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## **EVOLUTION OF PROJECTS FINANCED BY INTERNATIONAL FUNDS IN OSIJEK-BARANJA COUNTY AND THEIR INFLUENCE TO LOCAL ECONOMY AND SOCIAL LIFE**

### **EVOLUCIJA PROJEKATA FINANCIRANIH OD STRANE MEĐUNARODNIH FONDOVA NA PODRUČJU OSJEČKO-BARANJSKE ŽUPANIJE I NJIHOV UTJECAJ NA LOKALNO GOPOSDARSTVO I RAZVOJ DRUŠTVA**

#### **ABSTRACT**

*This paper aims to define the direct and indirect influence of projects funded by international funds to the local economy and social life in the region.*

*The project is a series of activities that together achieve clearly defined objectives in a specified period of time and with a clearly defined budget and sources of funding. Such an inflow of capital has an impact on the local economy but also to the society itself.*

*During the early nineties projects mainly dealt with direct distribution of goods through various chains of humanitarian aid distribution. Free food and clothing had negative influence to the retail of these goods, being a direct and unfair competition.*

*End of nineties transfers the focus to works. Various programs for reconstruction with secure funding caused the founding of numerous construction companies and associated businesses.*

*After the peaceful reintegration of territories direct help shifts towards services. UNHCR (United Nation's High Commissioner for Human Rights) and various foundations financed civil associations specialized for offering various forms of legal aid. These associations point out to faults in public practices, institutions or even laws. Skill of writing projects is present in associations exclusively. Large number of associations is founded and civil society is growing.*

*CARDS (Community Assistance For Reconstruction, Development and Stabilisation) program started at 2000. Program focuses on administration and puts pressure to associations to turn to cooperation with public administration instead of being an informal opposition. Cross-sector cooperation is developing to deal with public problems.*

*PHARE (Pologne et Hongrie - Aide à Restructuration Economique – Program for the Reconstruction of the Economy of Hungary and Poland), ISPA (Instrument for Structural Policies for Pre-accession) and SAPARD (Special Pre-accession Assistance for Agriculture and Rural Development) programs bring concrete projects but also concrete rules for spending funds. Associations struggle to cope with complex procedures and face specialization or closing down while public administration is getting involved more. There is still a prevailing belief that complexity of these procedures makes national funding preferable. Consulting agencies for international funds are emerging. Project management relies to informal education and foreign consultants dominate. Reducing incentives in agriculture is putting pressure but adjustment to EU rules is upgrading production quality.*

*IPA (Instrument for Pre-Accession assistance) Program comes parallel with administrative reforms on the national level. Writing projects remains a problem. Regional development agencies are founded and adjusted development strategies made to deal with the problem. Project manager becomes an occupation and formal education necessity. Cooperation becomes an obligation.*

*Upcoming period 2013-2020 will be emphasizing cross-border cooperation and multi-annual planning. Project managers will become consultants and associations will specialize or close. Preparation for this period will mean the difference between success and lagging behind.*

**Key words:** Project; Program; Project Manager; Consultant

## SAŽETAK

*Rad ima za cilj definirati direktan i indirektan utjecaj projekata financiranih od strane međunarodnih fondova na lokalno gospodarstvo i razvoj društva u regiji.*

*Projekt je serija aktivnosti koje zajedno postižu jasno definirane ciljeve u zadanom vremenskom roku sa jasno određenim proračunom i izvorima financiranja. Takav ulaz kapitala u regiju ima utjecaj na lokalno gospodarstvo ali i na razvoj samog društva.*

*Tijekom ranih devedesetih projekti su uglavnom bili usmjereni na direktnu razdiobu dobara kroz različite lance distribucije humanitarne pomoći. Besplatna hrana i odjeća imaju negativan učinak na trgovinu na malo tih dobara kako čine direktnu a nelojalnu konkurenciju.*

*Kraj devedesetih prebacuje fokus na radove. Različiti programi obnove sa osiguranim izvorima financiranja uzrokuju nastanak brojnih građevinskih tvrtki i nagli razvoj srodnih djelatnosti.*

