

## 2. Executive Summary

### BACKGROUND AND SCOPE OF THE EVALUATION

This Country Programme Interim Evaluation aims at providing a comprehensive review of the Phare and Instrument for Pre-Accession Technical Assistance and Institution Building (IPA TAIB) programme in Croatia. The evaluation strives to enhance the decision-making capacity of the key stakeholders responsible for managing EU funded programmes in Croatia. To this end, this evaluation report analyses the relevance, efficiency, effectiveness, impact and sustainability of initiatives funded under Phare 2006 and IPA TAIB 2007, 2008, 2009 and 2010 annual programmes. It also provides a judgement on the follow-up of previous evaluation recommendations. This Country Programme Interim Evaluation reflects the situation at 28 November 2011, the cut-off date of the report.

### MAIN EVALUATION FINDINGS

**Relevance:** The current generation of IPA TAIB programmes (2007-2010) is well aligned with Croatia's accession process and coherent with regard to real accession-oriented needs. For the remaining Croatian pre-accession period, the strategic framework wherein IPA TAIB currently operates is expected to further improve when the sector-based programming approach envisaged by the current Multi-Annual Indicative Programming Document 2011-2013 has been fully adopted in the two sub-sectors selected for implementing sector-based projects (justice and home affairs, public administration reform).

**Efficiency:** Further measures to increase timely absorption are being taken by programme stakeholders. Positive progress in addressing certain benchmarks for waiving EU Delegation (EUD) ex-ante control is obvious. Despite all efforts, tendering and contracting remains lengthy and complicated and timely absorption does not significantly improve. Programme extensions might be again needed to avoid loss of funds and development. The capacity in different beneficiary institutions to tackle increasingly complex projects remains uneven.

**Effectiveness:** IPA TAIB programme management is further moving towards result-orientated performance. Effective delivery of the assistance is obvious. Spending and financial compliance are still the main driving factors for the programme but discussion and reporting increasingly tend to focus on tangible programme results. However, the level of effectiveness in the PAR sub-sector is still sub-optimal.

**Impact:** Phare/ IPA TAIB programmes' impacts are benefiting from the dynamics of the accession process as it comes to successful completion. Mechanisms for follow up and assessment of impact at programme level remain very limited and can be done mostly only indirectly on the basis of political progress reporting. *Inter alia*, on the basis of existing capacity gained through the Phare and IPA TAIB programmes, prospects for effective management of structural funds seem to be good.

**Sustainability:** Sustainability of the institutions, improved and developed with the help of Phare/ IPA TAIB, is ensured for the overwhelming majority of cases. However, many ministries and agencies that work on European issues remain understaffed, as has been observed in the past. Although they can currently complete the essential tasks related to taking over the obligations of membership, their workload is high and further increasing. Vacancies in the public sector can often not be properly filled and replacements are difficult to get since recruitment packages are not sufficiently attractive. Most projects of the sample of CARDS projects were found to be sustainable. Institutional sustainability and continuation of operations of the Central Office for Development Strategy and Coordination of EU Funds (CODEF) post-accession needs to be explored now.

**Monitoring of actions:** Progress review and monitoring of actions are further building up. For instance further measures are being undertaken by Croatian authorities to strengthen on-the-spot checks. Sectoral monitoring sub-committees perform their duties and the progress review increasingly emphasises the need to report also on results. However, sectoral monitoring meetings still focus too much on procurement issues and wider sectoral and horizontal issues remain largely unexplored by the various sectoral monitoring sub-committees; also the ability of beneficiaries to define appropriate corrective actions remains low. The interim evaluation process is benefiting from a well-established follow-up system ensured by CODEF.

## CONCLUSIONS

***Overall with the help of IPA TAIB Croatia is generally on track in making their regulatory frameworks, systems and capacities conform to the requirements of the EU, but achieving effective enforcement on the ground still remains a big challenge following accession. Croatia still has much to do to secure the administrative structures and institutional capacities for such a purpose. The Phare/ IPA TAIB assistance under review is influential in promoting and supporting institutional change in an accession-related context by restructuring existing institutions, establishment of new institutions, alignment of legislation, and strengthening of administrative capacities. In the main the intended legislative and administrative impacts are being achieved, or preconditions for their successful achievement have been put in place. Final preparations are under way for completion and provided effective use of IPA TAIB will continue the remaining technical accession work should be completed satisfactorily. Sustainability and impact across the sectors is apparent and increasing attention is given to project sustainability at an early stage of implementation.***

*Moreover, the following specific conclusions can be drawn:*

***The new sector-based programming approach could help to further streamline assistance*** but in the two sub-sectors selected for implementing the sector-based programming approach there is not always enough understanding yet of what it

actually means and beneficiaries miss detailed guidance how they can adopt the new approach in practice.

