1. Background and Project area

The Republic of Croatia has applied for a loan from the International Bank for Reconstruction and Development (IBRD) to implement the EU Natura 2000 Integration Project (NIP). The loan will be implemented by the Ministry of Culture (MoC) of the Republic of Croatia.

NIP overall project objective is to support Park and County Public Institutions to implement Natura 2000 objectives in investment programs; strengthen capacity for EU-compliant reporting and biodiversity monitoring; and introduce programs that involve a wide group of stakeholders in Natura 2000 network management.

The EU post accession grants for nature conservation introduce mainstreaming across several EU instruments and thus access to EU grant funds for nature conservation will depend on a strong proactive capacity to identify opportunities, and strengthened inter-governmental discourse and coordination to reach agreement on mutually beneficial approaches.

One of the obligations that Republic of Croatia has to meet in the accession process to the European Union is preparation of European Union ecological network of nature conservation areas – the NATURA 2000 Network. This EU network is designed to conserve over a thousand rare, threatened and endemic species of wild animals and plants and some 230 natural and semi-natural habitats listed in the annexes of the two EU Directives: Birds Directive\(^1\) and the Habitats Directive\(^2\), as the cornerstones of EU nature conservation policy. Like other EU countries, Croatia will also have to propose sites for the NATURA 2000 Network\(^3\) for over 230 species and 70 habitat types that occur in Croatia and that are considered to be of EU importance. This network of areas extends across public and private land with varying degrees of legal protection and requires new approaches for public and private collaboration to ensure biological values are maintained.

Croatia’s Ecological Network (NEN), as a system of interconnected or spatially close ecologically important areas having a balanced biogeographical distribution, thus significantly contributing to the preservation of the natural balance and biodiversity, proclaimed in November 2007, covers 47 percent of Croatian Land Territory and 39 percent of the Territorial Sea. NEN includes international and national ecologically important areas and serves as the preliminary basis for proposal of the future Natura 2000 network in Croatia, a requirement for accession.

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3. Sites under the Habitats Directive are called proposed Sites of Community Importance (pSCIs) whilst those classified under the Birds Directive are called Special Protection Areas (SPAs). But both SPAs and pSCIs are more commonly referred to simply as NATURA 2000 sites as they are all part of the EU NATURA 2000 Network.
Agricultural land covers more than half of the total Croatian land area. Agriculture is therefore one of the most important sector influencing Croatia’s biodiversity and a large number of potential NATURA 2000 sites (approx. 33% of total Croatian land area) are located in agricultural areas.

Because high biodiversity is usually associated with low-input, small-scale farming, most of the farmland in proposed NATURA 2000 sites is in marginal farming areas rather than intensively managed arable areas. Given the fact that one third of proposed area of NATURA 2000 network in Croatia will be managed by farmers, it is necessary to develop conservation measures that can easily be adopted by farmers who live and work in these regions.

European Agricultural Fund for Rural Development (EAFRD) is one of the main funding mechanisms for the implementation of NATURA 2000, especially its Axis 2: Improving the environment and the countryside. EAFRD focuses on farmers as beneficiaries and its potential lies in supporting specific land management practices. Several measures under the Axis 2 are contributing either directly or indirectly to nature conservation, the most important being agri-environmental payments, support to Less Favoured Areas (LFAs) and NATURA 2000 payments.

Within the EU, there are specific challenges in relation to implementing nature conservation measures, such as links to the cross compliance framework, HNV definitions of agriculture land and landscape elements, how to deal with abandoned land and how to make payments for conservation measures attractive to farmers in extensive regions. These topics will be addressed through this project.

The EU Common Agricultural Policy (CAP) has introduced a set of policy mechanisms aiming at protecting European environment from adverse agricultural practices. In order to receive their subsidy payment in full, since January 2005, EU farmers need to meet so called cross-compliance requirements - a set of basic standards concerning the nature and environment, food safety, animal and plant health and animal welfare. The cross-compliance is based on a number of EC Directives, including Birds and Habitats directives. Once having joined the EU, Croatian farmers will also have to meet the cross-compliance requirements. Croatia recently adopted Ordinance on cross-compliance (O.G. 10/10).

