

PROJECTS FOR PRE-ACCESSION EU FUNDS AS A CONTRIBUTION TO THE DEVELOPMENT OF CROATIAN

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ABSTRACT

Croatian path to the EU membership was not and will not be easy. In fulfilling the various conditions that we ultimately provide candidate status, were only the beginning of a long road of transformation and becoming an equal member of the EU.

The purpose of this paper is to show the chronological sequence of funds, the possibility of using resources through funds that were offered to Croatia by the Union, but more importantly, the actual utilization of these funds and the effects that they caused, both at national and local level.

In the paper was given example for successful application and implementation of the EU project by the Office for International Cooperation and Rural Development of municipality Tovarnik, Nijemci, Tompojevci, Lovas and the city of Ilok, with all its positive sides as well as the challenges faced by the project managers that they met, in order to confirm or deny the way Croatian public looks at the pre-accession EU funds and large financial resources intended for Croatia.

In the end, we will try to give an overview of the current situation, difficulties that are created on the way to the cohesion and structural funds, and also the challenges that Croatia and its entrepreneurial sector still have not found right answer, as well as ways to successfully solving the long-standing differences in the ways of doing business between Croatia and the EU.

JEL clasiffication: O10, P25

Keywords: EU funds, rural development, cross-border cooperation, Office TINTL, knowledge, information

1. INTRODUCTION

Awareness of differences between EU and countries of the East in levels of development and socio economic status, initiated the will to establish funds that will encourage and accelerate the adaptation of state institutions and businesses in each country.

Several important factors, such as slowing economic growth in the European Union in the period 1999-2004, rising unemployment, a growing level of immigration, and “aging of population” have been considered in the formation of pre-accession funds to help potential member countries.

The current unfavorable situation, considering expansion to countries with very different standards, GDP, and many other differences that existed at that point between Eastern and Western Europe, raised an important question: „Who will pay for the cohesion of the new member states, and what effects will that cause?“ .

The only right way that will benefit to all countries individually and ultimately the EU is to encourage change within each country. Initially that was related to institutional strengthening in the each structure of government institutions (which can be seen in the structure of the earlier EU funds and their beneficiaries), following that the empowerment of all relevant branches and sectors in each country so that they can compete in the „market arena“ equally upon entering EU.

2. PRE-ACCESSION FUNDS

Pre-accession funds are intended to help candidate countries in political, economic and institutional reforms necessary to join the EU, while other, less-developed countries (for example, involved in politics for the neighborhood) EU assigned development assistance. (Belic, et al., 2008; p. 11). They are conducted by the same principles and rules as well as the Structural Funds and they are considered very good preparation for membership, structural funds and implementation of development policies of the European Union.

Programs that were available to Croatia, CARDS, PHARE, ISPA and SAPARD funds were mostly used in the fields of education, vocational education, research, environmental protection, SMEs, public health and programs for youth.

Participation in these programs continues until the country enters into the EU when we will be able to use more funds, but before that, Croatia will have to adapt

or in some cases have to change radically in order to achieve certain level acceptable by the European Union.

2.1 CARDS

The CARDS program is a technical and financial assistance from the European Union adopted in December 2000. The basic purpose is support to the countries of Southeast Europe in active participation in the Stabilisation and Association Process and the implementation of obligations under the Agreement on Stabilization and Association Agreement for States which have signed such an agreement. Within the CARDS program for the period 2001-2004 EU approved 113 projects to Croatia worth 262 million €. (<http://www.mfin.hr/hr/koristenje-sredstava-cards>)

2.2 ISPA

Funds for infrastructure projects in the field of transport and environment, thus preparing for the use of the Cohesion Fund, but it is possible to finance technical assistance projects that are directly related to infrastructure projects. The budget for the seven-year period the fund amounts to 1040 billion €. (http://www.transportenvironment.org/Publications/prep_hand_out/lid/292)

Funds that were available to Croatia for a total of 60 million € in 2005. – 2006. From 140 million € that Croatia has received from EU funds in 2006. year, the ISPA has participated with 25%. (<http://www.safu.hr/hr/o-programima-pomoci/ispa>)

In Croatia, the ongoing implementation of 3 projects from the ISPA fund, Croatian Railways infrastructure, water supply and sewerage in Karlovac and waste management in Šibenik. (<http://www.safu.hr/hr/o-programima-pomoci/ispa>)

2.3 PHARE

Croatian government has been very successful in the negotiation of Phare 2005, when we agreed upon 88.34% of total assets and 2.3 55,548,297, 63 euro. While in 2006 we agreed upon 44.791,525,75 euro. (<http://www.safu.hr/hr/o-programima-pomoci/phare>)

It is important to emphasise cross-border cooperation with Hungary and Italy, apart from the funds we have received being the projects partners, we had opportunity to gain knowledge in preparation and project management.

2.4 SAPARD

The purpose of the program is mainly investment in agriculture and rural infrastructure, creating a competitive and efficient agricultural sector, creating new jobs in underdeveloped regions, improving the quality of life of rural population and to assist in the implementation of EU legislation and as such is of great importance for our country.

