

**The European Union's IPA 2008 Programme  
for the Republic of Croatia**

**Ex-ante evaluation of programming  
documents and strengthening evaluation  
capacity for EU funds post-accession**

(EUROPEAID/130401/D/SER/HR)

**SF OP TRANSPORT 2007-2013**

***Ex-Ante Evaluation Report***

Croatia

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## LIST OF ABBREVIATIONS

AP	Accession Partnership
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBS	Central Bureau of Statistics
CF	Cohesion Fund
CFCA	Central Financing and Contracting Agency for EU Programmes and Projects
CODEF	Central Office for Development Strategy and Coordination of EU Funds
DG	Directorate-General
EC	The European Commission
EPOP	Environmental Protection Operational Programme (IPA)
ERDF	European Regional Development Fund
EU	European Union
EUROSTAT	Statistical Office of the European Communities
EWG	Evaluation Working Group
FB	Final Beneficiary
GDP	Gross Domestic Product
GoRC	Government of Republic of Croatia
HRD OP	Human Resources Development Operational Programme
IB	Intermediate Body
IPA	Instrument for Pre-Accession Assistance
IPARD	IPA Rural Development Programme
ISPA	Instrument for Structural Policies for Pre-accession
KE	Key Expert
MA	Managing Authority
MC	Monitoring Committee
MoA	Ministry of Agriculture
MoC	Ministry of Culture
MoE	Ministry of Economy
MENP	Ministry of Environmental and Nature Protection
MFEA	Ministry of Foreign and European Affairs
MFIN	Ministry of Finance
MIS	Monitoring Information System
MMATI	Ministry of Maritime Affairs, Transport and Infrastructure
MRDEUF	Ministry of Regional Development and EU Funds
NAO	National Authorising Officer
NGO	Non-Governmental Organisation
NIPAC	National IPA Coordinator
NKE	Non-Key Expert
NPIEU	National Programme for the Integration of the Republic of Croatia into the European Union
NSRF	National Strategic Reference Framework
OP	Operational Programme
OPE	Operational Programme Environment
PA	Priority Axis
PD	Project Director



PIU	Project Implementation Unit
PSC	Project Steering Committee
RCOP	Regional Competitiveness Operational Programme
SAPARD	Special Accession Programme for Agriculture and Rural Development
SCF	Strategic Coherence Framework 2007 – 2013
SDF	Strategic Development Framework for 2006 – 2013
SEA	Strategic Environmental Assessment
SF	Structural Funds
SWOT	Strengths – Weaknesses – Opportunities – Threats
TAT	Technical Assistance Team
TP	Technical Proposal
TOP	Transport Operational Programme
UNDP	United Nations Development Programme



## PROJECT SYNOPSIS

Project title:	Ex-ante evaluation of programming documents and strengthening evaluation capacity for EU funds post-accession		
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## 1. EXECUTIVE SUMMARY

According to the methodological working paper<sup>1</sup> that focuses on the content and organisation of **Ex-Ante Evaluation** of Operational Programmes for the 2007-2013 programming period, the Evaluation should answer the following questions:

- Does the Programme represent an appropriate strategy to meet the challenges confronting the region or sector?
- Is the strategy well defined with clear objectives and priorities and can those objectives be realistically achieved with the financial resources allocated to the different Priorities?
- Is the strategy coherent with policies at regional, national (including the National Strategic Reference Framework) and Community level? How will the strategy contribute to the achievement of the Lisbon objectives?
- Are appropriate indicators identified for the objectives and can these indicators and their targets form the basis for future monitoring and evaluation of performance?
- What will be the impact of the strategy in quantified terms?
- Are implementation systems appropriate to deliver the objectives of the Programme?

The Evaluation has examined each of the Priority Axis as in the TOP **draft version from April 2012**, in terms of the evaluation questions specified above. The Evaluation activity has been designed to prospectively justify the proposed Priority Axes, assess their efficiency and the likely impact of the TOP in the beneficiary country.

The following **methodology** informed the development of this Ex-Ante Evaluation Report:

- Desk-based review of background literature, Programme texts, other documentation, including policy documents (Appendix C outlines the main documents reviewed);
- Data analysis of Programme performance indicators, along with wider labour market and socioeconomic data;
- Strategic consultations with each of the key stakeholders and other members of the Evaluation working group. Consultations were undertaken with officials from the Ministry of Maritime Affairs, Transport and Infrastructure, Ministry of Regional Development and EU Funds and other relevant stakeholders (Appendix B identifies the participants in these consultations);

**The preparatory work** on the SF TOP<sup>2</sup> was initiated in the year 2008 as it was presumed that it will cover years 2012 and 2013 as the first years of Croatia's EU membership and interventions in a wide range of transport sectors. Given the final accession date of 1st July 2013 and corresponding half year Cohesion and Structural Funds allocation only, the SF TOP 2012-2013 was considered as not implementable and the beneficiary country decided to introduce a TOP that covers the whole Financial Perspective 2007-2013, thereby substituting the IPA but encompassing the same priorities and continuing the same projects.

