

EXECUTIVE SUMMARY

Sectoral Interim Evaluation Report: R/HR/EE/0803

Scope and Objectives

This sectoral interim evaluation report covers European Union pre-accession assistance to the Energy and Environment sector in Croatia, comprising nuclear safety and radiation protection and environment subsectors. The pre-accession assistance allocation is M€ 9.662 with co-financing of M€ 1.608.

Sectoral Conclusions

The overall performance of the evaluated Phare assistance within the Energy and Environment sector is largely positive. Project design has been good or even very good, and provides lessons from which other sectors could benefit, for example, the involvement of all relevant institutions at the planning stage, strong complementarity with other donor initiatives (additionality), learning from previous experience and realistic assessment of implementation capacity.

The 2005 assistance is underway and that for 2006 is on its way towards contracting. Good efficiency within the sector is slightly diluted by some loss of funds. However, the benefits of strong stakeholder commitment, project management, coordination and ownership are clearly demonstrated.

Prospects for effective delivery of outputs are clearly positive with a few exceptions. Remedial actions are in place to address the loss of one service component and insufficient capacity of a technical assistance provider, problems which had the potential to compromise effectiveness.

The planned impacts are, for the most part, expected to be achieved. In the area of environmental inspection further steps toward synchronizing the police, Customs and judiciary systems are still needed, in order to strengthen the achievement of more substantial long term and global impacts. The strengthening of impacts as a result of cooperation between implementing bodies is again demonstrated, in this case between those carrying out environmental inspections.

Individual interventions are expected to become sustainable due to existing strategic and institutional frameworks. In the longer term political commitment and increased resourcing is essential for all subsectors. Some concerns on long term institutional sustainability remain for the two state bodies dealing with nuclear safety and radiation protection.

Performance Ratings

Subsector	Criterion	Relevance	Efficiency	Effective-ness	Impact	Sustain-ability	Overall Rating
Subsector 1: Nuclear Safety and Radiation Protection		HS	MS	S	S	S	S
Subsector 2: Environment		HS	MS	S	S	S	S
Total for the Sector		HS	MS	S	S	S	S

+3/HS = Highly Satisfactory, +2/S = Satisfactory, +1/MS = Moderately satisfactory, -1/MU = Moderately unsatisfactory, -2/U = Unsatisfactory, -3/HU = Highly unsatisfactory

The sector overall is rated ‘**satisfactory**’. The Nuclear Safety and Radiation Protection, and Environment subsectors are both rated as ‘satisfactory’. The benefits for overall project cycle management of good preparation are clearly evident in this sector.

Key Evaluation Findings

In general, programme design is good or even very good and reflects highly relevant pre-accession needs.

The 2005 and 2006 Phare interventions within the Energy and Environment sector are largely in line with *acquis* requirements and are set in a relevant strategic and political context. The programmes reflect clearly a number of pressing problems identified within this sector as well as assessed needs and are expected to provide their beneficiaries with appropriate assistance that is in line with relevant and consistent objectives.

Individual programme design is sound or even very good. Only the usual Logframe weaknesses, prevailing in all Phare sectors, are also sometimes apparent. This minor shortcoming, however does not significantly compromise relevance. The sectoral Phare assistance demonstrates highly relevant pre-accession and national needs targeted by appropriate intervention means.

Strong stakeholder commitment provides positive prospects for efficient realisation. However, last-minute contracting contributed to some loss of funds. Performance of technical assistance has not been adequate in one case.

There is clear evidence that competent and committed management contributes to the efficient realisation of interventions throughout the sector. Existing coordination structures and inclusion of all relevant stakeholders contributes to efficiency. On the other hand last-minute contracting of Phare 2005 funds contributed to some loss of funds, since re-tendering was no longer possible. The performance of individual service contractors and equipment suppliers has been good. Problems with technical assistance providers have been recognised only for the single intervention dealing with environmental inspection. Corrective actions are being set proactively but the original implementation schedule is likely to be affected by the slow progress.

The preparation of Phare 2006 tender documents is again running late throughout all sectors. Provided contracting difficulties can be resolved, a smooth realisation can be expected for the 2006 interventions, based on demonstrated implementation experience and an extended disbursement deadline for 2006 funds.

There are clearly positive prospects for effective delivery throughout the sector. Remedial actions in the environment subsector in respect of a lost service contract and some poor technical assistance performance could strengthen effectiveness.