*Nakon mirne reintegracije, direktna distribucija pomoći se prebacuje na usluge. UNHCR (United Nation's High Commissioner for Human Rights) i brojne fondacije financiraju udruge civilnog društva specijalizirane za pružanje različitih oblika pravne pomoći. Te udruge ukazuju na greške koje se pojavljuju u novom sustavu u razvoju, institucijama pa čak i zakonima. Vještina pisanja projektnih prijedloga prisutna je gotovo isključivo u udrugama. Osniva se velik broj udruga i civilno društvo se naglo razvija.*

*Program CARDS (Community Assistance For Reconstruction, Development and Stabilisation) u Hrvatskoj starta 2000. godine. Program se fokusira na upravu i stavlja pritisak na udruge se okreću suradnji s javnom upravom umjesto djelovanja u svojstvu neformalne opozicije vlasti. Razvija se međusektorska suradnja kod rješavanja javnih problema.*

*Programi PHARE (Pologne et Hongrie - Aide á Restructuration Economique – Program for the Reconstruction of the Economy of Hungary and Poland), ISPA (Instrument for Structural Policies for Pre-accession) i SAPARD (Special Pre-accession Assistance for Agriculture and Rural Development) donose konkretnije projekte ali i konkretna pravila za trošenje sredstava fondova. Udruge se bore sa složenim procedurama te se suočavaju sa specijalizacijom ili zatvaranjem dok se javna uprava sve više uključuje u utrku za privlačenje sredstava. Još uvijek prevladava mišljenje da je, zbog složenosti procedura ovih fondova, bolje koristiti nacionalne izvore financiranja. Uslijed toga nastaju konzultantske agencije za rad s međunarodnim fondovima. Upravljanje projektima je sfera pokrivena samo kroz neformalnu edukaciju tako da tržištem u to vrijeme dominiraju strani konzultanti. Postupno smanjivanje i ukidanje poticaja stavlja pritisak na poljoprivredu, ali prilagodba EU fondovima i regulaciji jača kvalitetu proizvodnje.*

Program IPA (*Instrument for Pre-Accession assistance*) dolazi paralelno s opsežnim reformama na nacionalnoj razini. Pisanje projektnih prijedloga je i dalje problem. Osnivaju se regionalne razvojne agencije a razvojne strategije na svim razinama prilagođavaju se radi što boljeg korištenja EU sredstava. Biti projektni menadžer postaje zvanje i zanimanje a formalna edukacija za projekt menadžera nužnost. Suradnja između institucija postaje obveza.

Nadolazeće razdoblje 2013 – 2020 donijet će naglasak na međunarodnu suradnju i višegodišnje planiranje. Projektni menadžeri će postati konzultanti a udruge će se specijalizirati ili ugasiti. Priprema za ovo razdoblje činit će razliku između uspjeha i zaostajanja.

**Ključne riječi:** Projekt; Program; Projektni menadžer; Konzultant

## 1. Introduction

Croatia started its transition from the communist system to market oriented economy in 1991. One of the aspects of this transition is also the development of projects as a tool of regional development. Development of projects was necessarily tied to the funds available. Funds can be national or international and, considering that Republic of Croatia aspired to become a member of the European community, very soon EU funds dominated. First EU funding comes in a way of humanitarian aid. Second part was reconstruction and funding is implemented on the national level. On the local level knowledge on the possibilities of project management come with human rights and legal aid projects, at first only through civil society organizations. With the process of obtaining the EU membership, EU funding programs are gradually involving all the parts of the society. One of the main characteristics of EU funds is its orientation to regions. Although the development of regions in Croatia that followed the EU predetermined characteristics started in 2007 through forming of statistical regions, until that time the relevant territorial unit was a county. Very soon these funds started to influence the civil society, the regional and local government, development planning and projects, even the way we do business.

This paper will focus on the projects funded by EU funding programs. We are now at the end of the current seven-year programming period that started in 2007.

