

Executive summary

Scope and objectives

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 2005, 2006 and IPA TAIB 2007, 2008 and 2009 programmes. It also provides a judgment on the sustainability of projects with large supply contracts. This Country Programme Interim Evaluation reflects the situation at 19 November 2010, the cut-off date of the report.

Main evaluation findings

Relevance: IPA TAIB programming puts a strong focus on negotiation chapters and accession benchmarks. Programme quality has significantly improved over time. Project fiches are very detailed and inflexible to cope with the rapidly accelerated accession process, leading to an increasing need for revision.

Efficiency: Due to the characteristics of the tendering and contracting process, operational efficiency is not likely to significantly improve. Ongoing staffing and capacity building, however, will stimulate efficiency positively by increasing the beneficiaries' capacity to deal with arising problems in a more professional manner.

Effectiveness: The internal monitoring system is starting to function much better after introduction of revised procedures and templates. Feedback on CODEF and CFCA support is positive, confirming clear improvements in developing programming and implementation capacities through training. Effective programme delivery is building up and a large volume of results has been already effectively generated.

Impact: Phare/ IPA TAIB short and medium term impacts can already be noticed, mostly visible as administrative impacts. Prospects for global and long-term impacts are building up. Institutionalisation and enforcement of programme results is progressing in line with the need to strongly comply with EU requirements in the near future.

Sustainability: Prospects for programme sustainability are good. Awareness on sustainability requirements has substantially risen in beneficiary institutions. Where more stakeholders are actively involved as well as the beneficiary, the prospects for sustainability of project outputs are better. Institutional reforms are largely sustainable whilst administrative sustainability varies.

Conclusions

Overall, performance is good, and in most cases Phare/ IPA TAIB is effectively used to support Croatia's technical preparation for accession. The objectives of the programmes under evaluation are largely being achieved. Assistance provided to align legal frameworks and comply with the obligations of membership is being successfully absorbed. Some complex areas such as agriculture, structural funds preparation or public administration reform were initially lagging behind but should manage to catch up by the time of accession. Consequently the support given can be assessed as successful. Croatian institutions and administrators are progressively becoming able to carry out their tasks in accordance with EU standards, and this is partly attributed to the effective use of the available EU pre-accession support.

More specifically the following conclusions can be drawn:

Phare/ IPA TAIB support addresses the accession needs and satisfactorily delivers support for membership preparations. Although many sectors have been confronted with the need to cover a very wide range of diversified needs at various stages in the beneficiaries' development towards readiness for accession, Phare/ IPA has managed to address virtually all of these needs in Croatia, however not always in a fully structured way. The main problems relate to an insufficiently thorough identification of these needs and the key factors in the environment influencing them. In addition, there is not always enough flexibility to adjust planned interventions to rapidly changing needs, both in terms of the EU pre-accession system itself and in terms of the capacity of staff to notice these changes and to act upon them.

Improvements for increasing the absorption rate of IPA/ TAIB have been made but prevailing contracting patterns will not significantly change. There has not been much progress towards achieving the goal of contracting as much as possible within the N+1 timeframe, though compared to previous Phare, this first IPA 2007 contracting rate can be considered a success. It is important to recognise however, that the capacities of the stakeholders involved, in particular those of central Croatian coordination and contracting institutions, have significantly developed and improved. Also most of the implementing bodies visited, despite sometimes having to work under adverse conditions, have in the meanwhile gathered a lot of experience, practical and technical knowledge. This altogether allows the prediction that tendering and implementation issues - which appear by nature - have an increasingly higher chance to be dealt with more rapidly and more professionally.

The internal monitoring system for Phare/ IPA TAIB has been further professionalised and contributes in the longer term to more effective programme delivery. Performance and results-oriented management, promoting good practice, encouraging motivation and facilitating institutional learning still does not receive sufficient attention. There are promising signs from the beneficiary institutions that a broader consensus is emerging aiming at a stronger focus on the performance of IPA TAIB programmes. Currently the management of programmes is still driven more by the need to spend resources and financial compliance, than by a focus on results achieved.

