

STANDARD TWINNING LIGHT PROJECT FICHE

1. Basic Information

- 1.1 Publication notice reference:
- 1.2 Programme: Transition Facility IPA/2013/24986 (Annex of C(2013) 8057 final); Institution Building Envelope
- 1.3 Twinning Number: HR 14 IPA FI 02 16 TWL
- 1.4 Title: Developing the Financial Literacy Programme with the aim of raising the level of financial literacy in the Republic of Croatia (CRO FINANCIAL LITERACY)
- 1.5 Sector: Public Finance
- 1.6 Beneficiary country: Republic of Croatia

2. Objectives

2.1 Overall objective:

The overall objective of this project is to raise the level of financial literacy of consumers¹ in the Republic of Croatia.

2.2 Project purpose:

The project purpose is to strengthen the administrative capacity of Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations and its Financial System Sector within the Ministry of Finance, through developing procedures, improving cooperation with stakeholders as well as through raising public awareness activities, with the aim to raise consumers' financial literacy in the Republic of Croatia.

2.3 Contribution to Accession Treaty/Relevant national documents:

Accession Treaty

Following the signature of the Accession Treaty on 9 December 2011 by the heads of State or Government of the 27 Member States and the Republic of Croatia and its ratification procedure, Croatia joined the European Union (EU) on 1 July 2013. As a Member State, Croatia needs to further enforce laws, regulations and best practices of the European Union in the field of public finance. The project is in line with the Article 30 of the Accession Treaty referring to Croatia's need "to develop and strengthen its administrative capacity to implement and enforce Union law and to foster the exchange of best practice among peers" and to "address the continued need for strengthening institutional capacity".

Treaty on the Functioning of the European Union

Article 169 of the Treaty stipulates that, in order to promote the interests of consumers and to ensure a high level of consumer protection, the EU shall contribute to protecting health, safety and economic interests of consumers, as well as to promoting their right to information, education and to organise

¹ The term "consumer" is used throughout this Twinning light fiche signifying consumer as defined in point (1) of Article 2 of Directive 2011/83/EU: "any natural person who, in contracts covered by this Directive, is acting for purposes which are outside his trade, business, craft or profession".

themselves in order to safeguard their interests. Additionally, it is stated that Union shall achieve these objectives through measures which support, supplement and monitor the policy pursued by the Member States.

European Economy Macroeconomic imbalances Country Report – Croatia 2015 (Occasional Papers 218/June 2015) states, among other, that financial sector faces challenges from the degree of government intervention in the economy. Recent policies, including the freeze of the kuna/Swiss franc exchange rate for Swiss franc indexed loans, highlight the need for a more predictable legal system, a proportionate and equitable intervention of the state in the financial sector and the implementation of a permanent scheme for dealing with personal insolvency.

European Commission's Green Paper on Building a Capital Markets Union from February 2015, emphasizes the importance of strengthening the financial literacy in order to enable consumers to choose financial products more effectively and easily, as well as to compare them. Furthermore, it states that there are a number of national programmes in place to improve financial literacy and education, as well as the EU project "Consumer Classroom"².

European Commission Staff Working Document – Economic Analysis – Accompanying the document: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Action Plan on Building a Capital Market Union from September 2015 emphasizes that financial education and better access to financial advice could help address high information costs that discourage households' investment in capital market instruments, as well as that in the majority of Member States, consumers have limited access to independent consultation on investment, insurance or saving decisions.

European Commission Staff Working Document – Feedback Statement on the Green Paper "Building a Capital Market Union" – Accompanying the document: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Action Plan on Building a Capital Market Union from September 2015, emphasizes the need for better financial education in general, as well as education of SMEs and other potential issuers and investors about private placement in particular.

Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010

Article 6 of the Directive states that Member States shall promote measures that support the education of consumers in relation to responsible borrowing and debt management, in particular in relation to mortgage credit agreements. Clear and general information on credit granting process is necessary in order to guide consumers, especially those who take out a mortgage credit for the first time, as well as information regarding the guidance that consumer organisation and national authorities may provide to consumers.

National Strategic Framework for Consumer Financial Literacy for the period 2015-2020 (hereinafter referred to as the National Strategic Framework) was adopted by the Croatian government in January 2015 and with the goal to set up the basis for systematic and comprehensive integration of financial education in educational processes, and to encourage state bodies, local and regional self-government units, non-governmental organizations, financial institutions, professional and occupational associations being active in financial fields, as well as social partners and communication channels and networks to actively participate in financial education. The National Strategic

²The project has been implemented in the Republic of Croatia (<http://www.consumerclassroom.eu/hr/>).