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<sup>1</sup> EC, DG Regional Policy. "The New Programming Period 2007-2013. Working Document No 1: Indicative Guidelines on Evaluation Methods: Ex-Ante Evaluation. (August 2006)".

<sup>2</sup> In the whole text of this evaluation report we use the term "SF TOP" to distinguish between IPA period (referred as "IPA TOP") and the new period where the combination of SF (ERDF) and mostly Cohesion Fund resources will be used.





The total expected **EU co-financing** from SF (ERDF) and CF for the year 2013 amounts to € 159,800,000. Therefore, the total amount for the short half-a-year SF TOP is actually more than 26 % higher than the overall IPA allocation for the years 2007-2013.

The distribution between Priority Axes is heavily one-sided; 92.9 % of the allocation of the EU co-financing by both IPA and SF and CF is allocated to Priority Axis 1: Upgrading Croatia's rail transport system. Therefore, the main objectives of IPA TOP were reintroduced in the SF TOP with the same basic logic of sub-sectoral focus by:

- *ensuring better integration of the Croatian transport networks within the European transport network by improving transport infrastructure in the railway and inland waterway sectors through the development of the transport networks on the TEN-T corridors and*
- *encouraging the more balanced development of the transport networks by implementing actions which ensure a more equal ratio of investment regarding the road sector and other transport sectors, particularly the railway sector.*

As a backdrop to the Ex-Ante Evaluation, an **analysis of the existing situation** in the socio-economic environment and the labour market in the beneficiary country was conducted. Following are the **data highlights**:

- During the year 2008 the economy starts to slow down and in 2009 and 2010 the rates show very negative growth which is not properly taken into consideration.
- The unemployment rate in the beneficiary country has increased in the previous two years rapidly reaching 11,8 % in the year 2010 (in comparison with the 8,4 % in a year 2008). Unemployment is not equally distributed among the age groups, with the highest rate found in the group between 15 and 24 year-olds (almost 33,0 % in 2010 in comparison with the 22,0 % in the year 2008).
- The railway sub-sector changed only slightly in the last decade; only in 2006 the new double track was put into the operation, the total length of electrified lines (even if it varies over the decade) remain almost the same till the end of the year 2010.
- Current data from Monthly Croatian Statistics for April 2012 shows the significant trend of decreasing number of passenger and passenger-kilometres in both road and railroad sub-sector in comparison with the previous few years. Also, a significant decrease of transport of goods in inland waterways was reported.
- Increasing Trend in the number of tourist nights spent in the beneficiary country is detected.

The **main findings** of this Evaluation are as follows:

- The SF TOP is completely new document, therefore it is almost impossible to compare its structure with the IPA TOP;
- The linkages to the IPA TOP outputs in the document are frequent but not updated based on the latest available information about implementation status;
- It contains an extensive quantitative analysis of the Croatian transport sector, unfortunately this is also outdated and inconsistent as its parts use data from a year 2008 and even older and do not reflect the current situation and future trends;
- Financial tables cover both IPA and SF financial envelopes. However, the allocations are presented only at the level of Priority Axes which prevents properly aligning the Priority indicators with its specific Key Areas.
- as a part of twinning activities was concluded that the SF TOP Priority Axes have strong internal



coherence concerning their structure as well as their content; the review and the comparison with the drafts of SWOT analyses is currently under preparation;

- the strategic priorities of the TOP are part of the SF TOP draft, they are properly introduced and afterwards clearly presented;
- The final targets of the indicators and the indicator system itself were modified under the IPA TOP as a part of the Requests for Modification from December 2011; the indicators introduced in the SF TOP are the same as indicators proposed in this Request;
- The SF TOP proposes a simple hierarchical implementation structure that follows the previous IPA TOP institutional setup and a clear division of the work between the Monitoring Committee, the Managing Authority and intermediate bodies.