This paper will provide an overview of development of projects in the Osijek-Baranja County and the influence they made.

## 2. Direct distribution of humanitarian aid

Direct distribution of aid follows large-scale devastations that caused the regular functioning of the society to be stopped. General population lost the access to basic necessities, generally food, clothing, shelter, medical aid, etc. The problem needs to be addressed immediately, in the shortest time possible to prevent possible loss of lives. However, some information is necessary like estimated number of beneficiaries (affected population) and channel of distribution. Information on number of affected population is crucial to ensure sufficient quantity of help.

Croatian Red Cross has distributed 70.000 family packages monthly during the 1992 and this number increased in the following years. Red Cross Osijek recorded over 30.000 refugees and displaced persons. Direct distribution of free goods has a negative influence to retail reducing the demand for these types of goods. Whole economy in the region, including the retail has been badly affected by the war and this situation added to the problem. Analysis described by

Prof. Zdenko Segetlija shows that the decline in retail turnover lasted until 1994 (Segetlija Zdenko: *Maloprodaja u Republici Hrvatskoj*, 2009, 145).

### **3. Reconstruction**

EU Program “Obnova” was in Croatia in operation from 1996 to 2000. Program financed reconstruction of infrastructure, public and private objects damaged during the War, development of democracy and civil society, return and reintegration of refugees and displaced persons, reconstruction of the economy, promoting the investments and development of civil society organizations, cultural and educational institutions. Entire Program had a total allocation for Croatia of 62,45 millions of Euros. Other available funds include various foundations, individual countries through their embassies and national funds. Program focussed on the problem, trying to reconstruct as much as possible of public infrastructure, private houses, residential buildings etc. According to the Law on Reconstruction from 1996, 18 towns and municipalities in the Osijek-Baranja County had damage to the property, caused by the war. Efforts on the national level have been focussed on the preparation for reconstruction and getting to a coherent list of what needs to be reconstructed and in what order. Simple procurement rules meant creation of numerous new companies in the construction sector. Not all these companies were successful and some closed their business contributing to the accumulation of inner debt in the region. This made it very difficult to follow and ensure the quality of work. Reconstruction is programmed on the national level and there are very few projects made locally.

### **4. Human rights protection and democracy**

Peaceful reintegration in 1998 opened many issues that needed to be resolved. People that lived in the reintegrated territories needed help to resolve their status problems. People that fled the occupied territories needed help to return to their property (often occupied by someone who lost the property in some other territory).

Similar to the previous situation of increased demand for works (reconstruction), reintegration created increased demand for the legal help and services. UNHCR (United Nation’s High Commissioner for Human Rights) mission in Croatia (field office Osijek in Osijek-Baranja County) provided some counselling. Increased demand meant that they had to outsource this service. UNHCR outsourced the service by forming implementation partnerships with non-governmental associations capable of providing legal aid. Implementation partner for Osijek-Baranja County was CZMOS (Centre for Peace, Non-violence and Human Rights Osijek). The UNHCR was not the only funding organization. Other foundations were financing projects from the field of democratization and human rights causing development of civil society sector (ADF – American Development Foundation, Charles Stewart Mott Foundation, Herbert Neuman Stiftung Foundation, etc.).

Project proposals as such were simple and follow up and control activities focussed on the work. Donors visited events as a form of ex-ante evaluation. However, some funding programs already demanded project proposals with project cycle management methodology (EIDHR – European Initiative for democracy and Human Rights) and trainings were available for preparation of these complex project proposals. These trainings represent the basis of the knowledge of project management and are one of the main reasons for the leading role of the Osijek-Baranja County in getting the EU funding in the region today.

Development of civil society organizations was a welcome employment opportunity, especially in reintegrated parts of the Osijek-Baranja County. For example, CZMOS, through the Project “Active Listening”, employed 40 people (30 newly employed) in Osijek, Beli

Manastir, Tenja, Dalj, Vukovar and Okučani. Besides working with individuals, legal aid and counselling, civil society organizations also worked on the problems of the society in general mostly by pointing out to problems in some public practices, procedures and even laws. This situation made civil society organizations informal political opposition putting them at odds with local, regional or national authorities.

