owned by Mate Filkovac. He bought the production supplies from the credit. Besides fattening pigs (he produces the food for them), he is also engaged in their reproduction, so he has built special boxes for pigs. During the visit to fields of beer barley in Lovas, the bus that was driving the guests stuck into mud and inclined, but the tractor got it out, so the guests could finally enjoy the lunch in vineyard near the weekend cottage owned by the Lovas cooperative. They were entertained by the local tambura -players.



PROGRAMME COMPONENTS

CREDITS FOR SMEs



QIF Croatia has recently established six new Guarantee Funds with the Croatian Banking system, totaling Euros 6,2 million, to support the SME sector in Lika, Dalmatia, Banovina, West and East Slavonia.

Following recommendations of the Netherlands Management Cooperation Programme (NMCP), the new funds may guarantee up to 70% of each single operation, and the maximum amount per firm is Euros 70.000. The business plans are being prepared by the Local Economic Development Agencies (LEDAs) staff and presented to the joint QIF-Bank credit boards.

Four different credit "lines" are available: (a) loans for existing SMEs; (b) for "de facto" but unregistered firms who wish to regularize their situation; (c) for real starters and (d) for working capital.

CREDIT INFO BOX

If you are a family willing to expand its agricultural or livestock production, a craftsmen, a small entrepreneur (existing or a start-up), or a member of an Agricultural Cooperative, you should first check the following info and then contact us.

REGION	BANK	FAMILY LOANS		SMES (1)		AGRICULTURAL COOPERATIVE	
		Maximum Amount (Euros)	Interest Rate	Maximum Amount Euros (1)	Interest Rate (1)	Maximum Amount Euros	Interest Rate
ŠIBENIK-KNIN	JADRANSKA	8.000	6,5	70.000	6,5	70.000	6,5
LIKA	JADRANSKA	8.000	6,5	---	---	---	---
LIKA	CROATIA	---	---	70.000	6,5	---	---
ZADAR	CROATIA	---	---	70.000	6,5	---	---
BANOVINA	NOVA	8.000	8	70.000	6,5	---	---
WESTERN SLAVONIA	POZESKA	8.000	7	70.000	6,5	---	---
EASTERN SLAVONIA	CROATIA	8.000	8	70.000	6,5	70.000	6,5

(1) For more information on the maximum amount per SME, please find the following table:

MAXIMUM LOAN AMOUNTS (IN EUROS) PER SME, ACCORDING TO CATEGORY

Existing Firm		Existing Firm in combination with HBOR (*)	Unregistered Firm		Complete Start-Up		Working Capital (Existing Firm)	
Maximum	Interest	Maximum	Maximum	Interest	Maximum	Interest	Maximum	Interest
70.000	6,5	200.000	40.000	6,5	40.000	6,5	10.000	8,5

(*) In the framework agreement between QIF, HBOR and the LEDAs.

FOR MORE DETAILED INFORMATION, PLEASE CONTACT US

REGION	FAMILY LOANS	SMES	AGRICULTURAL COOPERATIVES
ŠIBENIK-KNIN	UNDP-UNOPS OFFICE KNIN	LEDA KRKA	LEDA KRKA
LIKA	UNDP-UNOPS OFFICE KNIN	ZADAR CENTER FOR SMES	---
ZADAR	---	ZADAR CENTER FOR SMES	---
BANOVINA	UNDP-UNOPS OFFICE PETRINJA	LEDA SISAK	---
WESTERN SLAVONIA	UNDP-UNOPS OFFICE PAKRAC	LEDA OKUCANI	---
EASTERN SLAVONIA	UNDP-UNOPS OFFICE VUKOVAR	CMP VINKOVCI CFE OSLJEK	CMP VINKOVCI



REGIONAL OPERATIONAL PROGRAMMES (ROPS)

The EU funded CARDS 2002-2004 programme in the area of «Democratic Stabilisation» considers sustainable development in the war affected areas a priority. The programme will follow an approach to regional development, whereby specific local development projects will be derived from a Regional Operational Programme (ROP) in four counties: Zadar, Šibenik, Sisak and Vukovar. From the ROP, a pipeline of priority projects, judged on their impact on the sustainability of return, will be developed.

The ROPs identify priority areas (or axes) of intervention for several years to support partnerships for regional growth and employment, such as Area Development (including infrastructure), Enterprise Development, Attraction of Inward Investment and Human Resource Development.

UNDP/UNOPS has been entrusted by the EU Delegation in Zagreb to provide technical assistance to the four Counties in the preparation of the ROPs. However, the ownership of the ROP development is with the relevant county authorities. Like in Ireland (Regional Assemblies), in Spain (Junta de Desarrollo), or in Portugal (Comissao de Coordenacao das Regiao), the national and the regional public authorities have to play a key role in the leadership of the ROPs, because their regions and their populations are the final and only

beneficiaries of the investments that will derive from the plans. The county's staff has to be the backbone of the whole exercise. Nevertheless, regional policies and programmes can only be successful if all concerned people accept them and contribute to implementing them. This requires making people part of policy development and implementation and give them a sense of partnership and co-ownership. Drafting ROP therefore inevitably includes large consultation processes with various sectors and interest groups.

Therefore, in order to ensure a broader spectrum of participation - and therefore a higher degree of legitimacy- the private sector and the civil society are also involved in the preparation of the ROPs, through established mechanisms of consultation and discussion.

For the preparation of the project pipeline, if very specific expertise is required that is not available in Croatia, funds have been available by the EU to hire these highly-qualified foreign experts. In those exceptional cases, they will provide technical assistance to the Zupanijas to develop a specific pipeline project proposal .

The regional operational programmes for Zadar and Šibenik were concluded in September 2003; those for Sisak and Vukovar should be completed by April 2004.



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