

EXECUTIVE SUMMARY

Ad-Hoc Evaluation of Croatia CARDS Programme

Scope and Objectives

This report encompasses four sector clusters: Social, Internal Market, Competition & Agriculture, Justice and Home Affairs, and Other. These clusters are drawn from five monitoring sectors and based on a sample of 16 projects. All projects are being implemented under the Decentralised Implementation System. 12 are from the 2003 and 4 from the 2004 CARDS programmes. The total amount of assistance evaluated in the report is €20.25 million. The report has divided the assistance into 4 clusters. All assistance is in line with the strategic objectives of the European Commission's Country Strategy Paper 2000-2006 for Croatia and Multi-annual Indicative Programmes 2002-4, as well as priorities outlined in the Croatian Government's "Preliminary Assessment for Introducing Elements of Pre-Accession Strategy to CARDS".

Sectoral conclusions

The overall performance of the CARDS assistance evaluated is mixed. Relevance of assistance was hampered by weaknesses in project design but subsequent project changes improved the prospects for achievement of planned outputs and good results. A range of factors both internal and external to the programme environment represent potential barriers to the impact and sustainability of these interventions, however there is sufficient reason to expect the assistance to deliver useful and sustainable results. The overall rating is the range of "barely satisfactory" and "satisfactory".

Performance Rating⁵

Cluster \ Criterion	Relevance	Efficiency	Effectiveness	Impact	Sustainability	Overall
Social	0	1	1	0	0	BS
Internal Market, Competition and Agriculture	1	0	1	1	1	S
Justice and Home Affairs	1	0	1	1	0	S
Other	0	0	1	0	-1	BS
Total aggregate rating	1	0	1	1	0	BS/S
Verbal rating	S	BS	S	S	BS	
Overall, the clusters are rated to be in the range of Barely Satisfactory and Satisfactory						

Key Evaluation Findings

Although largely relevant, CARDS support has been hampered by weaknesses in project design

Although not formally accession-focused all of the assistance covered under this evaluation broadly relates to Croatia's accession obligations. To maintain relevance, the assistance in some clusters has been the subject of significant changes to their original funding and implementation arrangements, largely due to obsolete original designs and contracting requirements.

⁵ +2/HS=Highly Satisfactory, +1/S = Satisfactory, 0/BS = Barely Satisfactory, -1/U = Unsatisfactory, -2/HU = Highly Unsatisfactory

- The programming logic for some interventions in the Social cluster is weakened by the lack of national policy in the area, while the design of the grant schemes supporting civil society development has resulted in the funding of a limited number of large NGOs at the expense of smaller ones. The relevance of *Social Services* has been undermined by the basic design weaknesses relating to inadequate needs analysis and project ownership. The loss of the software development component of *Higher Education* and the uncertainty over future developments in the sector has reduced this intervention's otherwise strong relevance.
- Relevance of assistance in the Internal Market, Competition & Agriculture cluster is good. *Veterinary Border Inspection*, *Plant health* and *Phytosanitary Inspection* support the development of Croatia's physical and technical capacities in accession priority areas, with the latter being substantially redesigned to take account of current beneficiary needs. Initial design weaknesses in *Consumer protection* have been strengthened in its inception phase and this also now represents a relevant intervention.
- In the Justice & Home Affairs cluster, support targets a range of accession priorities. Assistance to the development of a national border management information system is highly relevant to Croatia's efforts to participate in the Schengen Agreement. Twinning assistance in *Combating Money Laundering* is relevant both to Croatia's international commitments in this area and beneficiary needs, although the scope of activities at local level is not as extensive as it could be. *Criminal Intelligence II* fits in with strategic objectives of the Croatian authorities in this field and supports the introduction of EU best practice in the area of intelligence-led policing. However it is hindered by its rather ambitious aims and its positioning at a relatively junior level within the Ministry of Interior. Although *Court Reform* supports the wider process of judicial transformation and targets a key weakness in the sector, the lack of key legislation and functioning Information Technology systems as well as limited beneficiary capacity has undermined what would otherwise be a highly relevant intervention.
- Projects evaluated in the cluster 'Other' are of varying quality in terms of relevance. The programming logic in most cases is clear, with the exception of *Wind and Solar Energy*. *Administrative Decentralisation* supports the process of strengthening local and regional administrations as part of the Government's decentralisation programme. However, relevance is hampered by the absence of legal provisions and weak capacity within the project counterparts. Although broadly in line with government strategy, many of the original assumptions underpinning *Wind and Solar Energy* have become obsolete. As a result, several planned outputs are no longer relevant. By contrast, *Water Management* targets an important *acquis*-related area (the transposition of the EU urban waste water treatment directive) and addresses both legislative and institutional needs stemming from Croatia's accession commitments in the area of environment.