Framework identifies several main reasons for the necessity of continuous work on raising the level of financial literacy of individuals, such as globalisation of the financial products and services markets, more complex financial products and services available and inequality of available information and resources possessed by different providers of financial products and services on one side and users of these products and services on the other. Moreover, it states that with well thought and implemented programmes of financial education the mentioned imbalance will decrease and the level of financial literacy of society in general will rise, which will in turn contribute to better management of personal finances thus allowing the achievement of personal benefit of individuals, and consequently influencing the benefit of society in general. The National Strategic Framework also emphasizes the right of every citizen to access accurate and unbiased information, and based on the knowledge obtained through financial education, individuals will be able to recognize the most appropriate financial products and be able to reach responsible decisions of key influence on the quality of their life and wellbeing of the whole society.

Action Plan for the Improvement of Consumer Financial Literacy for 2016 (hereinafter referred to as the Action Plan) prepared on the basis of the National Strategic Framework precisely defines measures and activities of all stakeholders³, deadlines for implementation of relevant measures and current status of measures being implemented, performance indicators and sources of financing. Both the National Strategic Framework and the Action Plan are focused on the encouragement of all stakeholders to act collectively in understanding of a common goal and towards the commitment needed for achieving it. One of the activities planned by the Action Plan is the realization of this Twinning light project. The Action Plan for 2016 is planned to be adopted by the Croatian Government in 2Q 2016.

The implementation of this Twinning light project and achievement of its results will contribute to raising consumers financial literacy in the Republic of Croatia while in line with the relevant objectives and measures of above mentioned documents.

3. Description

3.1 Background and justification:

The European Commission defines financial literacy as “the capability of consumers and small business owners to understand retail financial products with a view to making informed financial decisions”. Financial education of consumers is becoming more important over time due to increased complexity of both financial products and services available in growing and dynamic financial markets and more complex individuals’ needs. Specifically, without financial literacy, the full and informed participation of individuals in economic life is more challenging. For example, increased life expectancy and more frequent changes in lifestyle and employment create the need to adjust private finances regularly to suit new work and family circumstances. The situation is further complicated by the increased complexity in financial products and services, introduction of new distribution channels and globalisation of the financial markets.

In 2014, the Zagreb Institute of Economics conducted the survey “Assessment of financial literacy in Croatia” on a representative sample of 900 people aged between 18 and 60 years. The research measured three components of financial literacy: (i) knowledge, (ii) attitudes and convictions, and (iii) behaviour and intentions of the participants. Out of maximum 22 points which could have been achieved by measuring these three components, an average score was 14 which show there is a

³ Stakeholders are institutions that are engaged in preparation and implementation of the financial literacy activities defined in the Action plan.

significant room for improvement and increasing the level of financial literacy of the general public. Moreover, research showed that persons with higher monthly income and higher education possess an overall higher degree of financial literacy. Also, the research results showed that men are on average financially more literate than women and older people than young population, however, no difference according to different geographical regions of the country were detected. As a conclusion, research showed that the key variable that determines the level of financial literacy is education since knowledge is a dimension which has a most profound impact on financial literacy of individuals.

Another survey was conducted in October/November 2015, by the Croatian National Bank and Croatian Financial Services Supervisory Agency in cooperation with the Ministry of Finance of Republic of Croatia, entitled "Measuring Financial Literacy" (activity defined by the Action Plan for the improvement of the consumer financial literacy in 2015). The survey was conducted in line with the Organization for Economic Cooperation and Development (OECD) methodology by personal interview ("face to face") on a representative sample of 1049 respondents (47% of men and 53% of woman) aged between 18 and 79 years. The purpose of the research was to determine the level of financial literacy and financial inclusion of Croatian citizens as well as to collect information concerning financial behavior, attitudes and knowledge on finances. Average financial literacy of Croatian citizens was 11.7 out of possible 21 points.

The mentioned survey has also indicated that people with lower income and education level have significantly less knowledge about the basic economic and financial concepts. Moreover, they rarely keep a household budget, are less confident in their pension plans and are not familiar with financial instruments that help save, invest, get insurance or get a mortgage, which is the reason they seldom use them. Additionally, it has shown that the majority of Croatian citizens are familiar with the impact that inflation has on their lives and understand the correlation between high inflation/rapid growth and higher cost of living and are aware of the benefits of a reasonable allocation of investment and savings however, Croats avoid "positive risks" like investments. Furthermore, low correlation between financial knowledge and financial behaviour shows that Croatian citizens, even though acquainted with principles of sound financial management, do not apply that knowledge in everyday life.

