

Executive Summary

Sectoral Interim Evaluation Report: R/HR/INT/0805

Scope and Objectives

This sectoral interim evaluation report covers European Union pre-accession assistance to the Internal Market, Competition and Agriculture sector in Croatia, comprising of Agriculture and Fisheries, Competition, Free Movement of Goods, Intellectual Property Rights, Telecommunication and Broadcasting subsectors. The assistance allocation is M€ 14.480 with co-financing of M€ 1.655.

Four of these subsectors address *acquis* chapters, the meeting of which will help Croatia to compete effectively within and benefit from the Single European Market. The fifth, containing agriculture and fisheries projects, addresses chapters aimed at the effective functioning of the Common Agricultural and Fisheries Policies. From an evaluation methodology point of view, its inclusion in this monitoring sector masks somewhat the view of progress towards both participation in the Single European Market and preparation for the Common Agriculture and Common Fisheries Policies. Therefore, one rating is given for the group of Internal Market subsectors and another for the Agriculture and Fisheries subsector

Key Evaluation Findings

In Competition, Free Movement of Goods, and Telecommunications and Broadcasting subsectors display satisfactory design of programmes with adequate objectives. Weaker programme design in Agriculture and Fisheries and Intellectual Property Rights subsectors.

The Phare interventions in the sector address in general essential pre-accession issues with good strategic alignment in the Competition, Free Movement of Goods, and Telecommunications and Broadcasting subsectors. Within these subsectors programme design and relevance is assessed as good or even excellent. In the Intellectual Property Rights subsector, the intervention logic and indicators of achievement should be stronger. Relevance in the Agriculture and Fisheries subsector has declined since the last interim evaluation as unrealistic timetabling in two major interventions has become apparent through problems experienced at the implementation stage, highlighting the over-ambitious nature of the design.

The Phare intervention in the sector is in general adequately focussed on institutional capacity building, harmonisation of national legislation with the *acquis* and related human resources development. The additionality principle was applied which meant that Phare support did not displace other assistance or services. In general well performed needs analyses are reflected in an adequate quality of programme documentation. Relevance for the Agriculture and Fisheries subsector is rated as '*Moderately satisfactory*' and for the Internal Market subsector '*Satisfactory*'.

Late contracting reduced efficiency of a few investment components of the intervention, but most elements are now being implemented satisfactorily.

There are, in general, positive perspectives for efficient implementation across the sector. Schedules for the 2005 programmes have been largely adjusted in response to late programme contracting. The partners involved in management and implementation are in general able to cope with the increased demands of compressed work schedules resulting from the delays. The overall programme implementation is making good progress. An exception is however the

2005 intervention on Special Accession Instrument for Rural Development/Instrument for Pre-Accession-Rural Development. Here administrative efficiency of the beneficiary is poor and the increased workload stemming from the late start is threatening effective delivery. The overdue implementation start of the Phare 2006 programme is now beginning to adversely affect the timely contracting of the single intervention in the Intellectual Property Rights subsector. Across the sector the various stakeholders are sufficiently involved in implementation and service providers and twinning partners provide an adequate performance across the sector. However, appropriate, regular and reliable coordination and inter-institutional cooperation need further improvement and formalisation. Efficiency for the Agriculture and Fisheries subsector is rated as *'Moderately satisfactory'* and for the Internal Market subsector *'Satisfactory'*.

Good progress towards effective delivery of outputs is being made across the sector, but inter-institutional co-operation particularly in Intellectual Property Rights still needs improvements.

The 2005 interventions are in general effectively implemented. First outputs have been produced and partly put into use already. Good prospects exist also for performance of interventions in the Phare 2006 programme now the suspension of contracting has been lifted. In general, it can be expected that the Phare interventions within the sector overall will deliver effective results. Nevertheless, insufficient formal co-operation and co-ordination in the Intellectual Property Rights subsector can negatively influence full effectiveness of this particular programme. Implementation in most of the smaller agricultural interventions is based substantially on previous investment by European Commission programmes and other donors, including national funds, which helps to foster effective delivery. In the Agriculture and Fisheries subsector overall, however, not all planned outputs will be achieved, as a result of which, it is rated *'moderately satisfactory'* for effectiveness. The Internal Market subsector is rated *"satisfactory"* overall.

General positive prospects for all impact categories across most of the sector. Possibly reduced intermediate and global impact in Agriculture and Fisheries due to unsolved legislative and absorption problems.