The CAP ensures that its rules are compatible with environmental requirements and that CAP measures promote the development of agricultural practices preserving the environment and safeguarding the countryside. Farmers are encouraged to continue playing a positive role in the maintenance of the countryside and the environment. This is achieved by targeting aid at rural development measures promoting environmentally sustainable farming practices, like agri-environment schemes and enhancing compliance with environmental laws by sanctioning the non-respect for these laws by farmers through a reduction in support payments from the CAP. The CAP is due to be reformed by end 2013 for the next programming period.

Croatia has limited experience of implementing agri-environment (AE) measures that are comparable to EU measures. The first effort at introducing AE programme in Croatia was made in the period 2002 - 2004, when the Netherlands Government funded the project which resulted in proposals for national and pilot (Žumberak-Samoborsko Gorje Nature Park) AE programmes. The project also set up a national working group for AE consisting of experts from the agriculture sector, nature protection sector, scientific community, NGOs and farming sector, which was effective during the project period but has since been dissolved. The second effort at introducing AE programme in Croatia was made in the period 2007 – 2009, in the scope of EU financed Project Institutional Capacity Building and Support for Implementation of SAPA-RD/IPA-RD Programme in Croatia. The objective was to set-up IPA-RD pilot schemes for agri-environment and LEADER measures. The selected pilot areas were Nature Parks Velebit and Lonjsko polje and Zagreb County. Unfortunately, both efforts did not result with a national agri-environment administration system which would enable the implementation of agri-environment programs.
The European Agriculture Fund for Rural Development (EAFRD) has 21 key articles of relevance to NATURA 2000. The EU requires that each Member State applies at least an AE programme as the only obligatory rural development measure. Now, it is therefore a critical time to develop nature conservation measures for the Croatian AE scheme. Currently there are very high levels of inexperience in implementing and administering such measures. NIP will support the development of proposal for implementation of nature conservation measures for the new funding period beyond 2014.

Once becoming the EU member, Croatia will have on disposal significant budget for rural development programme. According to the EU RD regulation, at least 25% of that budget Croatia will have to allocate to Axis 2 measures, especially to AE programme as the only obligatory measure. At the level of EU-27, 44 percent of the total funding for rural development is spent on Axis 2. Out of this, more than 50 percent is spent on AE programs.

To make use of the EAFRD funds for nature conservation, Croatia urgently has to prepare extensive AE programmes focusing on nature conservation and build necessary human resources and institutional capacity for accessing EU funds. Experiences from the pre-accession SAPARD fund show that Croatia has very limited human and institutional capacities. Lack of these capacities is the main reason for the weak absorption of the EU funds. Therefore, NIP will support development and implementation of a comprehensive training programme focusing on nature conservation that will build necessary capacities for accessing EU rural development funds.

For the whole process a close dialogue and well structured channels of information between all relevant institutions and sectors is important. The member states had quite good experiences with the establishment of inter-ministerial working groups to exchange knowledge, experiences and clarify open questions. Besides, Croatian past experience with the AE working group proved that this mode of co-operation between agricultural and nature conservation sector is very fruitful.

Therefore during the NIP preparatory phase a Working group has been established consisting of members from the following institutions:

- Ministry of Culture (MoC)
- Ministry of Agriculture, Fisheries and Rural Development (MAFRD)
- Paying Agency for Agriculture, Fisheries and Rural Development (PA)
- State Institute for Nature Protection (SINP)
- Nature Park “Lonjsko polje”
- NGOs
2. Objectives

The main objective of this assignment is to prepare concrete measures for agri-environment payments related to biodiversity conservation in the Rural Development program. Secondary objectives are increase of understanding and knowledge at regional and local levels concerning habitats and species in the EU Birds and Habitats directives and improve activities to maintain or restore habitats and species at the farm land in order to support introduction of measures.

It is expected that the Consultant engaged for this activity will be responsible for the specific outputs that will help to meet EU cross-compliance requirements and formulate, propose and introduce an acceptable and adequate AE policy for nature conservation which would enable Croatian farmers to receive their subsidy payments. The Consultant will interact with a Working group to achieve this broad outcome; the protocols for this interaction are as described in Paragraph 4 of these TOR.