The remaining time for IPA in Croatia should also be used to bring results-oriented management principles in particular closer to the Croatian stakeholders. In this respect a broader supportive programme environment promoting good practice, encouraging motivation and facilitating institutional learning has still not sufficiently materialised.

Phare/ IPA TAIB impacts are positive and significant, especially in the area of institution building. There are good immediate legislative and administrative impacts, particularly setting up of new institutions, alignment of legislation, and strengthening of administrative capacities. The reviewed assistance was influential in promoting and supporting institutional change. The intermediate impact of institutional building projects is observed in efficiently working institutions. Socio-economic impact is identifiable with regard to infrastructure investments.

Institutional sustainability is mostly being secured for Phare/ IPA TAIB interventions but administrative sustainability requires further attention.

Operation of Phare/ IPA TAIB funded institutions is usually sustained through legal frameworks and secured budgets. There is also administrative capacity in the Croatian administration, but it is fragile in a number of sectors. Administrative sustainability is constrained by the continual high staff turnover rates, mainly in ministries. Again a broader supportive programme environment tackling motivation and stimulating satisfaction of beneficiaries in respect to the work being undertaken has been largely missing so far. However, based on the evidence provided by beneficiaries regarding the rising professional self esteem of individuals, engendered by the ongoing and progressive training programs and their regular participation in management forums such as project steering committee meetings, sectoral monitoring sub-committee meetings, etc. there is reason to believe that current interventions are contributing to the strengthening of administrative sustainability. Because this is a long-term issue, the needed interventions must be planned on the same basis and changes will be gradual.

Lessons learnt

- **Realistically set preconditions can improve implementation and performance.** Preconditions have made sense in cases where they were directly related to implementation requirements, in particular staffing and capacity issues and within the scope of the beneficiaries. Preconditions requesting overall political decisions or actions are hardly likely to be achieved, because political conditionalities would require political measures and it is preferable that they come from the immediate negotiation process; taking the project as a hostage to political decisions would be rather unfortunate. In fact linking political conditionalities with the project requires the strong will to cancel such a project in the event of non-fulfillment within the stated time. Such decisions are unpopular and adversely influence commitment rates; practice shows that such decisions are therefore quite rare.
- **Preconditions should be balanced with positive incentives for excellent project performance.** It is also necessary to encourage ownership and motivation of stakeholders. Preconditions suggest that the release of funds – fully or partially – will depend on a certain adherence to stated requirements. Incentives suggest a reward for excellent project performance.

- **Market surveys for supply projects have limited value and should not necessarily be a reason for budget changes in project fiches.** For a number of supply projects it appears very difficult or somehow unrealistic to obtain realistic budget figures since potential suppliers are not willing to provide market competitive process at initial stages. Provided a quick tendering would take place, clear costs could be identified. In case of over- or under-estimation of real prices this would allow a second tendering process. Due to the prevailing contracting patterns in IPA TAIB such an approach is often not possible.
- **Prepare twinning contracts and mobilise twinning counterparts more rapidly.** There is still potential to prepare twinning contracts more quickly and to receive feedback from twinning country more rapidly. There is still too often the impression that some Croatian beneficiaries tend to leave the actual preparation with the member state partner.
- **Recruitment for the public sector remains difficult and time-consuming; beneficiaries should plan more sufficiently in advance.** Knowing the lengthy and difficult recruitment and selection process a more pro-active approach is needed by Croatian beneficiaries. Implementing knowledge management principles – such as job sharing and the transfer of knowhow from staff of Central Project Implementation Units (especially those that frequently attend various workshops) to fellow staff - help to sustain the knowledge and expertise of the staff.

