

## EXECUTIVE SUMMARY

### Scope and Objectives

This Croatian Pre-Accession Assistance Country Summary Brief is based on the eight sectoral interim evaluations carried out during the period November 2007 to December 2008. Four sectors were evaluated once and two were evaluated twice. The report describes the main successes achieved and challenges faced in implementing the Phare programme, and provides an analysis of the key issues that have influenced the overall impact and sustainability of European Union assistance to Croatia. The report was presented to the Joint Monitoring Committee on 16 December 2008 and has been revised in light of comments received after that meeting.

The sectors evaluated are the same as the monitoring sectors, namely Energy and Environment, Economic and Social Cohesion, Internal Market, Competition and Agriculture, Justice and Home Affairs, Public Administration Reform, Public Finance and Statistics, and Social.

Section 5 of the report provides an overview of each evaluation undertaken. Because of the scheduling of each of these evaluations, findings, conclusions and recommendations reflect the situation at different times in the period November 2008 to December 2009. It is acknowledged that, in some instances, the situation may have been different at the time of the Joint Monitoring Committee meeting. It should also be noted that the report does not contain the decisions made by the debriefing meetings in response to the evaluations.

### Key Evaluation Findings

#### *Design quality is adequate but programming depends heavily on external input*

Where experience and expertise have been developed and retained within the relevant areas of public administration, programming of Phare assistance has seen improvement over time. Closer alignment to the *acquis* has also been a major factor in programme improvement, particularly those addressing an explicit *acquis* requirement. Nonetheless, there is still some way to go. Phare has invested significant amounts in technical assistance in the design process but the resultant quality is less than should reasonably be expected. Projects prepared under the Project Preparation Facilities still suffer from poor cost estimating and an overestimation of beneficiary capacity.

#### *Phare co-ordinating and implementing authorities performed with mixed success*

Success in implementation often relies on the quality of staff carrying it out rather than the systems and institutional structures in place. Indeed, there are cases where the management structure itself prevents staff from operating effectively. All this leads to inconsistency and uncertainty in terms of effectiveness. Whilst there are examples of good inter-institutional cooperation in implementation, these tend to be the exception rather than the rule. Beneficiaries too frequently look to twinning partners or technical assistance to tackle this issue which reduces ownership and responsibility even further. Few projects do not face problems in their implementation and where problems arise, they are frequently exacerbated by the amount of heavy bureaucracy involved in trying to correct them.

***Largely effective delivery of outputs despite implementation problems***

Phare is delivering results as demonstrated by the improvements in infrastructure, equipment, practices and procedures and is proving an important contributor to institution building. Much of this success is due to the commitment of beneficiaries and their twinning partners and technical assistance providers. It is unfortunate however that it is difficult to accurately assess programme effectiveness due to the poor quality of indicators of achievement. Designers continue to regard the logframe exercise as a duty rather than as an aid to sound project delivery.

***Phare assistance will mostly result in improved performance of Croatian beneficiaries***

Impacts, particularly immediate and intermediate, are already evident and benefiting Croatia's preparations for European Union accession. Institution building initiatives have resulted in greater expertise and professionalism, leading to more efficiency of operation. Socio-economic impacts are less evident at present due to the small size of interventions. Moreover, impacts of this nature take longer to manifest themselves. There remain, however, impediments which restrict impact; delays in implementation, poor supporting infrastructure, lack of specialist staff to use outputs and, in some instances, high turnover of staff are all important factors.

***Phare outputs and impacts should, for the most part, be sustainable.***

Many of the ingredients for successful sustainability are in place in Croatia. National resources are being made available for continuing operational, maintenance and improvement costs and Croatia is committed to the application of European Union legislation and meeting European Union and other international standards. The institutional environment is stable and bright, young and able recruits are coming into public administration. However, Croatia needs to address the continuing problem of staff turnover which restrains progress and can result in the loss of benefit of Phare assistance to the public sector.