The main **conclusions** of this Evaluation are presented below:

- (1) The April 2012 draft of the Operational Programme Transport 2007-2013 may be qualified as a document that meets the EU standards.
- (2) The strategy and interventions are coherent with EU and national policies, including complementarity with the other Operational Programmes.
- (3) The strategy is translated into a proposed set of Priority Axes which will tackle the weaknesses of the Croatian transportation sector with respect to the decision of covering only the sub-sectors that are already supported under the IPA TOP. However, the key areas of intervention are not well defined.
- (4) The monitoring indicator system and indicators attached to Priority Axes does not meet the SMART criteria (Specific, Measurable, Available, Realistic and Timely); the indicators need more explanation and overall improvements.
- (5) The future Programme implementation bodies already take actions that should lead to the timely preparation of necessary OS descriptions and start of the Compliance Assessment.

On the basis of the above conclusions, the Evaluation Team proposes the following **recommendations**:

- (1) Regarding the socio-economic analysis: the analytic chapter (especially the statistics) and the status of IPA projects needs to be updated to be able to reflect current status and future trends.
- (2) Regarding the SWOT analysis: there is a need to incorporate into the SWOT analysis outputs from the respective twinning exercises undergoing in year 2012, parallel to this ex-ante evaluation.
- (3) Regarding the expected results and impact: there is a need to realistically estimate the outcomes, results and impacts of SF TOP 2007-2013 with respect to the scenario of one big railway project covering almost the whole allocation and the status of the project pipeline. The indicator system has to be significantly improved according to this decision.
- (4) Regarding the organizational structures preparation: on-going preparatory activities leading to the Compliance Assessment needs special attention to meet necessary criteria on time and not to postpone the SF OPs implementation.
- (5) Regarding the future implementation: as all transportation sectors will be covered in the future, not only railways, inland waterways and technical assistance, also the sustainable capacities in the other sub-sectors should be built as a part of SF TOP using the technical assistance. Therefore, a more integrated strategy is required to take into consideration the needs and concerns of beneficiaries and stakeholders from all transportation sub-sectors.



## 2. INTRODUCTION

*“The purpose of ex-ante evaluations is to optimise the disbursement of resources according to the Operational Programmes and to improve the quality of programming. The evaluation establishes and assesses the medium and long-term requirements, the objectives to be achieved, the anticipated results, the measured objectives if a compliance of the proposed strategy is necessary for the region, the Community value-added, the extent of abiding by the priorities of the Community, the new knowledge gained from the previous programming and the quality of the implementation, monitoring, evaluation and financial management”<sup>3</sup>*

Based on the requirements of the Financing Agreement for the Operational Programme Transport 2007 – 2013 (TOP), the Contracting Authority (Central Financing & Contracting Agency - CFCA) launched the Ex-Ante Evaluation of the OP as part of Project EuropeAid/130401/D/SER/HR, seeking to provide independent analysis of the programming document and to formulate recommendations for adjustments in order to ensure good Programme performance and optimise the impact of Structural and Cohesion Funds absorption and management.

The **overall objective** of this Project is to contribute to the effective implementation and management of EU Cohesion Policy funds in Croatia, in line with the EU requirements.

The **purpose** of this Project is to undertake evaluation activities for the purpose of programming EU assistance, in line with Council Regulations No. 1083/2006, 1698/2005, 74/2009 and 1198/2006, and to establish capacity for evaluation of EU co-funded Programmes on Croatia’s EU accession.

The Ex-Ante Evaluation is compulsory for every OP according to the regulatory framework for the period 2007-2013. This Report satisfies this requirement and has been prepared as an output under Component I of the Project.

In particular, Component I delivers ex-ante evaluations of NSRF and related Structural and Cohesion Policy OP’s and programming documents under the EU Fisheries Policy and Rural Development Policy, by performing as follows:

1. Ex Ante Evaluation of the SF Operational Programme Transport 2007-2013<sup>4</sup>;
2. Ex Ante Evaluation of the SF Operational Programme Environment 2007-2013;
3. Ex Ante Evaluation of the SF Regional Competitiveness Operational Programme 2007-2013;

<sup>3</sup> Council Regulation (EC) on the general provisions on the European Fund for Regional Development, the European Social Fund and the Cohesion Fund (Article 47).

<sup>4</sup> In the whole text of this evaluation report we use the term “SF TOP” to distinguish between IPA period (referred as “IPA TOP”) and the new period where the combination of SF (ERDF) and mostly Cohesion Fund resources will be used.



4. Ex Ante Evaluation of the ESF Operational Programme Human Resources Development 2007-2013.
5. Ex Ante Evaluation of the SF Operational Programme Fisheries 2007-2013.

Thus, the scope of the particular Report covers the support provided by the Project to the MRDEUF though the prospective appraisal of the Transport Operational Programme 2007-2013, aiming to optimise the allocation of budgetary resources under the OP and improve programming quality.