Using the experiences of associations that provided free legal aid, the Law on Free Legal Aid was adopted by Croatian parliament in 2008. Process of its improvement is ongoing.

## 5. CARDS

CARDS Program (Community Assistance For Reconstruction, Development and Stabilisation) was available in Croatia after signing of the Agreement on Stabilization and Accession in 2001. The Program had national and regional component.

National component CARDS 2001 – 2004 allocated 262 millions of Euros for Croatia. Ministries and state institutions implemented projects. Regional component of the Program had open calls for proposals. Such Program structure had a strong emphasis on the cooperation. Total allocation for the regional component of CARDS was 179,6 millions of Euros. Projects from the CARDS program were completed in Croatia in 2009.

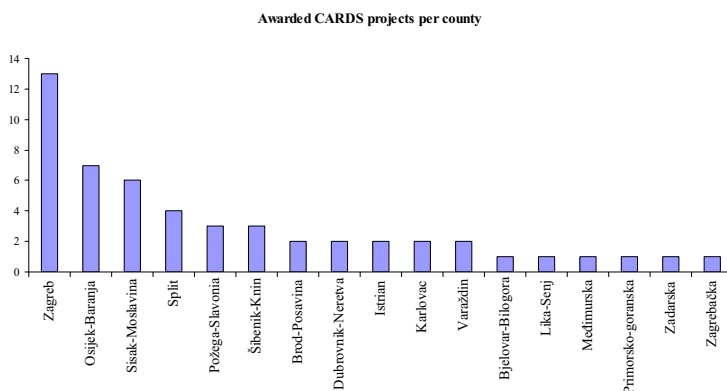
There are still not enough experts in project management of EU funded projects so foreign consulting companies dominate the market, mostly from Germany, Great Britain and Denmark.

CARDS projects require knowledge of project cycle management according to the LFM (logical framework matrix) principle. LFM projects did not focus only on results but also on relevance to the program and the region where it is implemented, to methodology used and sustainability of results. Organizations competing for funds also needed to meet certain criteria to ensure the successful implementation of activities.

In Osijek-Baranja County some civil society organizations already have experience with logical framework matrix projects. When we compare the results of open calls for proposals for CARDS according to the awarded organizations we can see that organizations from Osijek-Baranja County are first after the City of Zagreb according to the number of awarded projects.

Civil society organizations from Osijek-Baranja County with awarded projects are: CZMOS, PRONI Centre for Social Education Osijek, OGI Organization for Civil Initiatives, Green Osijek, etc. It is evident that developed civil society and experienced civil society organizations contributed to this result.

CARDS also focussed on cooperation so civil society organizations started to cooperate with local and national authorities and institutions and not just pointing to the



Source: Author

problem. Since CARDS projects needed to be co-financed by the applicant, it was another enticement for civil society organizations with no available co financing funds to turn to cooperation to obtain funding for projects.

## 6. PHARE, ISPA and SAPARD

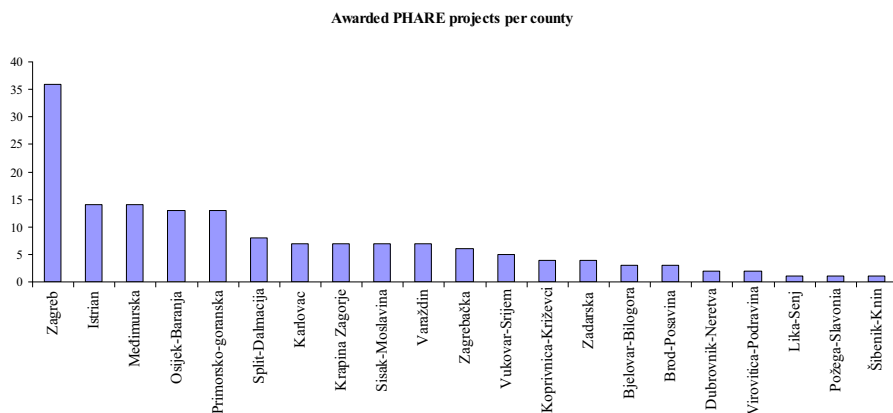
These three programs were available in the Republic of Croatia after the status of the country – candidate. These three distinctively different programs started in Croatia in 2005 and the projects were running until the end of 2010. Emerging of the pure investment-type projects has caused a colloquial division of projects to “hard” (projects – with a component of investment or equipment) and “soft” (trainings, planning, public advocacy, etc.).

