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LEADER Network Croatia
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Zagreb, 12th February 2014.

Att:
Mrs. Anna Nowak

Dear Mrs. Nowak,

Notice - request No.1

Now, when the process for Measure 202 of the IPARD Program is finished, I was assigned on the behalf of Management Board of the Croatian LEADER Network, to inform you of this unpleasant occurrence **concerning a violation of the procedure of evaluation process in the selection of Croatian LAGs in the second round of competition for the Measure 202.**

In fact, during the evaluation process we received constant information's that the local politicians are intensely influencing the evaluation process.

This was particularly emphasized in the areas where LAGs occur in politically motivated and orchestrated processes and without real democratic participation of stakeholders. As the evaluation process was coming to an end, some political leaders were revealing confidential information's (openly shearing information if their LAGs passed, and even about the position of their LAGs on the scoring list.) This all happened before the announcement of official results by Contracting Authority (Payment Agency).

LEADER Network Croatia informed the Minister of Agriculture Mr. Jakovina and his Deputy Mrs. Spanjol about this whole situation (original Letters to the Minister and Deputy Minister have been forwarded to you). Unfortunately, LEADER Network Croatia received an unsatisfactory response regarding the previously mentioned letters, and no actual measures were conducted, only a letter, which contained a vague response approving the procedure.

Finally, after the official announcement of the results of the second round of the evaluation process, we were all unpleasantly surprised by the fact that the notice of politicians about passing their LAGs was realistic, even the details concerning the locations of some LAGs on the points list come true. Such matters make it quite obvious that some local politicians have insight into the score sheet, before they are officially publicized and thus, raise huge suspicion on the whole evaluation process.

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Regarding this concern, our LAGs, which respect all participative processes and LEADER principles, wanted LEADER Network Croatia to take some action and seek help and guidance from DG Agri as the main EU body that deals with such issues.

Notice - request No.2

On the 10th of February, 2014 the Ministry of Agriculture held a workshop regarding the implementation of the Measure 202 (named „Implementation of the LEADER approach in Croatia"), where all of the Croatian LAG's have participated. During the workshop, numerous questions were raised regarding the methods of implementation, but the most important question that concerned all of the LAGs was the question regarding the reimbursement for the procurement of the goods (equipment and furniture), basically the disparity spent (paid by LAG) and reimbursement by the Agency.

Paying Agency does not practice full reimbursement, but constantly refers to the, so-called, Reference Price List. Many LAGs, in accordance with the rules of the PRAG and Sectoral Agreement, implement the procurement by one or few offers. However, regardless of the number of bids, the Payment Agency very often does not recognize full price for the purchased goods (equipment and furniture), if they exceed the rates shown in the Reference Price List. The **Reference Price List** was completely unknown to the final users (LAGs) and the LAG's didn't even know that such a list exists – it was never published. When the question was asked by the LAGs and the LEADER Network Croatia representatives, why this list is not publically available, the **Agency officials responded that such information and the publications of the Reference Price List was forbidden by DG Agri, based on the pursuant to the provisions of the Sectoral Agreement.**

Please urgently explain, whether such allegations are true and if so, under what criteria was this list made. Also, if such a list does exist, why does DG Agri prohibit the disclosure of such an important document? Due to the fact that the LAG's can't see this document, it causes LAG's major financial problems. In case DG Agri is denying the public disclosure of the Reference Price List, we would kindly ask DG Agri to send us a written decision and documentation on which such a decision is based.

In addition, LEADER Network Croatia would like to point out, that forbidding such information is against the regulations of the National Law of Freedom of Information (National Gazette 25/13). Such a procedure is not based in the Sectoral Agreement, nor is it in accordance with the transparency of the bodies responsible for the implementation of IPA.

During the workshop, LAGs repeatedly emphasized that the cost of the office furniture or equipment is not the same in large cities and small rural communities. Prices in big cities, due to higher offers, are much more favorable but when the cost of transport is calculated, especially in the mountain regions or islands, the costs become higher than the prices in the urban areas. Also, rental vehicles for transport

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are not an eligible expense. Paying Agency does not recognize the cost of transportation, and the higher price of the equipment to rural markets is regularly sanctioned on the basis of the List that DG Agri does not want to publicly disclose (referring to the prohibition of DG Agri and provisions of the Sectoral Agreement – as Paying Agency states).

Also, when purchasing goods of small value - from 1, 00-10.00 EUR, Agency is requiring the declaration of origin for the goods (issued by the Croatian Chamber of Commerce). This also requires constant and additional costs for the LAGs without the right for reimbursement (e.g. purchase pens worth EUR 0.5 – Agency asks for confirmation from Croatian Chamber of Commerce, which costs 2 Euros + travel expense to urban areas where they can get such a confirmation – which is also not an eligible cost).

Since there is no publically available procurement regulation for the administrative costs of the small value, nor there is a publically available publication of the Reference Price List, used by the Paying Agency, the LAGs staff can never know to which extent their costs will be accepted, risking the survival of the organization and their human resources. In addition, the entire case is non-transparent and deeply undemocratic. LAGs are denied reimbursement of the costs referring to the document that supposedly exists, but nobody ever saw it.

Regarding this pressing matter, the LEADER Network Croatia asks the DG Agri to make observations on these issues, because these issues can jeopardize the long-term cooperation between the LAG's and managing authorities.

Sincerely,

Milan Medic,
LEDAER Network Croatia
President

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