3. Activities and Outputs

3.1. Assessment of Cross-Compliance Conditions

The conditions and restrictions of cross-compliance indirectly define the possible scope of measures and payments in the AE-scheme. Therefore, Consultant will in close collaboration with the Working group review the current cross-compliance conditions and propose changes, if deemed necessary, related to the Birds and Habitats directives. Checklists and the training of nature protection inspectors will support the implementation of nature conservation measures under the cross-compliance framework.

**Outputs of this Activity:**
- Proposed changes for the cross-compliance conditions relating to the Birds and Habitats Directives
- Prepared checklists for nature protection inspectors
- Trained nature protection inspectors and stakeholders

3.2. Prepare nature conservation measures under an AE scheme

In accordance with the current CAP and the new upcoming EU CAP, a system of nature conservation measures for the Rural Development Programme (2014 – 2020) will have to be developed. In this scheme, regional aspects and the particular needs of NATURA 2000 sites should be addressed. Based on the results of this activity and in a close cooperation with MAFRD and PA a practical concept will be developed, how the administration of the proposed measures on national and regional level can be managed. That includes application formats for nature conservation measures, technical support to fill in applications, structures for a data base, check lists for control system, etc. This concept has to be built up on existing or expected personal resources.

**Outputs of this Activity:**
- Prepared and implemented AE measures at two levels:
  - Nature conservation site specific measures for 2014+ developed
  - All AE measures for nature conservation will be based on relevant biological indicators, which will be used for monitoring and evaluation. The Consultant
• Calculations for AE payments for nature conservation measures according to standard EU methodology and with international support
• Prepared administration model for Natura 2000 payments and/or other proposed measures, if deemed necessary, linked to the procedures and conditions of the PA.

3.3. Awareness and Training

Life in Croatian rural villages was systematically undermined during the last century. The strong bond between farmers and the land has been broken. There is less of a relationship between farmers and nature. Positive examples of selected farmers who still have a strong relationship with nature should improve this situation and will be carried out at the beginning of the project to increase receptiveness to the new measures in the public.

The AE program is built on a voluntary principle which means that the success of the program is not only depending on well designed measures of the program itself but also on the acceptance of the offered measures by the farmers.

The most frequent reason for non-acceptance is a lack of understanding the objectives of proposed activities and their background. Evaluation programs in Austria and Germany showed that training programs and advisory systems have a relevant positive influence on the acceptance of nature conservation measures.

Thus, a necessary precondition for the acceptance of an AE Programme is a good understanding of its objectives and measures as well as technical aspects of the application procedure.

Other programs (such as payments for compensating for costs incurred and income foregone resulting from restrictions in Natura 2000 areas-Natura 2000 payments) can be introduced and developed as found necessary by the Working group.

It is proposed to develop and implement a comprehensive training programme that will build necessary capacities for accessing EU rural development funds, Natura 2000 payments and especially for AE funding. Training programme will be organized on national level and regionally by the hired Consultant team in close collaboration with a Working group and PIU and will include NGOs and other relevant stakeholders/organizations.

For the purpose of regional trainings Croatia will be divided into six regions. In each region complete training cycle will be implemented taking into account regional specifics. During the training programme participants will develop project proposals and selected on-farm nature management plans according to the rules and requirements of EAFRD funds. Participants will have the opportunity to discuss their project ideas with experts and receive feedback and guidance.

It is proposed that each year, two trainings will be held in each of these regions. At the end besides improved human and institutional capacities, this activity will result in a number of proposals prepared for the financing from EAFRD.

In order to achieve outputs of this activity following results are expected to be met:

• Consultant will propose in Inception report a model of collaboration between farmers and PI’s and the Consultant during the lifetime of a contract.
• Annual workshops for experts from PI’s organized to present all findings and educate the stakeholders in principles of EU funding mechanism linked to “agriculture and nature protection”, NATURA 2000 and communication skills.
• 2 trainings/year in 6 different regions to develop project proposals and selected on-farm nature management plans according to the rules and requirements of EAFRD
Training materials relating to the developed nature conservation measures in the AE scheme and linked to the training workshops.