### 6.1. PHARE

PHARE (Pologne et Hongrie - Aide á Restructuration Economique – Program for the Reconstruction of the Economy of Hungary and Poland) had an allocation for the Croatia of 167 millions of Euros (PHARE 2005 – 87 millions, PHARE 2006 – 80 millions). PHARE Program was similar to CARDS in Croatia using the LFM method for creating project proposals.

During PHARE program 30% of consultancy services are awarded to Croatian companies acting in consortium with foreign companies or alone.

Looking at the CFCU (Central Financing and Contracting Unit) data on awarded projects, Osijek-Baranja County is still very successful according to the number of awarded projects to organizations from the County.



Source: Author

Calls for project proposals include cross-border cooperation, increasing competitiveness of SME (small and medium enterprise), business related infrastructure, contribution of civil society to various social issues like Roma minority, youth, ecology, etc. Calls directed to civil society were very similar to CARDS program, but the other programs were new. Co-financing of projects by applicants remains. Another problem of co-financing is that the contracting authority delivers only 80% of the approved funds and the rest 20% after the Project is completed.

### **6.1.1. Cross-border cooperation**

Cross-border cooperation from 2001 to 2006 was financed through Program INTERREG III. For Croatia funds were allocated through PHARE or sometimes CARDS programs. Calls for proposals for cross-border cooperation came in three types of cooperation: direct cross-border cooperation, transnational cooperation and inter-regional cooperation. Direct cross-border cooperation required for the applicant to be from the county with a direct border with an EU country. In the case of the Osijek-Baranja county there had to be at least one local partner organization and at least one from Hungary. CADSES or Central-European Adriatic Danubian South-Eastern European Space is a trans-national cooperation, meaning that projects involved multiple partners for several EU and candidate countries. Managing such cooperation demanded high level of experience. This resulted in Croatian partners adapting to existing projects and cooperation instead of starting them. Inter-regional cooperation intended to strengthen the cohesion through the cooperation of the regions. This program was also open in Croatia. Osijek-Baranja County participated in inter-regional Project ICNW (International Communal Network) that dealt with land use planning and communal infrastructure.

Direct cross-border cooperation was most common. Partners could cooperate in three different types of Projects: Cooperation projects, "Mirror" Projects and Associative projects. Intended to develop cooperation in managing the border regions these projects were even more useful to Croatian partners as training for management of EU funded projects.

Cooperation projects represent an actual cooperation. Evaluation process was giving the highest grade to these projects. That means that there are at least two partners (at least one on each side of the border) and that there is a just ratio of funds depending on the responsibilities and activities of partners. These projects showed to the local level benefits of international cooperation and the accession process. Bodies of government that participated in these projects usually continued developing projects through this and other funds available. One positive example of such a project is "CoCuCo" cooperation between the counties of Osijek-Baranja and Baranya and between cities of Osijek and Pecs. One investment completed by the project is the reconstruction of traditional house in Topolje to be used as a tourism attraction.

"Mirror" projects were being conducted on one side of the border with funds going to one partner. Evaluation graded "mirror" projects with a middle grade. It was expected for these projects to copy successful projects from one side of the border to the other. In reality, great majority of these projects were implemented with the foreign partner being the recipient of funding. This form of cooperation gave the bad name to the international cooperation. Later programs cancelled the possibility for "mirror" projects.