In the subsectors Competition, Free Movement of Goods and Telecommunication and Broadcasting, nearly all desired impacts are likely to be achieved. In the Intellectual Property Rights subsector some concern remains due to the loss of one supply component. In the Agriculture and Fisheries subsector, immediate impact is expected to be good, directly improving structures, systems and capacities of the beneficiaries. Essential contributions to the preparation of the absorption of the Instrument for Pre-Accession-Rural Development and later European Union support schemes are to be expected from the two larger projects in Agriculture and Fisheries subsector. Here, however the limited absorption capacity of beneficiaries and the shortened implementation period could limit the level of intermediate impact. Overall rating for sectoral impact is *"Satisfactory"* for the Internal Market subsector and *'Moderately satisfactory'* for the Agriculture and Fisheries subsector.

Upon successful completion, interventions across the sector are expected to be largely sustainable.

The interventions in the Internal Market subsectors are expected, for the most part, to deliver sustainable outputs. Stable legislative and administrative frameworks exist here and there is a clear need to continue with essential institution building activities in order to fulfil the requirements of EU accession. Future assistance can additionally strengthen the durability of the impacts being achieved. However, the continuing absence of formal and effective inter-

ministerial coordination reduces prospects for likely sustainability of results in the Intellectual Property Rights subsector.

In the Agriculture and Fisheries subsector, the Phare assistance supports the statutory control responsibilities of various beneficiaries and is thus expected to be adequately sustained. The largest threat to the sustainability of institution building assistance consists of the insufficient human resources and the lack of clear plans to resolve this issue.

Overall rating for sustainability is “*Satisfactory*” for the Internal Market subsector and ‘*Moderately satisfactory*’ for the Agriculture and Fisheries.

Sectoral Conclusions

Conclusion 1: Full impact and sustainability of interventions in the Agriculture and Fisheries subsector is under threat.

In the Agriculture and Fisheries subsector, full impact and sustainability of interventions is threatened due to weak strategy on the timeframe, institutional arrangements and resources needed in both pre- and post accession context. In particular, the role and measures necessary to upgrade the Paying Agency for rural development for its future responsibilities after accession are not clear and operational and financial resources required for the establishment of Common Market Organisations are not yet identified. The role and functions to be delegated to central/national state agencies for the operation of agricultural and fisheries market mechanisms in both the pre- and post-accession environment also need to be clarified.

Conclusion 2: Effectiveness, impact and sustainability of assistance in the Intellectual Property Rights subsector continue to be threatened by a lack of inter-ministerial cooperation.

The involvement of a range of ministries is essential to the successful enforcement of intellectual property rights. Despite the matter being raised in the last interim evaluation of the sector, the absence of formal inter-institutional coordination persists, putting effectiveness of assistance at risk. A recommendation from that evaluation remains valid in this respect.

Performance Ratings

The sector overall is rated in the range of 'moderately satisfactory' to 'satisfactory', the subsectors addressing Internal Market *acquis* rated as 'satisfactory' and the Agriculture and Fisheries subsector rated as 'moderately satisfactory'.

Subsector	Criterion	Relevance	Efficiency	Effectiveness	Impact	Sustainability	Overall Rating
Agriculture and Fisheries subsector		MS	MS	MS	MS	MS	MS
Competition		HS	S	S	S	S	S
Free Movement of Goods		HS	S	S	S	S	S
Intellectual Property Rights		MS	MS	MS	MS	MS	MS
Telecommunication and Broadcasting		S	S	S	S	S	S
Internal Market subsectors		S	S	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

Key Recommendations

In terms of Conclusion 1:

Measures to ensure an effective Paying Agency

- The Ministry of Agriculture, Forestry and Rural Development should prepare by the end of 2009 an action plan on the measures necessary to upgrade the Paying Agency of the Special Accession Instrument for Rural Development/ Instrument for Pre-Accession-Rural Development for its future responsibilities with the EU agriculture, rural development and fisheries support mechanisms after accession.

Establishing Common Market Organisations

- The Ministry of Agriculture, Forestry and Rural Development should clearly identify by the end of 2008 the resources needed for the establishment of Common Market Organisations and where these resources will come from.

Responsibilities for the operation of agricultural and fisheries market mechanisms

- The Ministry of Agriculture, Forestry and Rural Development should decide by December 2008 on the functions that will be delegated to state agencies for the operation of the markets in both the pre- and post-accession environment.

In terms of Conclusion 2:

Strengthen effectiveness in the Intellectual Property Rights subsector

- The State Intellectual Property Office should make immediate arrangements for the establishment and operation of the proposed inter-ministerial coordination committee.