Overall, the four sector clusters are rated as "**satisfactory**" for relevance.

The uneven efficiency of the assistance is a result of delays, mixed beneficiary performance and the generally good work of contractors and twinning experts

The performance of the assistance in the preparatory stage, characterised by extensive delays, has negatively influenced overall efficiency. The performance of many (but not all) beneficiaries and PIUs has also been less than optimal, although this has been offset by the

generally good work of contractors, twinning partners and suppliers. Factors contributing to the delayed start-up of the assistance include the slow pace of contracting under the centralised implementation system and the inexperience of Croatian institutions in this process.

- In the Social cluster, *Social Services* had initially performed poorly, due to shortcomings on the part of both the Croatian project partner and the contractor. However, recent developments linked to the change of leadership and increased management capacity of the project partner has improved both the project's performance and the prospect of it delivering some useful results. *Higher Education* lost one of its service components due to contractor non-performance, but is otherwise being implemented to plan. The two grant schemes under *Good Governance I/II* and *Civil Society* have been contracted and the grant beneficiaries are implementing their sub-projects. Indications are that both schemes are progressing well, although there is a concern over the added value being provided by the technical assistance component of *Civil Society*.
- Under Internal Market, Competition and Agriculture, implementation of *Plant health* has been hampered by the lack of adequate facilities to house the procured equipment, which forced its partial relocation. In the case of *Phytosanitary Inspection* the delay in its implementation resulted in it being substantially redesigned to reflect actual beneficiary needs. The assistance is now being delivered in the form of twinning light (as opposed to twinning as originally planned). Implementation has been good, albeit intense and demanding on both the beneficiaries and twinning experts. Both *Veterinary Border Inspection* and *Consumer protection* were in their inception phases at the cut off date. Questions remain over the capacity of the beneficiary to manage the latter intervention efficiently.
- The implementation of both *Border Management II* and *Criminal Intelligence II* in the Justice and Home Affairs cluster was held up due to the late completion of their predecessor projects. Despite this, *Border Management II* has thereafter performed to plan, although the service contract is being delivered to a reduced time schedule to fit in with a separate twinning light project supervising its implementation. *Criminal Intelligence II* has had mixed efficiency, with several problems experienced in both start-up and implementation caused by both the Croatian and UK twinning partners. Although these issues have now been addressed, the implementation period has been extended by 6 months. After a slow start, *Combating Money Laundering* is progressing to plan, with the twinning partner performing well, although a negative factor was the loss of the supply component. *Court Reform* has encountered several problems in implementation. These relate to the absence of adequate legislation on court rationalisation, a lack of counterparts for the Information Technology component and delays in the completion of the integrated case management system that this intervention partly supports.
- Efficiency of interventions in the 'Other' cluster has been very mixed. Despite some delays in implementation caused largely by external factors, *Administrative Decentralisation* is being implemented satisfactorily. Similar delays have affected the implementation of *Water Management* although it has also suffered from the limited involvement of a key stakeholder. In both cases, the contractors have performed to expectations. By contrast, *Wind and Solar Energy* has encountered a range of problems stemming mainly from poor management on the part of the beneficiary. As a result, the

intervention is well behind schedule and is in danger of not delivering its planned results.

Overall, the four sector clusters are rated as “barely satisfactory” for efficiency.

The assistance is expected to be largely effective, with many outputs already delivered and in use by beneficiaries.

Nearly all the interventions will deliver their planned outputs. This is largely thanks to the work of the contractors and twinning partners, whose work have in nearly all cases been effective and which in a number of cases, have already resulted in tangible improvements in beneficiary performance.