The mentioned surveys have, therefore, indicated the need for raising the level of financial literacy in the Republic of Croatia. Properly developed and implemented financial literacy programme should raise the level of financial literacy in the Republic of Croatia, thus contributing to better management and control of consumers' personal finances and consequently contribute to reducing of inequality.

Due to the growing need for financial education of citizens in Republic of Croatia, the Ministry of Finance of the Republic of Croatia established the Department for Financial Literacy within the Financial System Sector in 2014. Before 2014, there was no systematic approach applied to financial education of citizens in the Republic of Croatia and education programmes had been carried out mostly by non-governmental organizations through thematic workshops, round tables, seminars, etc.

This Twinning light project is envisaged to provide assistance to the Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations and its Financial System in performing the tasks related to financial literacy of citizens, particularly in preparation and carrying out technical analyses on international experiences and practices, preparing proposals and guidelines on financial literacy, cooperating with other central government bodies and international institutions, coordinating the preparation and developing strategic acts of financial literacy and informing the public on basic features of certain financial services, etc. In order to produce a sustainable consumers' financial literacy programme, capacity building support to the Ministry of Finance is essential.

The staff employed within the Financial System Sector use two basic documents in their daily work: National Strategic Framework and Action plan for the Improvement of Consumer Financial Literacy. Considering the recognized importance of financial literacy in the Republic of Croatia, the Government of the Republic of Croatia adopted a Conclusion (Official Gazette, no. 132/2011) authorizing the Ministry of Finance to implement the goals defined by the **National Strategic Framework**, in cooperation with competent ministries, interested representatives of scientific and educational institutions, supervisory bodies, consumers and financial industry. The aforementioned document approaches the issue of inadequate financial literacy through proposals of strategic solutions with the aim of enabling consumers to recognize essential, impartial, precise and easily understandable information about financial products and services.

The Financial System Sector of the Ministry of Finance is also the responsible for the process of coordination and implementation of the Action Plan for the Improvement of Consumer Financial Literacy for each calendar year. The Action Plan precisely defines measures and deadlines and current status of their implementation together with performance indicators and sources of financing. The measures from the Action Plan are being implemented by the stakeholders⁴ engaged, each within their own field and in accordance with the goals defined by the National Strategic Framework. In March 2015, the Ministry of Finance established the Operational Working Group for monitoring the implementation of measures and activities defined in the Action Plan. Working meetings of the Operational Working Group take place every three months and the topics discussed cover implementing activities and other issues concerning financial literacy, while its work and appointment of its members is also coordinated by the Ministry of Finance.

The National Strategic Framework and the Action Plan represent a solid framework for implementing the activities in relation to raising consumers' financial literacy and the goal is to further enhance it by developing high quality procedures, methodological manuals and guidelines and for the employees of the Financial System Sector. Given the fact that financial literacy is an important aspect of financial market stability, developing sustainable consumer financial literacy programmes and activities, as well as its successful implementation would also contribute to effective and stable financial sector of the Republic of Croatia.

Informed and empowered consumers are the initiator of economic change as their choices drive innovation and efficiency. Therefore, the need to develop the skills necessary to improve consumers' financial literacy and to raise their awareness of financial risks and opportunities in order for them to be able to make informed financial decisions is one of the main issues to be addressed by this Twinning light project.

Strengthening the administrative capacity of the Ministry of Finance and its relevant organizational units which are coordinators of the activities regarding the financial literacy and related to consumers' protection is crucial in order to raise the level of financial literacy in the Republic of Croatia. Finally, through improving the inter-institutional cooperation of the Ministry of Finance with other stakeholders, a more effective coordination of the said activities involved in the process of raising the

⁴ Apart from the Ministry of Finance, there are 20 stakeholders who are engaged in the implementation of financial education defined in the National Strategic Framework for Consumer Financial Literacy for the period 2015-2020, as follows: Ministry of Science, Education and Sport, Ministry of Economy, Ministry of Health, Ministry of Social Policy and Youth, Ministry of Public Administration, Croatian Financial Services Supervisory Agency, Croatian National Bank, Croatian Chamber of Economy, Croatian Banking Association, Croatian Insurance Bureau, Zagreb Stock Exchange, Croatian Employers' Association, Financial Agency, Faculty of Economics and Business – Zagreb, Institute of Economics Zagreb, Union of Autonomous Trade Unions of Croatia, Croatian Union of Associations for Consumer Protection – “Consumer”, The Association of managing companies of pension funds and pension Insurance companies, Štedopis – Institute for Finance Education, and Institute for the Development of Education.

level of financial literacy will be achieved.