Another part of Component I has assessed the implementation progress of counterpart IPA 2007-2013 Operational Programmes, by providing separate evaluations during the period of implementation linked to the monitoring of OPs under IPA Components III and IV. A preliminary review of Programming documents indicates that the IPA and respective SF OP present many similarities in strategy and content of interventions, mostly as a result of the specific situation of Croatia in terms of timing of the EU accession procedure.

Thus, the findings and the recommendations of the current Report - besides being considered as essential inputs of the planning process aiming at the finalisation of the Structural Funds OP – draw lessons learned from the effective and efficient use of IPA funds. This way the strong connection between the Interim Evaluation Report and the Ex-ante Evaluation Report of the Transport Operational Programme funded by the 2013 allocations of Cohesion Fund and ERDF becomes evident.

Implementation of evaluation activities have been carried out in accordance with the timing and other arrangements set out by the Terms of Reference and the provisions of the approved Inception Report of the Project. Evaluation took place between March 19 2012 and June 11 2012. Current report has been drafted by Mgr. Jakub Štogr as a non-key expert employed by the Contractor, supervised by the Team Leader and Key Expert, responsible for Component I., Dr. Anthony Mousios.

The main text of this Report contains six Chapters, including the Executive Summary. In particular, the subsequent Chapters of this Report are structured as follows:

- in Chapter 3 we elaborate on the applied Evaluation methodology.
- in Chapter 4 we outline the objectives of the TOP, describing the organisation and structure of the OP around the Priority Axes and the Measures.
- in Chapter 5 we assess the foundation of Programme strategy and appraise the coherence between identified needs, Priority Axes, activities and allocation of financial resources, assess the relevance of the system of indicators, analyse expected outcomes and impacts and review the quality of management structures, implementation procedures and monitoring arrangements foreseen for the OP.
- in Chapter 6 we present our conclusions and recommendations.



## 3 METHODOLOGICAL PROCESS & CONTENT OF EX-ANTE EVALUATION

### 3.1 OBJECTIVES & SCOPE OF THE EVALUATION

According to the methodological working paper<sup>5</sup> that focuses on the content and organisation of Ex-Ante Evaluation of Operational Programmes for the 2007-2013 programming period, the Evaluation should answer the following questions:

- Does the Programme represent an appropriate strategy to meet the challenges confronting the region or sector?
- Is the strategy well defined with clear objectives and priorities and can those objectives be realistically achieved with the financial resources allocated to the different Priorities?
- Is the strategy coherent with policies at regional, national (including the National Strategic Reference Framework) and Community level? How will the strategy contribute to the achievement of the Lisbon objectives?
- Are appropriate indicators identified for the objectives and can these indicators and their targets form the basis for future monitoring and evaluation of performance?
- What will be the impact of the strategy in quantified terms?
- Are implementation systems appropriate to deliver the objectives of the Programme?

The conclusions of the Ex-Ante Evaluation must provide a response to these broad questions.

Within this context, however, those responsible for drawing up Programmes are encouraged to develop detailed evaluation questions to be answered in relation to the national, regional or sectoral strategies to be evaluated. As such this Project's Terms of Reference reflect the status of the Report as an Ex-Ante Evaluation of the TOP. It sets out the following seven core analytical tasks which must be performed as part of the Evaluation, forming the basis of the evaluation approach and method that we adopted:

1. Analysis of the implementation of pre-accession Programmes (component III of IPA) in Croatia.
2. Analysis of existing administrative capacity, in the bodies designated for the management of the OP.
3. Appraisal of the socio-economic analysis in terms of strengths and weaknesses, and the relevance of the resulting needs assessment.
4. Appraisal of consistency of the strategy and of the rationale behind the Priority Axes and their operations.
5. Identification of relevant indicators in order to appraise the potential impact of Programme strategy on the achievement of the objectives.
6. Analysis of the expected impacts and of their with the allocation of financial resources
7. Assessment of the quality and appropriateness of the programme management structures and monitoring arrangements foreseen for the OP.

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<sup>5</sup> EC, DG Regional Policy. "The New Programming Period 2007-2013. Working Document No 1: Indicative Guidelines on Evaluation Methods: Ex-Ante Evaluation. (August 2006)".