- In the Social cluster, *Higher Education* and *Good Governance I/II* are expected to be effective. The former has provided the beneficiaries with the tools for membership of the European Quality Assurance Network in Higher Education. The grantees of the latter intervention are on schedule to deliver their planned results that will contribute towards improving civic engagement in the grant scheme’s target areas. Despite problems of efficiency, *Social Services* has delivered a number of planned outputs. However, it remains to be seen whether the network of local initiatives currently planned as a key output will be in place at the project’s completion.
- All the evaluated assistance in the Internal Market, Competition & Agriculture cluster will deliver its planned outputs. Despite its dislocation, the equipment under *Plant Health* is functional, whilst both the twinning light and supply components of *Phytosanitary Inspection* have satisfactorily delivered their planned effects.
- Within Justice and Home Affairs, *Border Management II* is expected to be effective in introducing EU standards in the field of border checks and in preparing Croatia to implement the Schengen *acquis*, with the system developed in some respects superior to that used in other EU member states. The criminal intelligence system developed under *Criminal Intelligence II* is a key output of this assistance and will support the delivery the intervention’s planned results. *Combating Money Laundering* has been particularly effective and has already delivered some important outputs, principally the protocol on cooperation between government agencies operating in this field. Prospects for effectiveness in *Court Reform* are mixed. Although three components are in line to provide planned outputs, the Information Technology component is at risk of not being fully delivered.
- Assistance in the cluster Other is expected to be effective in two cases, with both *Administrative Decentralisation* and *Water Management* providing outputs that fit in with ongoing strategic and legislative developments in their sectors. Problems in implementation have meant that *Wind and Solar Energy* has so far not produced several of its planned outputs.

Overall, the four sector clusters are rated as “satisfactory” for effectiveness.

Prospects for impact are, on balance, positive, with assistance in the home affairs and phytosanitary sectors particularly promising.

Although the evaluation has identified some weaknesses, evidence generally indicates that the good outputs emerging from the assistance are likely to result in the impact expected. This is most likely where policy objectives are clear and support for their implementation evident at senior level, or where assistance complements ongoing beneficiary efforts. More complex projects that promote intra-institutional change or wider reform agendas are likely to face greater challenges in delivering impact.

- In the Social cluster, impact is expected to be mixed, with positive prospects under *Good Governance I/II* and, to a lesser extent *Higher Education* counterbalanced by weaknesses in *Social Services*. In the case of the latter several key elements remain to be put in place before it is likely to deliver anticipated results. Recognition of the Croatian quality assurance model by the relevant European standards body is the litmus test for *Higher Education*, but it is uncertain at present whether this will be gained as planned by the end of 2007
- Interventions evaluated under Internal Market, Competition & Agriculture show signs of having the positive impact intended. The system established under *Plant Health* is already functional and contribute to the plant health sector meeting EU requirements. *Phytosanitary Inspection* has developed the basis for the introduction of key measures in the sector such as a pilot passport system and plant health register which are to be in place by mid-2008.
- Impact from Justice and Home Affairs interventions is generally satisfactory. *Border Management II* has already had an immediate impact at those border check points where equipment is installed and, once fully operational is expected to have a major long term impact in Croatia's preparation for participation in the Schengen Agreement. *Criminal Intelligence II* will give investigators much improved access to criminal information and, assuming that a framework for inter-agency cooperation is put in place as planned, will provide the basis of a "modern and up-to-date operating criminal intelligence mechanism. *Combating Money Laundering* is also well set to deliver on most of its planned purposes, although one potential weakness is its limited wider impact on key stakeholders. By contrast, Impact of *Court Reform* is currently not expected to be positive. The difficulties currently experienced in implementation indicate that the impact of key aims of the assistance, namely the rationalisation of courts and support to the roll-out of the integrated case management system is likely to be reduced.
- Under the cluster 'Other', the generally positive prospects for impact in *Administrative Decentralisation*, are partly undermined by the limited capacity of the institutions responsible for taking forward its results. *Water Management* will put in place legal and strategy measures that should ensure that Croatia is able to discharge its responsibilities vis-à-vis the relevant EU *acquis*, although the commitment of a key stakeholder to their implementation is a concern. The impact in *Wind and Solar Energy* is not expected to be significant. This is due to the obsolescence of its planned results, troubled implementation and uncertainty surrounding the ownership of some outputs.