3.2 Linked activities:

"Consumer Classroom"

The Consumer Classroom is an EU funded portal site for teachers across the EU aimed at promoting consumer education and in particular encouraging its teaching in European secondary schools. It is a community website for teachers bringing together an extensive library of consumer education resources from across the EU, along with interactive and collaborative tools to help prepare and share lessons with students and other teachers. This interactive platform for exchanging best practices and distributing consumer education materials amongst teachers and other professionals working with 12 to 18 year-old children, includes materials on digital literacy, new media technologies and sustainable consumption and is developed by the European Commission in line with the Consumer Agenda published in spring 2012.

"Financial Literacy in Practice (FLiP)"

Financial Literacy in Practice is a project conducted by Faculty of Economics and Business in cooperation with Croatian Bureau of Statistics which contributes to raising the level of financial literacy in university students. Education consists out of the following modules: Personal Finance, Personal Finance Management, Decision making process in managing personal finances, Taxation of income citizens, Differences in the system of repayment of the loan through monthly annuity and through loan rates.

"ABC of Finance"

ABC of Finance is a project conducted in 2014 by the Croatian Institute for Financial Education and financed by the Ministry of Economy. Project was implemented through 3 workshops directed at high school students with the aim of understanding personal finances and in order to make informed financial decisions. This project was based on OECD PISA programme („Programme for International Student Assessment“). Emphasis is on understanding the payment transactions, value of money, cost rationalization, card operations and operations on transaction accounts.

"Commercials without borders"

Commercials without borders (Reklame bez granica) is a project conducted in 2015 by the Croatian Institute for Financial Education under the Ministry of Economy and financed by the City of Zagreb. Project was implemented through 4 workshops for over 80 high school students. Workshops goal was to educate young people on influences advertising has on their decisions and on the negative consequences of irrational consumption.

"Consumer advice"

Consumer advice is a project funded by the Ministry of Economy for the period 2014-2015. Project activities were conducted in the following areas: general consumer rights in accordance with the regulations governing civil obligations and protection of consumer rights, consumer rights in the use of public services, consumer rights in the field of electronic communications and consumer rights regarding the use of financial services, through counselling consumers by telephone, e-mail, mail and personal visits. Consumer inquiries are registered in the Central Consumer Protection Information System (CISZP) which connects consumers with the Ministry of Economy, Market Inspectorate as well as a range of other state administration bodies and institutions responsible for the implementation of specific sectors of consumer protection policy.

3.3 Results:

1. Financial literacy programme developed

Indicators of achievement:

- Analysis of strategic documents (National Strategic Framework and Action plan for 2016), existing provisions and administrative procedures in use conducted and analysis report with recommendations on improvement of financial education framework prepared
- Action plan, including necessary information tools (forms, templates, etc.), for the improvement of consumer financial literacy for the year 2017 drafted
- Guidelines and procedures⁵ for raising the level of consumers' financial literacy defined and prepared
- Comparative analysis on EU best practices in at least 2 Member States in the field of consumer financial literacy systems conducted and corresponding report with recommendations for improvement of consumer financial literacy system in Republic of Croatia prepared
- Activities directed to raising of consumer financial literacy and financial literacy programme developed

2. Capacities of Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations and its Financial System Sector related to consumer protection enhanced

Indicators of achievement:

- Training materials for workshops prepared
- At least 2 workshops for at least 5 Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations employees and at least 10 stakeholders' representatives in total on EU best practices in preparation of financial literacy programmes and on means and tools in communicating with public and the media representatives on financial issues conducted
- Study visit in Member State in duration of 5 working days for 10 employees of Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations in order to improve skills of participants related to consumer protection, financial education and financial literacy organized and conducted and study visit report prepared

3. Cooperation and coordination among stakeholders⁶ engaged in the implementation of financial education improved

Indicators of achievement:

- Analysis of needs and requirements for operational and cooperation agreements conducted and report with proposals for upgrading cooperation among stakeholders prepared
- Necessary inter-institutional agreements in order to upgrade cooperation and coordination among all the stakeholders prepared and signed
- Training materials for seminar prepared

⁵ Guidelines and procedures are envisaged to be used by the stakeholders engaged in the implementation of financial education.

⁶ Stakeholders involved in the implementation of financial education are defined in the National Strategic Framework for Consumer Financial Literacy for the period 2015-2020.