Associative projects are projects where, in order to complete the project in one country, the organization needs the service obtained in the other country. This form of project had a low grade in evaluation. Such projects were extremely rare.

Cross-border projects strengthened the international relations of Osijek-Baranja County, especially with the Hungarian region Baranya because of the direct state border. Joint work with more experienced cross-border partner organizations also provided training in management of EU funded projects.

### **6.1.2. Business related infrastructure**

Projects available for funding were entrepreneurial zones and tourism infrastructure. Aside for project proposals, applicants needed to make the feasibility study and cost-benefit analysis to justify the investment and they needed to prepare the tendering documentation for the construction company to be contracted. This call for proposals was training for financing of investments through EU funding schemes.

The successful example of project in Osijek is the BIOS business incubator. Total value of the Project was 1,4 million Euros.

## **6.2. ISPA**

ISPA (Instrument for Structural Policies for Pre-accession) financed large-scale investment projects. These projects were selected on the national level and there were no calls for proposals available on the local level because of high preparation costs. ISPA financed some 6 projects including Karlovac wastewater treatment plant and Vinkovci – Tovarnik railway. Osijek wastewater treatment plant competed unsuccessfully for the ISPA funding. ISPA financed projects in the total amount of 53 millions of Euros.

The challenge for local and regional authorities was to get their projects sufficiently prepared to be eligible for funding and placed on the list of priorities. Using the experiences from IPARD some local authorities prepared their projects for the IPA allocation 2007-2013 by preparing the investments, resolving the ownership issues or by crating joint projects.

## **6.3. SAPARD**

SAPARD (Special Accession Program for Agriculture and Rural Development) was a program for rural development, but most importantly, intended also for agricultural producers. Total available funding in 2006 was 25 millions of Euros through four calls for proposals. The SAPARD contracted only a little over 60% of available funds. Highly complex procedure was often too much for farmers. Second problem of SAPARD were high subsidies in agriculture that were obtainable easier than demanding SAPARD.

SAPARD financed 50% of the Project and the remaining 50% was financed by the applicant. SAPARD delivers approved amount after the investment is completed and verified so the applicant needs to finance the entire project in advance. This is compensated with specialized crediting line.

SAPARD is not using standard application forms. Applicants need to prove that their business is healthy, that their planned endeavour is economically sound and that their production meets the EU standards. Similar to business and tourist related infrastructure, procurement needs to be planned and documented in advance.

Since the Osijek-Baranja County is among the counties with focus on agriculture, there were applicants for SAPARD funds from the County with 4 approved projects.

## **7. IPA**

Program IPA (Instrument for Pre-Accession Assistance) is an ongoing program for the period 2007 – 2013. Financial allocation for the period 2007 – 2012 amounts to 910,2 millions of Euros. The IPA program is divided into 5 components.

### **7.1. IPA I**

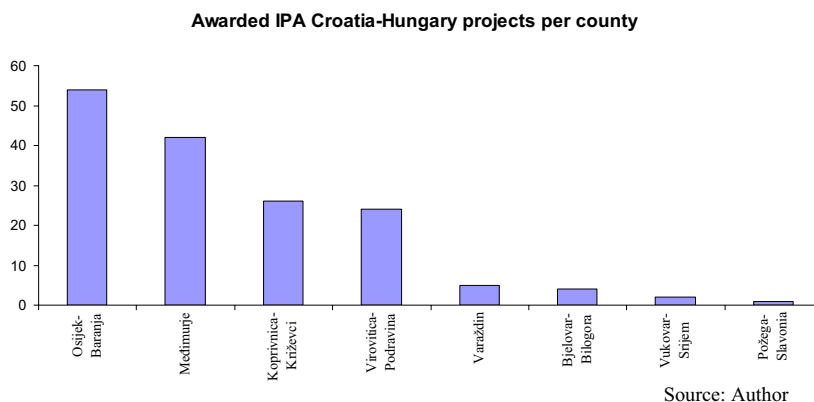
IPA I – Assistance to transition and development of institutions mostly finances projects of ministries and state institutions. Open calls for proposals are intended mostly for civil society organizations dealing with issues like battling corruption, rights of women, promoting equal opportunities, etc. Civil society organizations with successful projects in Osijek-Baranja County include Center for Peace, Nonviolence and Human Rights Osijek, “Izvor” Association for women rights Osijek, Croatian Institute for Local Government “HILS”. Necessary co-financing of projects remains an issue for civil society organizations.