Great emphasis is put on rural parts of the Croatia, which will have to make a big step from its current situation and major efforts must be invested in knowledge, technique and technology in all spheres of business i.e. production of goods and services, market introduction, ect. if Croatia wants to reach EU standards and standards of rural areas across Europe.

The ultimate beneficiaries of this program are, unlike CARDS, PHARE, ISPA, outside the public sector. These are farmers - natural and legal persons, private and family farms. In addition to these users to the extent 3 - Rural infrastructure are local and regional (regional) government.

2.5 IPA

IPA is designed as a flexible instrument consists of five components, with the main aim to help build the institutions and the rule of law, human rights, including fundamental and minority rights, gender equality and non-discrimination, administrative and economic reforms, economic and social development, reconciliation, reconstruction and regional and cross-border cooperation. (<http://www.safu.hr/hr/o-programima-pomoci/ipa>)

The financial value for the seven-year period amounts to 11.468 billion €. (<http://www.strategija.hr/Default.aspx?sec=34>)

Table 1: The financial allocation for the IPA for the period from 2007-2012 (in million EUR)

Components of IPA program	2007	2008	2009	2010	2011	2012
Transition Assistance and Institution Building	49.6	45.4	45.6	39.5	39.9	40.9
Cross-border cooperation	9.7	14.7	15.9	16.2	16.5	16.9
Regional development	45.0	47.6	49.7	56.8	58.2	59.3
Human potential development	11.4	12.7	14.2	15.7	16.0	16.0
IPARD program	25.5	25.6	25.8	26.0	26.5	27.3
TOTAL	141.2	146.0	151.2	154.2	157.1	160.4

Source: <http://www.hbor.hr/Default.aspx?sec=1615>

If was not visible from the data before, now it is evident, that Croatia and its economy is very unprepared and far from being able to receive substantial funds and the opportunities it offers. EU makes available a large amount of resources with very strict rules on how the funds are available, but the criteria that economic sector is required to complete are too high and all SMEs are facing a big challenge.

The criteria are the common rules in the EU which the public sector already met, so preparing and managing the project does not represent a major challenge, while it is a major problem in the private sector because their businesses do not meet the strict rules of the Union for the possibility of using available funds.

It is obvious that the businessmen are puzzled when it comes to using the funds, where to start, how to write and report the project and how to make the very submission of the project and to whom. Also, the ultimate beneficiaries of the funds often do not understand the problem and the very functioning of funds.

One of the first Croatian tasks was supposed to be helping the private sector in writing projects so they can draw down available funds especially because this year government deducted most of the stimulation for agricultural and business sector and after our accession to the EU, Croatia will have access from five to six times more money in Structural Funds.

Funds that Croatia was able to withdraw each year from pre-accession funds since 2001, are rising sharply, from 60 to 150 million €. In 2010, from the IPA we could withdraw a total of 590 million €. The way the situation is developing we can not say it is going in our favor when it is known that Croatia had the ability in 2007, to withdraw 141 million €, but is utilized only 4.25 million €.

3. CROSS-BORDER COOPERATION

Priority of regional policy has been shifting focus from developing countries to development of the regions. The reason is the impossibility of determining the precise economic measures, developmental and other policies that would be appropriate for areas of each country.

If we take a look at the shape of any member country, we can see it is criss-crossed with many regions and its population naturally gravitates towards a more developed area, developed roadways, river and marine infrastructure. Each region defines its own development priorities, and they must be in accordance with the guidelines of a country and the Union as a whole.

Croatia in the framework of cross-border cooperation has programs with all the neighboring countries, for the first time passing on their experience of cooperation with EU members to potential candidates for EU membership. (<http://www.mrrsvg.hr/default.aspx?id=151>)

CBC activities are carried out in several beneficiary countries in areas where joint action leads to better and more effective results, contributing to a common goal and that is the process that leads the region's progress each country and thus the progress of the Union as a whole in all areas.

4. SUCCESSFUL PREPARATION, APPLICATION AND ENFORCEMENT OF EU PROJECTS - Office for International Cooperation and Rural Development of Tovarnik, Nijemci, Tompojevci, Lovas and Town Ilok (Office TINTL)

Office TINTL was established in August 2005. with headquarters in Tovarnik as non-profit, non-political and independent organization which operates on the territory of Croatia and also abroad. Three years later, 22 October 2008. town of Ilok joined the Office. This was not only about recognizing the importance and the benefits that preparation, application and implementation of important projects provides to its citizens, but the leaders of the Office recognized the importance of rural development as a foundation for further development of the TINTL and Sirmium county, and it became one of the main activities.

The office is the result of the will to joint action and share of knowledge, information, thus applying the projects, and cooperation with domestic and international institutions affect the social and economic development of areas mentioned earlier.

The availability of grant funds from domestic and foreign funds significantly directed the Office main activity towards projects and running for a variety of tenders of common interest TINTL municipalities. In addition to receiving funds, the importance of these projects is to educate and train local staff for the use of future structural funds that will be available in the future for restructuring of the economy, building infrastructure and increasing the social inclusion of the population.