- At least 1 seminar on cooperation and coordination mechanisms for at least 5 employees from Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations and at least 10 representatives of the stakeholders organized and conducted

4. Public awareness on financial issues raised

Indicators of achievement:

- Recommendations for developing separate “user friendly” webpage on Ministry of Finance’s website dedicated to consumer financial literacy, including co-operational protocols and other guidelines and proposals, prepared
- Promotional materials for the conference prepared
- Conference “Raising the financial literacy in the Republic of Croatia” for at least 50 participants with the aim of raising awareness on importance of financial literacy organized and conducted

3.4 Activities:

Member State is kindly requested to develop activities in the submitted proposal which are needed in order to achieve the results stipulated in the fiche.

Minimum two visibility events will be organized in the course of the implementation of the project; Kick-off meeting at the start of the implementation and the Final meeting at the end of the implementation of the project activities.

3.5 Means/ Input from the MS Partner Administration:

MS Project Leader may participate in the project also as the short-term expert (STE) and in this case the MS Project Leader should satisfy requirements stipulated in the fiche for both the Project Leader and the relevant STE profile.

3.5.1 Profile and tasks of the Project Leader

Profile of the Project Leader

Requirements:

- University level education or equivalent professional experience of 10 years in public administration
- Minimum 5 years of experience in implementing consumers’ protection and/or financial literacy activities
- Experience in project management
- Computer literacy
- Working level of English language
- Proven contractual relation to public administration or mandated body, as defined under Twinning Manual 5.4.5

Assets:

- Experience in managing projects in the field of consumer protection

Tasks of the Project Leader:

- Overall responsibility of the project, support and coordination of all activities in the Beneficiary Country in cooperation with the BC Project Leader and experts engaged in undertaking activities
- Overall coordination of MS experts' work and availability
- Ensuring sound implementation of envisaged activities
- Reviewing and approving key project outputs and any revisions to the work plan according to the European Commission rules
- Coordination and networking with relevant institutions in Croatia and in the MS
- Organization of visibility events (kick-off and final events)
- Organization of study visit
- Participation in Steering Committee meetings
- Project reporting
- Ensuring backstopping and financial management of the project in the MS

3.5.2 Profile and tasks of the short-term experts

For each of the proposed experts in the submitted proposal the Member State(s) is kindly requested to indicate the expert's profile

Profile of the Short-term expert 1 (STE 1)

Requirements:

- University level education or equivalent professional experience of 8 years in public administration
- Minimum 3 years of experience in implementing consumers' protection and/or financial literacy activities
- Working level of English language
- Computer literacy
- Proven contractual relation to public administration or mandated body, as defined under Twinning Manual 5.4.5

Assets:

- Experience in conducting trainings
- Experience in developing methodological tools on consumer protection or/and consumer financial literacy
- Experience in drafting strategic documents

Tasks of the Short-term expert:

- Close cooperation with the Croatian experts in undertaking all activities
- Providing professional advice to Croatian experts during the project implementation period
- Analysing existing strategic documents, provisions and administrative procedures and preparing recommendations for improvement
- Drafting Action plan for the improvement of consumer financial literacy for the year 2017
- Preparing guidelines and procedures for raising the level of consumers' financial literacy
- Conducting comparative analysis and preparing report
- Preparing programme and activities directed to raising of consumer financial literacy
- Preparing training materials
- Organizing seminar and workshops

- Conducting analysis of needs and requirements for operational and cooperation agreements
- Preparing necessary inter-institutional agreements in order to upgrade cooperation and coordination among all the stakeholders
- Participating in all relevant activities as determined during the project implementation

Profile of the Short-term expert 2 (STE 2)

Requirements:

- University level education or equivalent professional experience of 8 years in public administration
- Minimum 3 years of experience in implementing public relations activities
- Working level of English language
- Computer literacy
- Proven contractual relation to public administration or mandated body, as defined under Twinning Manual 5.4.5

Assets:

- Experience in awareness raising activities on consumer protection or/and financial literacy

Tasks of the Short-term expert:

- Close cooperation with the Croatian experts in undertaking all the activities
- Providing professional advice to Croatian experts during the project implementation period
- Preparing recommendations for developing separate “user friendly” webpage dedicated to consumer financial literacy
- Preparing promotional materials
- Organising the conference on raising awareness on importance of financial literacy
- Participating in all relevant activities as determined during the project implementation

4. Institutional Framework

The main beneficiary of the project is Ministry of Finance. Employees of the Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations and its Financial System Sector will be directly involved in the project implementation.