The majority of the interventions in the sector, even though they are often at the beginning of their physical realisation, have good prospects of delivering their planned outputs. In most cases implementation is following the given schedule and very committed beneficiaries usually liaise well with contractors and stakeholders. Loss of the service component comprising Monitoring of Biodiversity Indicators and Development of a Nature Protection Information System and insufficient capacity of the above mentioned technical assistance contractor, now potentially compromising full effectiveness in the environment subsector, should be resolved in due time provided the remedial actions already in place are successful.

In the case of the service component for finalising the strategic NATURA 2000 proposal, a key document that would serve as a basis on which the Government would adopt the regulation on nature protection sites of international importance, an extension of the governmental deadline for its adoption would help both technical assistance and beneficiary to conduct a substantial participatory consultation. This would better guarantee that the final proposal receives full acceptance and support which will be of indispensable importance for its later successful implementation.

There are clear positive prospects for all impact categories throughout the sector. Full timely impact in the environment subsector depends on actions set to overcome the identified efficiency flaws.

Overall there are good prospects across the sector to deliver the planned impacts. Based on the planned and ongoing activities, the majority of impacts are likely to be achieved as expected, thus positively contributing to the overall impact expected from the sector. There is a high likelihood of achieving immediate impacts through capacity building of the various beneficiary institutions. Also, the ongoing and planned purchase of equipment will immediately increase capacity and performance of the individual beneficiaries. Intermediate impacts and global impacts in terms of promoting and supporting institutional change in an accession-related context by restructuring existing institutions, alignment of legislation, and strengthening of administrative capacities will be positive.

Nevertheless achieving effective enforcement on the ground, particularly as concerns the environmental *acquis*, will remain a big challenge, even following Croatia's expected accession. In the area of environmental inspection, the cooperation established between the bodies executing environmental inspection helps to stimulate the production of impacts. Further steps toward synchronizing cooperation with police, Customs and judiciary systems are still needed, however, in order to strengthen the achievement of more substantial intermediate and global impacts.

Individual interventions appear sustainable due to existing strategic and institutional frameworks. Long term political commitment and increased resourcing is essential for all subsectors.

The prevailing strategic and institutional frameworks in the sector provide a reasonable basis for sustainability. Prospects for sustainability of the individual sectoral interventions are basically good, therefore. Administrative sustainability partly depends on continuous progress in reforming civil service working conditions. Some concerns remain for the two state bodies dealing with nuclear safety and radiation protection. Both state offices, divided by competence but dealing with a similar agenda, are suffering from resource shortcomings which can influence institutional sustainability in the longer term. In any case, long term political commitment to nuclear safety, radiation protection, environmental and nature protection sometimes needs to be strengthened.

In the environment subsector, national budgets are basically available to maintain and continue the individual intervention outcomes and thus project sustainability is currently good. Nevertheless taking into account the need to fully cope with all related EU obligations in the area of environmental protection, Croatia's national contributions, from both public and private sources, towards environment protection will need to increase significantly in the longer run.

Key strategic recommendations

- The Ministry of Environmental Protection, Physical Planning and Construction should proactively tackle the still underdeveloped institutional cooperation between environmental inspections and police, courts and Customs authorities. Further harmonising of the work between those institutions and the environmental inspections is needed to ensure effective implementation and enforcement of the environmental *acquis*. Moreover, strengthening of inspection capacities at local levels requires particular attention.
- The Ministry of Environmental Protection, Physical Planning and Construction representing the sectoral Chief Negotiator together with the Government of Croatia should review their request for an early receipt of the completed NATURA 2000 proposal. Granting an extension for the deadline for the NATURA 2000 proposal up to the first quarter 2009 would allow for a better result to be achieved in terms of quality and acceptance by stakeholders and the European Commission.
- The Government of Croatia needs to further strengthen the financial and human resources both at the State Office for Radiation Protection and the State Office for Nuclear Safety. Both Offices should consider identifying mutual synergy potentials in order to decrease costs/ increase performance unless the current resource situation can be significantly improved. Due to the very similar nature of tasks and institutional problems a merger of both offices into one comprehensive institution should be envisaged by the Government in the longer term. This would help to achieve fully professional institutional standards in nuclear safety and radiation protection despite prevailing funding limitations.