***Further improvements for increasing the absorption rate of IPA / TAIB have been made but prevailing contracting patterns will not significantly change.*** Despite an increasing trend in tackling systemic inefficiencies of the IPA TAIB system there are substantial contracting and implementation problems within the system, which will further prevail. Realistic procurement plans and market analyses might be tools to improve some aspects of the long-lasting tendering processes but only to a limited extent. Capacities of the Croatian stakeholders involved have been further developed and steps towards improving indicators of administrative efficiency, such as rejection rates, are clearly positive. Nevertheless, all these positive factors do not provide sufficient evidence that prevailing contracting patterns will significantly improve in the near future due to operational disfunctionalities in the Decentralised Implementation System. The long-lasting preparatory and decision-making processes and complex quality control mechanisms, together with the challenges specific to capacity building projects for complex organisations and the heterogeneity of the TAIB interventions and its heavily varying beneficiaries, give it little chance that the contracting and tendering phases can be significantly shortened.

***IPA TAIB has proven to be a largely effective instrument for influencing change but effective delivery of support to public administration reform needs to be increased.*** IPA TAIB has provided the means to modernise infrastructure, equipment, practices and procedures in all assisted sectors. Institution building projects, particularly twinning interventions, tend to have satisfactory effectiveness and many project results are brought into practice immediately by the end of the respective intervention, increasing directly the performance of beneficiary institutions. Most IPA TAIB works and supply projects are well on the way to delivering the originally planned results. Ownership of beneficiaries has visibly improved in the course of a single year throughout the involved institutions, which is contributing to the successful fulfilling of the projects' purpose and reaching of intended results. However, there is currently very much delayed progress in the public administration reform sub-sector. In view of the EU funds being spent on pressing public administration reform issues, enhancing the overall co-ordination and leadership role of the Ministry of Public Administration is desired.

***With Phare/ IPA TAIB support, immediate and intermediate impact is now strong.*** The programmed EU pre-accession support is providing very necessary assistance to Croatia in its attempt to meet the requirements for accession. Key improvements are noted in legislative and administrative structures, systems, infrastructure and resources, which could, to a greater or lesser extent be attributed to the Phare/ IPA TAIB support provided, particularly to the assistance provided latterly. Phare/ IPA TAIBs intermediate impact is the capability to deal with EU Member State requirements and to benefit from Member State status.

***Sustainability of systems, structures and resources supported by Phare/ IPA will be fully positive once accession benefits materialise.*** The institutions developed or established with Phare/ IPA TAIB assistance may prove to be robust once Croatia as a new Member State benefits sufficiently from accession. The need of Croatian beneficiaries to put results immediately into operation in order to cope with the workload emerging from the new Member State status appears as the driving factor for sustainability. Also the assessment of selected CARDS projects confirms that this assistance has been largely sustainable. Longer-term sustainability may, however, come under pressure with regard to the ongoing financing of human and physical resources and the maintenance and replacement costs of expensive and sophisticated equipment. Moreover, despite on-going improvements, Croatia needs to further address the continuing problem of staff turnover, particularly in the light of increasing workloads after joining the EU. Mistakes from previous accession rounds where the valuable experience of the national IPA coordination body was sometimes simply lost due to changes in the institutional set-up of government authorities should be avoided.

***Programme monitoring capacity is further increasing but its acceptance, as a management tool, remains limited.*** With the exception of CODEF and Central Finance and Contracting Agency (CFCA) and a few beneficiary institutions, the widely held view seems to be that monitoring is considered more as a duty than a management tool, and there appears to be largely the same attitude in beneficiary institutions to evaluation. All this is evidenced by the moderate success in implementing corrective actions from the monitoring or evaluation recommendations, particularly where policy or horizontal issues are concerned. The sectoral monitoring sub-committees need to further encourage beneficiaries and stakeholders to develop their own specific recommendations, based on a realistic analysis of project and sector-related issues.

## LESSONS LEARNT AND RECOMMENDATIONS

### Lessons learnt

***Contracting within 12 months following the conclusion of the Financing Agreement remains a desired target that still too often cannot be achieved with the current IPA TAIB implementation system in Croatia:*** Timelier contracting, in particular within a one-year timeframe, depends to a large extent on flexibility in procedures and processes and the current IPA TAIB system has not been built and further adapted on the basis of flexibility. One of the few flexible elements in the system is the granting of extensions for contracting and implementation. Despite a high level of performance and results orientation, one needs to recognise that many Phare/ IPA TAIB programmes in Croatia could not achieve all their positive effects within the regular period foreseen for contracting.