The Financial System Sector with its 19 employees is responsible for preparation and carrying out of technical analyses on international experiences and practices in relation to financial literacy, preparing proposals and developing guidelines for financial literacy, cooperating with other central government bodies and international institutions, coordinating the preparation and developing strategic acts of financial literacy and informing the public on basic features of certain financial services, coordinating the work on the queries and consumer complaints related to the services of the financial system, participating in the implementation of the National Strategic Framework of consumer financial literacy and accompanying Action Plan for each calendar year. Moreover, it also pays special attention to the requirements stemming from the EU regulations and directives regarding financial services, and develops its capacity to play the role required in the protection of the consumers’ financial interests by initiating necessary actions. The project will enhance administrative capacities of the Ministry of Finance staff and will not lead to change of the institutional framework as described.

Apart from the Ministry of Finance, representatives of other relevant stakeholders engaged in the implementation of financial education defined in the National Strategic Framework and measures for

raising the level of financial literacy envisaged by the Action Plan, described in section 3.1 Background and justification, will be involved in certain project activities. The Ministry of Finance will ensure project coordination throughout the project implementation and will monitor the progress of the project activities on a regular basis.

Two Steering Committee meetings will be held for the purpose of reviewing the progress made under the project as well as to discuss results achieved and/or problems occurred. The first Steering Committee meeting will be held during the third month of project activities implementation in order to discuss and comment the draft start-up report. The second Steering Committee meeting will be organized during the last month of the implementation period of the Action to discuss the draft final report.

It should be noted that the participation of the Member State Project Leader in Steering Committees meetings has to be combined with expert missions in case the Member State Project Leader is also a short-term expert in the Twinning light project. If the Member State Project Leader is not short-term expert in the Twinning light project then his visits to Croatia, (one visit every three months) as part of his overall task to ensure coordination and political steering of the project, should be organized at the same time as the two Steering Committee meetings of the project.

The exact participants of the Steering Committee meetings will be defined during the implementation of the project, but will at least include the following members:

- BC Project Leader
- MS Project Leader
- CFCA Project Manager
- MRDEUF Sector Manager.

The beneficiary is committed to provide all necessary infrastructure such as office space and desktop computers with internet connection for experts, venue for holding seminars and workshops, and to ensure the necessary local staff/experts inputs.

5. Budget

Developing the Financial Literacy Programme with the aim of raising the level of financial literacy in the Republic of Croatia (CRO FINANCIAL LITERACY)	Transition Facility Contribution	National Co-financing	TOTAL
Twinning Light Contract	90% 225.000,00 EUR	10% 25.000,00 EUR	250.000,00 EUR

The total amounts of the Transition Facility Contribution and National Co-financing stipulated in the above table represent the total maximum amounts and therefore, they may be reduced at the level of the Twinning light contract, while the relevant ratio (percentages) should be maintained as fixed.

The co-financing requirement foreseen under the Transition Facility will be considered fulfilled according to the provision of the relevant Financing Decision.

Interpretation costs will be reimbursed from the budget only for the purpose of workshops and seminars, up to 7% of the Contract amount can be used for translation and interpretation purposes.

Provisions for visibility costs and expenditure verification costs should be included in the budget.

6. Implementation Arrangements

6.1 Implementing Agency responsible for tendering, contracting and accounting:

Central Finance and Contracting Agency (CFCA)
Ulica grada Vukovara 284, Objekt C
10000 Zagreb, Croatia
Mr Tomislav Petric, Director
Phone: +385 1 6042 400
Fax: +385 1 6042 598
E-mail: procurement@safu.hr

Twinning Administrative Office
Central Finance and Contracting Agency
Ulica grada Vukovara 284, Objekt C
10000 Zagreb, Croatia
Ms Nirvana Sokolovski, Twinning NCP
Phone: +385 1 6042 400
Fax: +385 1 6042 598
E-mail: twinning@safu.hr

6.2 Main counterpart in the BC:

Senior Programme Officer (SPO):
Ms Vladimira Ivandić
Ministry of Finance of the Republic of Croatia
Katančičeva 5
10000 Zagreb, Croatia
Phone: +385 1 4591 258
Fax: + 385 1 4922 598
E-mail: vladimira.ivandic@mfin.hr

BC Project Leader:
Ms Ivana Ravlić Ivanović, Head of the Financial System Sector
Ministry of Finance of the Republic of Croatia
Katančičeva 5
10000 Zagreb, Croatia

6.3 Contracts:

It is envisaged that the Project will be implemented through one Twinning light Contract, with the maximum amount of 250.000,00 EUR.

6.4 Reporting:

The Start-up Report will cover first two months of the contract and will be submitted during the third month.