3.4 Exchange lessons learnt

Lessons learnt and experiences will be exchanged with other countries within the region and with other EU Member States. This activity will take place during the beginning, middle and final phases of the project to ensure that best practices are implemented as early as possible.

Activities under this output include:
- Study visits to EU countries with comparable situations to Croatia (EU countries with similar nature values and with well developed AE schemes)
- International workshops to exchange methods and experiences
- International conference in Croatia on AE projects

3.5 Mainstream the results of pilot AE schemes for nature conservation into national policy-making

The Consultant will facilitate close links between relevant policy-makers to ensure that all practical experiences and lessons learnt from the pilot AE measures are effectively mainstreamed into national agricultural and environmental policy as they develop.

Activities under this output include:
- Proposed policies changes related to the scope of Consultants work.
4. Working Arrangement and Reporting

The assignment time period is expected to be approximately 4 years. The Consultant hired for the assignment will report to the Working group which would be also the focal point of activities coordination and delivery/report approvals. Working group will guide and assist the Consultant in order to achieve the accepted activity milestones.

The Consultant will through the contact person in PIU arrange and facilitate the meetings with the Working group at least once quarterly and present the status of the work and requirements for continuation of the work. Upon request of the Working group meetings could be organized on the ad hoc basis.

For the purpose of the contractual arrangements and activity management, after acceptance and agreed steps with the Working group, the Consultant will directly contact the PIU.

For the purpose of the training programs and workshops PIU will assist the Consultant in terms of organization of the events in Croatia. Assistance includes preparing formal invitations and payments for venues and logistics. Consultant will cover their reimbursable expenses.

Following reports are foreseen as obligatory:

1. Inception report which will describe in details a work plan and methodology of the assignment; to be delivered 2 months after contract signing,
2. Quarterly reports on the status of the work and possible deviation from the plan, obstacles and opportunities; to be delivered a week before the scheduled quarterly meeting with the Working group,
3. Minutes from the meetings with a Working group describing in short the topics and discussion; to be delivered 3 days after the meeting,
4. Specific reports/documentation/proposals/training agenda/promotional material developed for the purpose of the achieving the objective of the assignment will be delivered according to the Inception report or quarterly report implementation plan, and
5. Final report, a month before contract closure

The Reports will be done in Croatian and English in electronic copy (the translation will be done by the Consultant) and after approval delivered as the final version in printed form to the PIU and the Working group. Depending on the type and importance of the documents, number of hard copies may vary from 1 to 20 subject to the agreement with the PIU. The comments from the Working group on the reports will be delivered no later than 5 working days after issuing the draft report.
5. Consultant and staff Qualifications

The Consultant should demonstrate a solid professional background including at least 10 years of proven expertise in rural development and nature conservation within the European Union or pre-accession countries. Knowledge of EU agri-environmental schemes and environmental issues linked to farming is essential while knowledge of related Croatian policies is considered an advantage.

Following is an overview of required qualifications for the proposed experts:

**Long and short time experts:**

**Key expert 1:** Project leader and rural development expert
minimum 15 years of experience in project management; minimum 15 years of experience in rural development and EU funding instruments; minimum 8 years of experience in administration of nature conservation measures in agri-environment programmes

**Key expert 2:** EU RD and nature conservation expert
minimum 10 years of experience in EU Rural development programmes and administration of agri-environment measures; minimum 5 years of practical experience in programming and administration of nature conservation measures in agri-environment programmes as well as NATURA 2000

**Key expert 3:** Agri-environment expert
minimum 15 years of experience in Rural development; minimum 8 years of experience in agri-environment measures; minimum 5 years experience in nature conservation and NATURA 2000

**International experts for Rural Development and Agri Environment** (Short time expert)
minimum 10 years experience with AE measures; experience in rural development and nature conservation;

**International experts for Administration of Rural Development** (Short time expert)
minimum 10 years experience in administration of AE measures;

**Experts for calculation nature conservation restrictions and measures** (Long Time and Short time expert)
minimum 10 years experience in calculation of AE measures; practical experience in negotiation of calculated premiums with EU;

The Evaluation criteria for the proposals will be set up in detail in the Request for Proposal which will be distributed to all short listed Consultants.