Recommendations

Further strengthen implementation and absorption capacities for IPA TAIB support

- **Continue providing training on horizontal programme needs and ensure that training systems become sustainable.** CFCA training on procurement and contracting should continue. In the course of the next programming training CODEF should also consider carrying out a training needs analysis in order to assess the demonstrated need and interest for conducting advanced training on programming for those who already have experience and may want to develop a higher level of attainment. Although rejection rates of line ministries are being monitored, there is not yet an agreed methodology (EUD/CFCA) for analysing them in sufficient detail for them to be used as a management tool in relation to training systems. However, when agreement is reached, there is evidence that they will be used with the aim of making training systems more sustainable. The central project implementation units can give additional support to sustainable training systems by organizing short internal training courses to transfer knowledge gained at various CODEF/CFCA courses.
- **Increase ownership of Project Implementation Units in case of introducing certification measures.** The development and implementation of certification processes needs to be done in close cooperation with Project Implementation Units. There is a lack of knowledge on the mechanism and approach of such certification on the side of the Project Implementation Units. The benefits connected with certification need to be clearly explained by CFCA.

- **Increase specific technical expertise for project formulation and preparation.** Where deficiencies are identified at a Project Implementation Unit specific to the technical aspects of project preparation, the use of external technical expertise and engineering know how might sometimes enable preparation of technically feasible projects with realistic time schedules and implementation plans as quickly as possible. In such cases CFCA should request that beneficiaries make appropriate budgetary provisions to cover such costs.
- **Identify ways to avoid long-lasting project fiche changes due to minor issues and increase fiche flexibility.** Since clear or detailed procedures of defining a minimum need for changes of project fiches do not exist, Commission Services at Headquarters and Delegation and CODEF should discuss a proper way for tackling such difficulties more flexibly or by largely eliminating any need for them through appropriate preparation of the draft fiches or, preferably, appropriate discussion prior to defining possible need for change. The semi-annual meetings of the IPA TAIB Sectoral Monitoring Committee should be used increasingly as a tool to seek agreement on principles/incentives for modification of project fiches.

Further move towards performance and result-oriented programme management

- **IPA TAIB stakeholders in Croatia, guided by CODEF and CFCA, should consider identifying further practical steps for increasing quality management and assurance of the programme.** Beneficiary stakeholders should begin to consider how best the process can serve them. Such a shift in approach facilitates closer measurement and monitoring of resources and performance, combined with the current close monitoring of operational adherence and regulatory compliance. Rejection rates methodologies should be further harmonised between CFCA and EU Delegation. Feedback on rejection needs to be provided to the beneficiaries to offer them the possibility for assessing the quality of their work.
- **Put more emphasis on results and performance in annual reporting.** More emphasis should be given by CODEF in the Annual Implementation Report to presenting progress towards targets and institutional changes achieved. The IPA TAIB Sectoral Monitoring Committee, assisted by CODEF and CFCA, should consider having further facilitated discussions on how greater focus on results can be built into programme design, implementation, monitoring and reporting.

Create a programme environment promoting good practice, encouraging motivation and facilitating institutional learning

- **Systematically explore good practice at the design stage.** CODEF should consider encouraging beneficiary institutions to explore good practice more systematically at the design stage of interventions.
- **Discuss and identify means to increase the motivation of stakeholders and beneficiaries.** The IPA TAIB Sectoral Monitoring Committee, assisted by CODEF, CFCA and other relevant Croatian authorities, should consider having a facilitated discussion on how the Croatian IPA TAIB stakeholders' performance can be incentivized and motivated, taking into account both financial and non-financial

mechanisms. Sectoral monitoring sub-committees should further explore good practice and to promote such examples.

Increase knowledge management of Croatian stakeholders by learning about what works. CODEF would be an excellent agent to facilitate a horizontal knowledge management process, including the already existing monitoring and evaluation experience. Discussions between CODEF and the EUD regarding conducting an assessment of former recommendations from evaluation projects should continue. CODEF should take concrete steps to strategically promote its accumulated know-how and capacity in monitoring and evaluation in order to make it available for other Croatian key players in the area of European and national funds.