The Start-up report should:

- Clearly define the aims and purpose of the aid provided by the project,
- Give detailed description of the content of particular parts of the project,
- Work out in detail the activities carried out and the results achieved,
- Work out in detail all modifications agreed with the beneficiary institution,
- Review difficulties met during the implementation of the project and measures that were undertaken for their removal,
- Provide all findings obtained in the meanwhile and preliminary conclusions, and
- Contain a general plan of activities for the implementation of the remained duration of the project.

The Final Report shall be submitted within three months upon the completion of the project activities and in any case within the legal duration of the project, and it should contain the following:

- Complete review of all activities carried out by MS experts during the implementation of the project,
- Achieved progress concerning each activity,
- Summary of all project results, with particular emphasis on mandatory results,
- Estimation of the project impact compared with the project aims and measures of the achieved progress,
- Identification of all important problems met during the implementation of the contract and solutions that have been applied,
- Lessons drawn from the project, and
- Recommendations for further steps in future projects.

The reports must be endorsed and countersigned by the beneficiary, who may make additional comments.

Reports shall be submitted to the Ministry of Finance, the Central Finance and Contracting Agency, the Ministry of Regional Development and EU Funds and the concerned service of the European Commission in a form of 3 hard copies and an electronic version. All reports should be written in English.

6.5 Language:

Working language of this Twinning light project will be English.

7. Implementation Schedule (indicative)

7.1 Launching of the call for proposals: 2Q 2016

7.2 Start of project activities: 3Q 2016

7.3 Project completion: 1Q 2017

7.4 Duration of the execution period (number of months): 9 months; the execution period will end 3 months after the implementation period of the Action (work plan) which will take 6 months.

8. Sustainability

After the successful implementation of the project, sustainability will be achieved through continuous

usage of the project results. Developed procedures, recommendations for improvement, guidelines, training and promotional materials, financial literacy programme and activities as well as other outputs of the project will be maintained as a permanent asset of the Ministry of Finance after the end of the project implementation.

Workshops, seminar and study visit organized and conducted through this twinning light project will significantly contribute to improving the level of knowledge of the employees of the Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations as well as other stakeholders engaged in the implementation of financial education and will ultimately enable implementation of efficient financial literacy programmes aimed at raising the level of financial literacy in Republic of Croatia.

Furthermore, the project will strengthen the coordination function and operational capacity of Financial System Sector and other stakeholders engaged in the implementation of financial education. Improved cooperation among stakeholders together with conducted public awareness activities will contribute to better consumer protection thus increasing the level of consumer financial literacy in the Republic of Croatia.

9. Crosscutting issues

Based on the fundamental principles of promoting equality and combating discrimination, participation in the operation will be guaranteed on the basis of equal access regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The activities of the objective have no negative impact on the environment.

10. Conditionality and sequencing

Not applicable.

ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format

Annex 1. Logical framework matrix in standard format

Developing the Financial Literacy Programme with the aim of raising the level of financial literacy in the Republic of Croatia (CRO FINANCIAL LITERACY)		Programme name and number: Transition Facility IPA/2013/24986 (Annex of C(2013) 8057 final); Institution Building Envelope	
Ministry of Finance		Contracting period expires: 3 years from the day on which the Commission notifies the Republic of Croatia that all of its internal procedures necessary for the adoption of this Decision have been fulfilled.	Disbursement period expires: 4 years following the expiration of the contracting deadline.
		Total budget: 250.000,00 EUR	Transition Facility: 225.000 EUR (90%) National co-financing: 25.000 EUR (10%) ⁷
Overall objective	Objectively Verifiable Indicators	Sources of Verification	
The overall objective of this project is to raise the level of financial literacy of consumers in the Republic of Croatia	<ul style="list-style-type: none"> Financial System Sector operational capacity enhanced in performing and coordinating all activities directed at raising the level of consumer financial literacy Activities envisaged by Action Plan for the improvement of consumer financial literacy for 2016 implemented Consumers' financial literacy raised 	<ul style="list-style-type: none"> Relevant EC reports Ministry of Finance reports and statistics 	
Project purpose	Objectively Verifiable Indicators	Sources of Verification	Assumptions
The project purpose is to strengthen the administrative capacity of Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations and its Financial	<ul style="list-style-type: none"> Financial literacy programme developed Capacities of Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations and its Financial 	<ul style="list-style-type: none"> Twinning light project reports Twinning light project documentation (analyses reports, draft Action plan, guidelines and procedures, financial literacy 	<ul style="list-style-type: none"> Representatives of relevant organizational units of the Ministry of Finance and stakeholders available for project implementation and participation at seminars, workshops

⁷ The total amounts of the Transition Facility Contribution and National Co-financing stipulated in the above table represent the total maximum amounts and therefore, they may be reduced at the level of the Twinning contract, while the relevant ratio (percentages) should be maintained as fixed. The co-financing requirement foreseen under Transition Facility will be considered fulfilled according to the provision of the relevant Financing Decision.