## 7.2. IPA II

IPA II is financing cross-border cooperation and trans-national cooperation. Applicants from Osijek-Baranja County can participate in cross-border cooperation programs with Hungary and Serbia because of the direct border, cross-border cooperation with Bosnia and Herzegovina as a partner from an associated county in the reduced amount of 30% of the project value and in trans national cooperation SEE (South East Europe) and MED (Mediterranean).

Cross-border cooperation with Hungary brings several changes. Projects still use the project cycle management system but not the LFM. Project proposal is in excel format with built in system for recognizing errors in writing project proposals. The biggest change is in the financing. Applicant finances the activities himself for a four-month period, and is reimbursed by the contracting authority after the verification of costs (verification procedure lasts approximately six months). Such financing is a huge obstacle for civil society organizations with no available free funds. Ironically, civil society organizations can apply for co-financing funds nationally so they do not need to co-finance projects. Still, pre-financing projects remains much bigger problem than co-financing. Despite this drawback Osijek-Baranja County is the most successful in both the number of approved projects and funds allocated.



The data represents first two calls for proposals; the third is in the evaluation process. Varaždin, Bjelovar-Bilogora, Vukovar-Srijem and Požega-Slavonija counties participated not in full but as associated counties in the reduced amount of 30%. Total value of Osijek-Baranja County projects is 6.5 million Euros.

Cross-border cooperation with Serbia retained LFM projects and pre-financing method from previous programs. Applicants from Osijek-Baranja County had 7 out of 11 projects from the first call for proposals with the total value of 1.2 millions of Euros. Second call is in the process of evaluation and third is pending. Civil society organizations participating with projects are Nansen Dialogue Centre Osijek and “Slap” Osijek.

These two Programs alone represent a significant inflow of capital into the Osijek-Baranja County. Cross-border cooperation programs are using the complex PRAG (Practical Guide to Contract Procedures for EC External Actions) procurement rules. Rules are subjected to interpretation by controlling bodies. Variations caused by these interpretations are major implementation difficulty, especially for larger budgetary organizations (cities, counties, institutions, etc.).

### **7.3. IPA III**

IPA III Regional development is a direct continuation of the ISPA program and business related infrastructure and raising the competitiveness of SME of PHARE Program. It is divided into three components. First two components do not have open calls for proposals. Large scale investments are funded according to the national lists of strategic projects. IPA Traffic is financing railway and internal waterways as an ecological means to travel. Osijek river port relocation is listed for financing. IPA Environment finances large wastewater treatment plants (Osijek and Đakovo treatment plants are on the list) and communal waste management facilities on the county level. Main problem of high-level investment projects is resolving of the ownership issues. IPA Regional Competitiveness finances business related and tourist infrastructure (applicants from Osijek-Baranja County were awarded four projects with total value of 4.36 Euros) and raising the competitiveness of SME.

### **7.4. IPA IV**

IPA IV Human Resource Development finances projects of employment, education, social inclusion, etc., equivalent to ESF (European Social Fund). Calls for proposals are managed by Croatian Bureau of Employment and Agency for Vocational Education and Training and Adult Education. According to the data of Regional Development Agency of Slavonia and Baranja there are 16 projects completed or in progress in the Osijek-Baranja County financed through IPA IV. Half of these projects are implemented by civil society organizations specializing in education or work on social inclusion of marginalized groups.