Overall, the four sector clusters are rated as "satisfactory" for impact.

Prospects for sustainability are mixed

This is due in part to factors that are outside the direct control of the beneficiaries, or where those institutions charged with implementing project results are under-resourced. Otherwise, conditions to ensure the future use of investments are generally in place, while staff turnover has been noted in only some institutions.

- In the Social cluster, the sustainability of *Social Services* is limited by the absence of government funds and a policy framework specifically designed to support the roll out of its results. Steps towards ensuring the independence of the National Quality Assurance Agency as well as extending the principles of quality assurance throughout all higher education institutions will need to be taken to guarantee the full sustainability of *Higher Education*. Prospects for sustainability of *Good Governance I/II* are generally assured. Interventions in the Internal Market, Competition & Agriculture cluster are likely to be sustainable thanks to the existence of the necessary staff capacity, structures and budgets to support the implementation of their results, as well as their strong accession focus.
- Under Justice and Home Affairs *Border Management II* is expected to be sustainable, although the technical infrastructure supporting the roll-out of results will need to be upgraded and staff capacity increased as part of a wider review of border management policy. Sustained high level support from within the Ministry of Interior, as well as the adoption of several amendments to existing legislation is needed to secure the sustainability of *Criminal Intelligence II*. Whilst results from *Combating Money Laundering* are promising, their sustainability is partly undermined by the slow pace at which the court system works and the failure to roll out results to local and regional stakeholders. Weak beneficiary capacity, particularly in the area of Information Technology and political hesitancy over adopting the court rationalisation significantly undermines the sustainability of *Court Reform*.
- In the cluster 'Other', ensuring the full participation of a key stakeholder in the implementation of the National Strategy for Water Management and Action Plan developed under *Water Management* is an important proviso for this intervention's positive sustainability. Continued government support for the process of administrative decentralisation in the form of the adoption of the strategy on this process, as well as adequate resources for the institutions charged with its implementation are central to assuring sustainability of this intervention. As regards *Wind and Solar Energy*, sustainability can only be achieved if planned results are in fact delivered and rolled out to other (as yet unidentified) target regions. Currently neither of these issues is assured.

Overall, the four sector clusters are rated as "barely satisfactory" for sustainability

A number of specific issues of a sectoral and cross-sectoral nature need to be addressed

The specific issues identified in the evaluation include the design, monitoring and contracting of CARDS assistance and the capacity of Croatian institutions related to these tasks, the cost-effectiveness of the assistance in the evaluation sample and the impact of grant schemes on developing civil society.

The quality of project fiches and of project monitoring need to be improved. Cost-effectiveness should be addressed and possibly increased. The capacity of the CFCU is a cause for concern. As regards civil society, the size of the grants to civil society organisations should be

reconsidered with a view of reaching a larger spectrum of the organisations around the country.

Key Recommendations

- The Central Office for the Development Strategy and Coordination of EU Funds should prepare an action plan to improve the project design skills of beneficiaries of future EU assistance.
- The EC Delegation, Central Office for the Development Strategy and Coordination of EU Funds and Central Financing and Contracting Unit should agree on a mechanism to support the latter institution in monitoring the supply of contracts funded under EU programmes.
- The Government Office for Cooperation with NGOs in cooperation with the Council for Civil Society Development and in conjunction with other key stakeholders should develop a set of interventions to provide appropriate EU support to the widest range of NGOs possible in priority areas.
- The EC Delegation should consider requesting an assessment of the interconnectivity between information systems in the area of Justice and Home Affairs from the Croatian authorities before agreeing to any further financing of systems in this sector.
- The Government Office for Cooperation with NGOs in cooperation with the National Council for Civil Society Development should identify and earmark national funds for supporting the action plans developed under *Social Services*.
- Twinning experts in *Court Reform* should assess the extent to which the Ministry of Justice is capable of managing the Integrated Case Management System roll-out process. This information should act as the basis for approving the Phare 2006 follow-on project.