The actual financial effects and visibility of the Office in the Vukovar-Sirmium county, as well as the wider region, showed the justification of the existence of the Office. TINTL District with a land area of 327 km² comprises four municipalities and one city, which according to the census of 2001. year is populated with

21,262 inhabitants. Available at: (http://www.dzs.hr/hrv/censuses/census2001/Popis/H01_01_02/h01_01_02_zup16.html)

The aim is to contribute to the development of regional economic growth and development of Croatia, in accordance with the principles of sustainable development, creating conditions that will enable all parts of the county to grow and strengthen the implementation of its own development resources (Law on Regional Development Croatian, Narodne novine 153/09).

The main activity and objective of the Office under the Law on Regional Development Croatian is: to establish new and improve existing contacts with international institutions and organizations providing assistance to natural and legal persons from the local government office in order to adapt European and global markets and processes Approximation of Croatian membership in the EU, creating favorable conditions for the integral development of rural areas, improving quality of life, preserving existing and creating new jobs in TINTL area.

4.1. Office results

Office is preparing projects for all TINTL's municipalities as well as writing applications and numerous projects for cooperatives and enterprises in the region together with tenders for Ministries, County and banks.

Implemented projects of the Office:

1. WINE-DEW - PHARE 2006 in the amount of € 166,000.00,
2. E.R.S.P.A.-PHARE 2006 amounting to € 200,000.00,
3. READY (in progress)-COMMUNITY PROGRAM worth € 60,000.00,
4. EQUIPMENT FOR COW FARMS from SAPARD in the amount of 340,000.00 € and the numerous projects financed by the Ministries and the World Bank under the project for social and economic recovery.

On going projects :

1. Regional Business Support Centre in the Business RELATED INFRASTRUCTURE total value of € 547,595.00,
2. Visitor Centre Program BUSINESS RELATED INFRASTRUCTURE total value of € 476,679.00,

3. Cross border wireless economy in the framework of the CBC CROATIA-SERBIA total value of € 132,000.00,
4. Horis Program CBC CROATIA-SERBIA total value of € 197,360.00,
5. ERBIS Program CBC CROATIA-SERBIA total value of € 157,545.00, ect.

Cross-border cooperation with Italy is clearly seen from the project E.R.S.P.A. - Eco-river in Spačva and Po area where the project leader is municipality of Nijemci with partners in Emilia-Romagna region, municipalities Codigoro, Massa Fiscaglia, Migliaro, Migliarino, Formignana, Tresigallo. The project objective is promotion, enhancement, conservation of natural resources and knowledge transfer gained along the river Po. During the project (18 months) management organized several study tours to Italy, where they had opportunity, in collaboration with Italian experts, to become familiar with the tourist area of Po river in Italy, and to share experiences, knowledge and lessons learned for the study of tourism development in the TINTL area. That was unique opportunity to observe the current situation and problems in the development of rural tourism in the area TINTL that together with transfer of knowledge by the Italian partners ultimately resulted in joint study of tourism development in the Vukovar-Sirmium County.

We also have examples of CBC Croatia-Serbia wireless economy, whose results are awaited. Project leader is municipality of Tovarnik and municipality of Stara Pazova is the partner. The objective is to create a wireless network from municipality Stara Pazova to all municipalities in the TINTL area.

These examples testify how cross-border co-operation can achieve common goals for both sides. Mentioned cases, Croatian and Italian, and Croatian and Serbian at the same crash barriers such as borders, level of development between countries, different languages, cultures and other differences in order to obtain benefits for both parties to share knowledge, experiences, good neighborly relations and ultimately contribute to the development in the economic, scientific, cultural field as well as increasing social inclusion of all citizens on both sides of the border.

5. CONCLUSION

There are numerous challenges in obtaining financial means from EU pre-accession funds where the biggest challenge is certainly well-prepared project. We come to the conclusion that without effort, dedication, work, mutual cooperation, exchange of information and knowledge, neither economic entities nor local and regional government will be able to achieve desirable common goals. We also need to suppress individual goals and joint efforts to achieve goals that serve the overall social progress of Croatia. That is the only way our country can become knowledge-based society where equal opportunities exist for everybody.

Municipality of Tovarnik, Nijemci, Tompojevci, Lovas and Ilok, as part of the Vukovar-Sirmium County, in the last period recorded significant economic growth, including tourism development, based on the realized projects of the Office TINTL.

Office as a unique example of inter-municipal cooperation is proof that joint efforts can achieve much better results than as individuals. This is an example how other municipalities, towns and individuals could join together to achieve common objectives, which are contributing to the development of society as a whole .

The Office is an example of how successfully apply and implement projects and can be used as best case practice for a number of organizations, businesses and institutions. This can help all entities in Croatia to be able to work according to the principles, standards, and patterns that are common in doing business in European Union. Getting used to preparation, application and project implementation will contribute to better functioning of the country as a whole, as well as Croatia being an equal member of the European Union.

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