## 3.2 EVALUATION PROCESS

The Ex-Ante Evaluation of the OP Transport 2007-2013 is performed before Programme implementation which takes place after Croatia's EU accession on July 1st, 2013, lasting till the end of that year. The Evaluation's objectives are to assess whether planned interventions are consistent with regard to identified needs (of the particular sector and its beneficiaries), as well as coherent with reference to planned aims and the ways these will be implemented. It also includes the assessment of context, the identification of potential difficulties, as well as the diagnosis of target group needs and expectations, taking into account the programming and implementation experiences gained and lessons learnt from the IPA counterpart OP. It is noted that particularly in SF OP Ex-Ante Evaluation, the issues of consistency, policy complementarity, and relevance in strategy development, prospective Programme implementation efficiency and prior assessment of impact on gender, minority and environment are emphasized.

Usually an Ex-Ante Evaluation is elaborated in parallel with the respective OP, involving the sequential provision of interim appraisals and recommendations per OP's section by the Evaluator to those who are responsible for the preparation and elaboration of the programming document. In this case however, the assimilation of IPA-funded activities by the SF OP underscores the relevance of the Interim Evaluation of the IPA counterpart OP, as it provided the setting for the cooperation between the Ex-Ante Evaluator with the management/programming team in a couple of ways. In particular, the Ex-Ante Evaluator participated in key meetings with the management/programming team dealing with implementation experiences as well as with programming decisions, and passed over to the management/programming team written recommendations on Programme improvement through the Interim Evaluation Report.

In essence, the Evaluation has examined each of the Priority Axis as in the TOP Draft version from April 2012, in terms of the evaluation questions specified above. The Evaluation activity has been designed to prospectively justify the proposed Priority Axes, assess their efficiency and the likely impact of the TOP in the beneficiary country. The Evaluation activity also provided an opportunity to:

- Assess the extent to which the Programme is achieving alignment between the SF and CF Framework and domestic (national) priorities
- Utilise any lessons learnt and opportunities for improvement to inform future provision of TOP
- Assess Programme sustainability in the light of future resource constraints

Further, the Terms of Reference note that conclusions and recommendations must be underpinned by the analysis and findings of the Evaluation. This is a particular challenge for the TOP given the number and range of interventions involved in the Programme, coupled with the number of evaluation issues raised by the Terms of Reference. To ensure that we achieved this requirement we adopted the following approach:

- we took the analytical tasks as set out in the Terms of Reference as the key Ex-Ante Evaluation issues;
- we translated the tasks in the Terms of Reference into evaluation criteria, against which the OP and its contents were systematically assessed;
- we fine-tuned the criteria as a series of relatively standardised Questions to be asked about each individual Measure;
- we utilised the work programme to systematically provide the basis of an assessment in relation to each criterion.

The evaluation process has had four stages: planning and structuring; obtaining data; analysing information;



and evaluative judgement. During the four stages, the following methods and techniques have been used (for more details see Appendix A. Key Analysis Instruments):

- Use of secondary source data;
- Use of administrative data;
- Stakeholder consultation;
- Logic models.

The following methodology informed the development of this Ex-Ante Evaluation Report:

- Desk-based review of background literature, Programme texts, other documentation, including policy documents (Appendix C outlines the main documents reviewed);
- Data analysis of Programme performance indicators, along with wider labour market and socioeconomic data;
- Strategic consultations with each of the key stakeholders and other members of the Evaluation working group. Consultations were undertaken with officials from the Ministry of Maritime Affairs, Transport and Infrastructure, Ministry of Regional Development and EU Funds, Ministry of Labour and Pension System, Central Finance and Contracting Agency, National Fund, HŽ Infrastructure and others through a mix of individual and group meetings. (Appendix B identifies the participants in these consultations);

In closing, the Ex-Ante Evaluation was to a large extent based on information and opinions provided by the interviewed stakeholders. Its quality depends also on the scope and reliability of Programme data. All significant findings have been double checked and verified by referring to both secondary data and additional interviews. At the end it can be stated that all consulted stakeholders had an open and positive approach towards the evaluation. The reliability of findings is underlined also by the fact that there have been no essential discrepancies identified between the views and statements of the stakeholders.



## 4 PROGRAMME DESCRIPTION & VALUE ADDED OF THE EX-ANTE EVALUATION

### 4.1 CONTEXT & BACKGROUND OF THE OPERATIONAL PROGRAMME

The preparatory work on the SF TOP<sup>6</sup> was initiated in the year 2008 as it was presumed that it will cover years 2012 and 2013 as the first years of Croatia's EU membership. The SF TOP is based on the EU Council Regulation 1083/2006, which encompasses the general provisions on the use of the CF and ERDF.