System Sector within the Ministry of Finance, through developing procedures, improving cooperation with stakeholders as well as through raising public awareness activities, with the aim to raise consumers' financial literacy in the Republic of Croatia.	<p>System Sector related to consumer protection enhanced</p> <ul style="list-style-type: none"> • Capacities of Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations and its Financial System Sector related to consumer protection enhanced • Public awareness on financial issues raised 	<p>programme for improvement of consumer financial literacy, seminar materials, workshops materials, promotional materials, recommendations for webpage development etc.)</p> <ul style="list-style-type: none"> • List of participants on seminar, workshops and conference • List of participants on study visit • Study visit report 	<p>and conference.</p> <ul style="list-style-type: none"> • Full commitment of all parties involved • Good communication and cooperation between experts
Results	Objectively Verifiable Indicators	Sources of Verification	Assumptions
1. Financial literacy programme developed	<ul style="list-style-type: none"> • Analysis of strategic documents (National Strategic Framework and Action plan for 2016), existing provisions and administrative procedures in use conducted and analysis report with recommendations on improvement of financial education framework prepared • Action plan, including necessary information tools (forms, templates, etc.), for the improvement of consumer financial literacy for the year 2017 drafted • Guidelines and procedures for raising the level of consumers' financial literacy defined and prepared • Comparative analysis on EU best practices in at least 2 Member States in the field of consumer financial literacy systems conducted and corresponding report with recommendations for improvement of consumer financial literacy system in Republic of Croatia prepared • Activities directed to raising of consumer financial literacy and financial literacy programme developed 	<ul style="list-style-type: none"> • Twinning light project reports • Twinning light project documentation (analyses reports, draft Action plan, guidelines and procedures, financial literacy programme for improvement of consumer financial literacy, seminar materials, workshops materials, promotional materials, recommendations for webpage development etc.) • List of participants on seminar, workshops and conference • List of participants on study visit • Study visit report 	<ul style="list-style-type: none"> • Representatives of Financial System Sector and engaged stakeholders available for project implementation and participation at seminars, workshops and conference. • Full commitment of all parties involved • Good communication and cooperation between experts
2. Capacities of Directorate for	<ul style="list-style-type: none"> • Training materials for workshops 		

<p>Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations and its Financial System Sector related to consumer protection enhanced</p>	<p>prepared</p> <ul style="list-style-type: none"> • At least 2 workshops for at least 5 Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations employees and at least 10 stakeholders' representatives in total on EU best practices in preparation of financial literacy programmes and on means and tools in communicating with public and the media representatives on financial issues conducted • Study visit in Member State in duration of 5 working days for 10 employees of Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations in order to improve skills of participants related to consumer protection, financial education and financial literacy organized and conducted and study visit report prepared 		
<p>3. Cooperation and coordination among stakeholders engaged in the implementation of financial education improved</p>	<ul style="list-style-type: none"> • Analysis of needs and requirements for operational and cooperation agreements conducted and report with proposals for upgrading cooperation among stakeholders prepared • Necessary inter-institutional agreements in order to upgrade cooperation and coordination among all the stakeholders prepared and signed • Training materials for seminar prepared • At least 1 seminar on cooperation and coordination mechanisms for at least 5 employees from Directorate for Macroeconomic Analyses, Economy, Financial System, EU and International Financial Relations and at least 10 		

4. Public awareness on financial issues raised	<p>representatives of the stakeholders organized and conducted</p> <ul style="list-style-type: none"> • Recommendations for developing separate “user friendly” webpage on Ministry of Finance’s website dedicated to consumer financial literacy, including co-operational protocols and other guidelines and proposals, prepared • Promotional materials for the conference prepared • Conference “Raising the financial literacy in the Republic of Croatia” for at least 50 participants with the aim of raising awareness on importance of financial literacy organized and conducted 		
Activities	Means	Specification of costs	Assumptions
Activities to be implemented correspond to the activities developed in the selected MS proposal.	Analysis, consultations, preparation of documentation, presentation, seminar, workshops, study visit, conference.	Twinning light project: 250.000,00 EUR	In line with the assumptions specified for results.
			Preconditions: Not applicable.