***Increased efforts of CODEF, Ministry of Finance (MoF) and the CFCA in education and certifying PIU staffs are starting to pay back in terms of improved beneficiary performance.*** CODEF, MoF and CFCA, as well as other line ministries have developed a

comprehensive and significant portfolio of training modules, which are positively assessed by beneficiary institutions and participation at these educational events is consistently very high, reflecting their growing commitment and awareness as to the needs for further increasing absorption capacity and acquiring absorption related skills.

***The accumulated knowledge and experience of CODEF needs to be maintained for future membership obligations.*** A further transformation of CODEF into an even more pro-active institution would be sensible and would allow the benefits resulting from CODEF operations to be maintained during the pre-accession period<sup>2</sup>.

***Findings from the intended analysis on equipment and supply procurement in IPA TAIB might be worth to be disseminated to other IPA countries.*** The EUD has recently proposed to establish together with the CFCA a working group in order to assess in detail, which type of equipment or supply can be regarded as problematic when contracted under IPA TAIB conditions. The outcomes of this analysis might provide a basis for improved guidance on IPA TAIB funded interventions for the next programming period and should be clearly summarised and made available to IPA management both in Brussels and other IPA partner countries.

### **Recommendations**

*In view of the expected phasing out of the IPA TAIB programmes and the introduction of transition and Schengen facilities, and structural and cohesion funds, the following recommendations still remain to be given:*

***Enforce a constructive and partnership-oriented dialogue in order to make the sector-based programming a success.*** European Commission at Headquarters and Delegation together with CODEF need to ensure more direct beneficiary guidance and help in preparing new sector-based projects, and advise about specific sector requirements. The exercise as such is new to the concerned IPA TAIB stakeholders and a constructive and partnership-oriented discussion is needed to develop a common understanding in sector-based programming and implementation as concerns the two chosen sub-sectors.

***Ensure clear rules for inter-institutional co-operation for complex sector-based projects.*** In the case of joint implementation by two or more ministries or agencies, such complex projects require political consensus and strong leadership. Therefore CODEF should ensure that the parties agree rules of co-operation in writing, already at the very early phase of the programming stage.

***Strengthen leadership and coordination in respect to public administration reform at the highest political decision-making level, for instance by temporarily appointing a***

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<sup>2</sup> Following the December 2011 elections and the change of government, CODEF continues as an office within the Ministry of Regional Development and EU Funds.

***Deputy Prime Minister in charge of the Ministry of Public Administration.*** Very strong senior political support for the horizontal aims of the projects will be required in order to ensure widespread commitment and successful achievement of results of the projects. Taking these factors into account, together with the importance of the projects for the satisfactory development and preparation of Croatia to become a Member State, very strong senior political support is needed. The Government of Croatia should consider appointing a senior Deputy Prime Minister to be in charge of the Ministry of Public Administration and with sole responsibility for Public Administration Reform in Croatia. The brief should require that clear lines of accountability are established to determine who is doing what in terms of public administration and civil service reforms.

***Promote quality control systems in beneficiary institutions.*** In particular for future assistance (structural and cohesion funds, Schengen facility and Transition Facility) beneficiary institutions should be encouraged by the CFCA to establish their own internal quality control systems for the production of project documents. A CFCA-coordinated effort based on an agreed quality management system applicable for all beneficiary institutions would be much welcomed but might not always be feasible due to the differing character of individual institutions.

***Further strengthen critical reflection by beneficiaries in the SMSC.*** The sectoral monitoring sub-committees, organised and guided by CODEF, need to further encourage beneficiaries and stakeholders to develop their own specific recommendations, based on a realistic analysis of project and sector-related issues and to present those in the monitoring reports. The identification of lessons learnt and recommendations is still driven by the EUD or CODEF. CODEF's quality control of monitoring reports should in particular emphasise the need to formulate recommendations to tackle the problem identified by the beneficiary. In terms of formulating such recommendations, beneficiaries could use previous sectoral evaluation recommendations for guidance.

***Further transform CODEF into an even more professionalized and pro-active institution for the post-accession period.*** Possible suggestions for a further even more effective role of CODEF after accession have been made in this report and should be considered by CODEF and the Government of Croatia. These suggestions focus on strengthening CODEF in order to ensure continuous guiding and advising the Croatian Government in key fields of strategic planning and programming and effective use of EU funds and for achieving the most relevant Croatian strategic development priorities.