The draft of SF TOP from 2008 takes into consideration interventions in a wide range of transport sectors: railway, inland waterway, road, airports, sea ports and urban transport covering the international (TEN-T), national and regional levels. Given the final accession date of 1st July 2013 and corresponding half year Cohesion and Structural Funds allocation only, the SF TOP 2012-2013 was considered as not implementable with such a complexity. Based on the lessons learned during the IPA TOP, the progress of the IPA TOP implementation and taking into account the institutional capacity of implementation structures, the beneficiary country decided to introduce a new TOP that will cover the whole Financial Perspective 2007-2013, thereby substituting the IPA but encompassing the same priorities and continuing the same projects. Below we introduce the IPA TOP to keep the context of SF TOP in place.

The IPA TOP 2007-2013 constitutes Component IIIa under the IPA of the European Union for the beneficiary country, which has been granted "candidate status" under the Accession process since December 2005. Programme activities funded through IPA are in line with the priorities set out in the European Partnerships and Accession Partnerships for the beneficiary country and in the Enlargement Strategy and Progress Reports contained in the enlargement package presented to the European Parliament and the Council each year. Since gaining its independence in 1991, the beneficiary country has received EU assistance through various Programmes, such as OBNOVA ("Reconstruction"), the Emergency Response Programme, PHARE, SAPARD, CARDS, ISPA and in the form of balance-of-payments support. In 2007, with a view to streamline all pre-accession assistance in a single framework and under the same regulation, the new IPA replaced CARDS and the other pre-accession Programmes.

The overall objective of pre-accession assistance is to support the beneficiary country's efforts to comply with the Copenhagen accession criteria and to help prepare the country to meet the challenges of future EU membership. These comprise the political and economic criteria, as well as the ability of the country to assume the obligations of EU membership, which involves preparing for the implementation of the Community's Cohesion Policy by introducing strategic planning and management principles which guide the implementation of EU Structural Instruments. IPA is based on multi-annual planning cycles outlined by the Commission in the so-called Multi-Annual Indicative Financial Framework (MIFF). This document delineates the forthcoming financial support for a period of three years and breaks down the IPA envelope by country and Component.

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<sup>6</sup> In the whole text of this evaluation report we use the term "SF TOP" to distinguish between IPA period (referred as "IPA TOP") and the new period where the combination of SF (ERDF) and mostly Cohesion Fund resources will be used.





Thus, in line with the overall objective, the annual and by Component breakdown of EU financial assistance to the beneficiary country is provided by the MIFF on a rolling three-year programming cycle, and pre-accession aid is delivered through the MIPD established for the beneficiary country, which also covers a three-year period taking into account the indicative breakdown proposed in the MIFF and identifying priorities for making the overall strategy operational. The latest published MIPD for the beneficiary country covers the period 2011-2013.

Concerning in particular IPA Component IIIa (Transportation), support was provided to the transports sector: railways, inland waterway infrastructure and institutional capacity building. The current **MIPD** underlines the need to address the following priorities:

- *gradually improving the standard of the railways, along TEN Corridors X and V within Croatia;*
- *rehabilitating the Croatian inland waterway system, making it more attractive and competitive in comparison with other modes of transport, including the rehabilitation of the Sava river waterway to category IV navigational status, as well as its alignment with the EU River Information System (RIS).*

The Programme includes technical assistance to ensure efficient management of EU funds, moreover under IPA Component I, acquis-related or institutional capacity building projects related to transports may be supported.

The **SF TOP** contributes to the overall strategic aim by focusing on the following principle areas:

- *ensuring better integration of the Croatian transport networks within the European transport network by improving transport infrastructure in the railway and inland waterway sectors through the development of the transport networks on the TEN-T corridors. These actions will enable the development of the national economy through the provision of better connections with the rest of the EU;*
- *encouraging the more balanced development of the transport networks by implementing actions which ensure a more equal ratio of investment regarding the road sector and other transport sectors, particularly the railway sector.*

## 4.2 PROGRAMME BUDGET, OBJECTIVES AND INDICATORS

### 4.2.1 PROGRAMME BUDGET

The IPA original Programme budget from September 2007 totals the EU co-financing amounts to € 53,500,500 for the three year period of the TOP, equivalent to EU co-financing rate of 75%. Based on the Financial Agreement between the Government of the Republic of Croatia and the EC from 10 November 2008 the total cost of the Programme, expressed in terms of eligible public expenditure, was therefore estimated at € 71,334,000. The IPA TOP was afterwards reviewed and updated in accordance with the MIFF 2011-2013 and the MIPD for the respective periods via Requests for Modification from January 2010, together with the modification of IPA contribution rate from 75 % to 85 %. The modification of the TOP was adopted by the Commission on 22. 06. 2010 and was accepted upon signature of the Financial Agreement on



27. 10. 2010 by the Commission and on 02. 11. 2010 by the Republic of Croatia. Another Request for Modification (from December 2011) proposed adding financial allocations for budgetary years 2012 and the first half of 2013, until Croatia's accession to the European Union, in the total amount of € 126,700,000.