Main problem for IPA IV projects is participation of educational institutions (vocational schools, high schools, elementary schools...). Employees (mainly teachers) have fixed working hours and cannot part of working hours to participate in projects and school cannot compensate with new employment. This is limiting the participation of schools in IPA projects.

### **7.5. IPARD**

IPA Rural Development is a direct continuation of SAPARD program. Regional Development Agency of Slavonia and Baranja lists 15 projects in Osijek-Baranja County financed by IPARD.

Building on the experiences from SAPARD the succeeding IPARD program has a list of Croatian consultants helping in the preparation of projects, obtaining documentation and handling the investment.

Subsidies are being reduced and gradually cancelled altogether, forcing farmers to turn to EU funding, improving their farms in the process. Main problem for farmers, beside lack of knowledge concerning the project management procedures, is the lack of knowledge about the EU standards in their field of work.

## **8. Other funding schemes**

IPA is the most common but there are many other funding opportunities available in Croatia. Mostly specifically thematic these include scientific cooperation (FP7 – 7<sup>th</sup> Framework Program), cultural exchange (CULTURE), traffic (Marco Polo), education (ERASMUS, TEMPUS), sustainable energy (IE - Intelligent Energy), social inclusion of young people (YOUTH), etc. Most of these are cooperation program requiring several partners from several

different EU and associated countries requiring expert project management skills. This made IPA an excellent training for preparation for these, more demanding programs.

Many civil society organizations use these and other funding opportunities like NANSEN Dialogue Centre Osijek, Local Democracy Agency Osijek, Volunteer Centre Osijek, "Breza", minority organizations, etc.

## **9. Conclusion and preparation for future 2013 – 2020 period**

Croatia is currently at the end of the 2007 – 2013 programming period. This is an excellent opportunity to reflect on the previous period and to try to remove the recorded obstacles and to improve the using of future funding opportunities.

Civil society organizations had significant positive impact in acquiring EU funds and project management skills causing the Osijek-Baranja County to become one of the leading counties in using of EU funding opportunities. It is important to maintain this by helping the civil society organizations during transition of EU funding programs.

Majority of the available programs will be orienting towards post-financing. Applicants will finance the projects themselves (in four-month periods, semi-annual periods, or annual periods) receiving return of funds after the verification of costs. This will prevent organizations with no available project funds, mainly civil society organizations, from using these funds. This will in turn cause gradual closing of civil society organizations damaging the development of civil society and losing the great capital of experienced project managers capable of drawing the capital into the region. It is important to find the solution for financing, either through the National Foundation for Civil Society Development or through other means to preserve this capital in civil society organizations.

Universal procurement rules need to be developed corresponding to EU procurement rules to eliminate differences in procurement in various programs or differences caused by interpretation of controlling bodies. This could be developed through a nation level web site publishing the rules and changes to the rules with the possibility for questions and interpretations by experts.

In order to maximize the efficiency of international funds, one of the main requirements is quality information on the projects and needs in the Osijek-Baranja County. This information is provided in local and county development strategies. Strategies should focus on using funds for major investments adapting them to EU requirements and using the national resources in resolving the ownership issues. Concerning the disaster management, Osijek-Baranja County is currently working on integration of the GIS (Geographic Information System) into disaster management to provide the accurate information in time using the know-how and experience of Hungarian partners (Project DRAVIS 2 funded by the Hungary – Croatia cross-border cooperation program).

Schools should be enabled for participation in projects. This can be achieved by employment of project managers or through strategic partnerships with civil society organizations in projects.

Farmers will need experts for project management but there could be specialized counselling organized for farmers concerning the EU standards in their field. This would raise the interest of farmers for this type of financing that would improve their businesses to EU level and reduce the possibility for failed project.

As programs and projects grow in complexity simple 1-2- day training programs are just not sufficient any more. Project cycle management program started by the Economical faculty of Osijek represents a good investment into future however, education concerning the project management needs to be upgraded as a separate cathedra or even integrated into one of the existing education programs of the university or even high-school level.

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