**Other Issues*****Decentralised Implementation System (DIS) management capacity did not develop in line with the acceleration of pre-accession assistance***

Whilst the Central State Office for Development Strategy and Coordination of European Union Funds (CODEF) performs, in general, sufficiently well, it needs to strengthen its practical role as the leading aid coordination unit in particular in terms of a more systematic approach to European Union capacity building. There is still a need for training for staff in ministries and other institutions involved in European Union intervention issues, particularly project preparation and implementation. Increase in staffing and investment in its resources have yet to produce a significant improvement in the performance of the Central Finance and Contracting Agency, as instanced by the late contracting of the 2005 Phare programming and the temporary suspension of the 2006 programme by Commission Services. The European Commission Delegation continues to provide important support to the programming process, playing a central role in resolving the problems surrounding the 2005 and 2006 Phare programmes. Project implementation units are generally performing well, and despite there being improvements in the retention of staff, turnover remains a problem in terms of the management of Phare. Interim evaluation is not well integrated into the Phare project

management cycle as instanced by the lack of feedback of the conclusions and recommendations of the interim evaluations to Phare programme designers and managers.

## Conclusions

**Conclusion 1: Overall Phare has been largely effective as an instrument in supporting the accession process in Croatia** particularly in those sectors where the emphasis is on harmonisation of legislation or application of European Union Directives. In others, progress has been made through capacity building, know-how transfer and increased political awareness. Institutional reform and uncertainty about future divisions of responsibility continue to hamper success in some subsectors, however.

**Conclusion 2: Further investment is needed to continue the improvement of the Central Finance and Contracting Agency performance.** Despite becoming an independent state agency and being better resourced, the performance of the Central Finance and Contracting Agency continues to struggle. Contracting processes are still too long and cooperation with other institutions and beneficiaries has improved but is still not close enough. Substantial training is needed to provide necessary professional know how and co-operation to the new inexperienced staff (see Conclusion 3).

**Conclusion 3: Despite recent improvements, professional and effective permanent training and education for existing and incoming civil service staff dealing with European Union interventions is still underdeveloped.** Training in Project Cycle Management for all parties involved in project design and implementation is still needed to ensure that realistic programme objectives are set with correspondingly realistic resources and timescales in place to ensure their achievement. Ways must be found to institutionalise such training within the relevant Croatian administrative structures.

**Conclusion 4: Monitoring and interim evaluation require further strengthening.** In the main, the effective role of the Sectoral Monitoring Sub-committees is still hampered by uneven attendance and a lukewarm reaction to the entire monitoring process. The interim evaluation process has in the main been accepted locally, is appreciated as an independent source of opinion and advice and, in a number of cases, has highlighted serious issues and has stimulated actions to act upon accordingly. However whilst interim evaluation findings and recommendations were mostly accepted, individual corrective reactions were often too vague or even completely missing. Following the introduction of the Instrument for Pre-accession Assistance, the Croatian authorities have to increase efforts to take full responsibility for monitoring and evaluation functions.

## Key Recommendations

### **Action 1: Set up a professional and effective permanent training and education structure for existing and incoming civil service staff dealing with European Union interventions.**

- Training needs, both of existing and new local staff dealing with European Union intervention issues, particularly programming of pre-accession support should be evaluated regularly by the Central State Office for Development Strategy and Coordination of European Union Funds.

- The Central State Office for Development Strategy and Coordination of European Union Funds together with relevant ministries and institutions should institutionalise the training required for staff dealing with European Union interventions.

**Action 2: Strengthen monitoring and interim evaluation of pre-accession support.**

- In order to improve commitment and operational effectiveness of the sectoral monitoring sub-committees, the Central State Office for Development Strategy and Coordination of European Union Funds and Commission Services should make the regular and pro-active participation of all relevant Sector Aid Co-ordinators and Project Leaders as well as European Commission Delegation senior management a requirement
- The Central State Office for Development Strategy and Coordination of European Union Funds together with the Commission Services should insist that monitoring reports comprise a real feedback/ follow up to results actually achieved.
- The Central State Office for Development Strategy and Coordination of European Union Funds should increase the dissemination of monitoring and interim evaluation findings.