The total expected **TOP EU co-financing from SF (ERDF) and CF for the year 2013** amounts to € 159,800,000. Therefore, the total amount for the short half-a-year SF TOP is actually more than 26 % higher than the overall IPA allocation for the years 2007-2013. The distribution between Priority Axes is heavily one-sided; 92.9 % of the allocation of the EU co-financing by both IPA and SF and CF is allocated to Priority Axis 1: Upgrading Croatia's rail transport system. The latest proposed financial tables for TOP are presented below<sup>7</sup>:

Table 1 – Financial tables – TOP 2007-2013 (in M€)

	Community Funding	National Counterpart	Eligible public expenditure	Co-financing rate
	(a)	(b)	(c)=(a)+(b)	(d)= (a)/(c)
<b>Priority Axis 1: Modernisation of TEN-T railway infrastructure</b> <i>Fund: IPA/Cohesion Fund</i>	116,35 (IPA) 149,80 (CF) 266,15 (TOTAL)	20,53 26,44 46,97 (TOTAL)	<b>136,88</b> <b>176,24</b> <b>313,12 (TOTAL)</b>	85.0%
<b>Priority Axis 2: Upgrading Croatia's inland waterway system</b> <i>Fund: IPA/ERDF</i>	6,9 (IPA) 5,0 (ERDF) 11,9 (TOTAL)	1,217 0,880 2,097 (TOTAL)	<b>8,11</b> <b>6,88</b> <b>14,99 (TOTAL)</b>	85.0%
<b>Priority Axis 3: Technical Assistance</b> <i>Fund: IPA/ERDF</i>	3,45 (IPA) 5,00 (ERDF) 8,45 (TOTAL)	0,608 0,880 1,488 (TOTAL)	<b>4,058</b> <b>6,880</b> <b>9,9 (TOTAL)</b>	85.0%
<b>Subtotal</b>	<b>126,70 (IPA)</b> <b>149,80 (CF)</b> <b>10,00 (ERDF)</b>	--	--	
<b>TOTAL</b>	<b>286,50</b>	<b>50,55</b>	<b>338,00</b>	

Source: IPA TOP Request for Modification from December 2011, SF TOP Financial Tables (April 2012)

## 4.2.2 PROGRAMME OBJECTIVES

The **main objective** of the IPA TOP was to invest in projects which will have the greatest impact on the modernisation of the railway lines and to prepare projects for future investments in upgrading and improving the inland waterway sector. The aim was also to develop the administrative and management capacity of those institutions implementing the TOP.

Both main objectives of IPA TOP are consequently reintroduced in the SF TOP with the same basic logic of sub-sectoral focus by:

- *ensuring better integration of the Croatian transport networks within the European transport network by improving transport infrastructure in the railway and inland waterway sectors through the development of the transport networks on the TEN-T corridors and*
- *encouraging the more balanced development of the transport networks by implementing actions*

<sup>7</sup> The modification of the TOP is still not adopted by the EC (May 2012); ERDF and CF amount drafted.



*which ensure a more equal ratio of investment regarding the road sector and other transport sectors, particularly the railway sector.*

However the main objectives no longer highlight the necessity to develop the administrative and management capacity, even if there is Priority Axis devoted to support the implementation process as usual.

The IPA TOP (and consequently the SF TOP) includes three Priority Axes as follows:

The IPA TOP **Priority axis 1** “Upgrading Croatia’s rail transport system” aims to develop the railway transport infrastructure in Croatia, concerning in particular the interconnection and interoperability of national networks and with trans-European networks. It aims to gradually improve the quality of the railway along TEN Corridor X (and Corridor Vb as modified later) within Croatia, in order that it increasingly meets EU standards. The SF Priority Axis 1 “**Modernisation of TEN-T railway infrastructure**” aims to gradually develop and upgrade Croatia’s TEN-T rail transport network in order to connect the country more comprehensively and efficiently with the European transport networks whilst at the same time harmonising technical and operability standards with those of the European Union.

Two measures are under the IPA TOP Priority Axis 1: Measure 1.1. “Line up-grading and modernisation” covering projects with the focus on the improvement of the permanent track and overhead power supply system and on the preparation of project documentation; and Measure 1.2. “Improvement of the safety and efficiency of railway operations” concentrated on the modernisation of trackside infrastructure, signalling telecommunication, safety and security equipment. Under the SF TOP **areas of activity** are not further introduced, even if the document presents the overall intention to divide the Priority Axis 1 in almost the same way as in IPA TOP was structured:

- *Interventions that are primary orientated on line enhancement are implemented within the first area of activity although they intrinsically include also the signalling and safety improvement.*
- *The interventions primary orientated on the safety and operation efficiency issues are implemented under the second area of activity, although they might include some minor tracks related interventions.*

The IPA TOP **Priority Axis 2** “Upgrading Croatia’s inland waterway system” is the same under the SF TOP (excluding the support to align with the EU River Information System’s) and aims to improve and rehabilitate the Croatian inland waterway system, making it more attractive and competitive in comparison with other modes of transport. However, it is explicitly mentioned that: “*Due to the lack of ready projects the priority is given to pipeline preparation that is to result with a set of projects ready for the next programming period. Implementation of Sava river information system is envisaged.*” (cit.)

Only one measure was in IPA TOP under this Priority Axis (Measure 2.1. “Modernisation and rehabilitation of river waterways and port infrastructure”), no different areas of activity are directly mentioned in the SF TOP.

As already mentioned above, the objectives of SF TOP do not directly mention the development of the administrative and management capacity as it was described in IPA TOP under the **Priority Axis 3 “Technical assistance”** (to ensure that Croatia is able to administer the Operational Programme, through all aspects of programme management, to ensure efficient and effective OP management, and develop institutional capacity for project preparation, management and absorption of IPA and future Structural Funds).



Nevertheless, Priority Axis 3 under SF TOP focuses on: “ensuring the full, efficient and effective use of the funds allocated to the TOP in accordance with the relevant rules and procedures” (cit). Only one measure is under this IPA TOP Priority Axis 3: Measure 3.1 “OP management and capacity building” which covers all types of activities/support. The SF TOP introduces three areas of activity instead:

- *support to the management of the OP* (analyses, ex-ante and on-going evaluations, implementation of monitoring control systems, information and publicity),
- *strengthening the capacity of the MA and the potential Beneficiaries* (the development of administrative capacity),
- *elaboration of background studies and preparation of transport infrastructure projects for the next programming period.*

### 4.2.3 PROGRAMME INDICATORS

The SF TOP provides indicators for each Priority Axis at the level of Results and Outputs; no indicators are directly connected with the areas of activities. The overall summary of indicators for SF TOP is presented in the table below and more details and conclusions are provided in the chapter 5.1.3 Adequacy of System of Indicators.

Table 2 – Indicators of Results and Outputs for Priority axis<sup>8</sup>

TOP	Priority axe	Indicators
IPA2011+ SF	<b>Priority Axis 1: Modernisation of TEN-T railway infrastructure</b>	(R) Improved passenger trains compliance with time table (R) Increased freight volume (O) Kilometres of reconstructed railways (Core 19) (O) Number of projects (Core 13)
IPA2011+ SF	<b>Priority Axis 2: Upgrading Croatia’s inland waterway system</b>	(O) Number of projects prepared
IPA2011+ SF	<b>Priority Axis 3: Technical Assistance</b>	(R) OP funds absorbed under operational Priority Axes (O) Number of MA staff who received training (O) Publicity events organized

Source: SF TOP (version from April 2012)

The Contextual and the Programme indicators are not the part of the current SF TOP programming document.

<sup>8</sup> The final targets of the indicators and the indicator system itself were modified under the IPA TOP as a part of the Requests for Modification from December 2011 following the allocation changes and prolongation of the TOP during the years. The indicators proposed for the SF TOP are the same as indicators proposed in the Request from 2011.



### 4.3 EVALUATION FEEDBACK BASED ON DRAFT VERSIONS OF THE OP

We evaluated the draft version of the SF TOP with the last changes from April 2012 which covers the whole 2007-2013 period, including both IPA and SF budget lines. The comparison with the IPA TOP at the level of document structure is almost impossible because the SF TOP is not an updated version of the IPA TOP but a completely new document with different structure was produced. The SF TOP structure is more simple and clear in comparison to the IPA TOP, chapters are consistent and duplicates that occurred in IPA TOP e.g. in description of the socio-economic context, were eliminated.

The SF TOP draft contains a short descriptive chapter at the beginning of the document that explains the context of IPA and makes a statement that SF TOP 2007-2013 is “*substituting the IPA but encompassing the same priorities and continuing the same projects*”. However, the rest of the document presents only the SF TOP setting and structures and uses EU SF terminology. The IPA is mentioned as follows:

- in Chapter 1, presenting current socio-economic and sectoral status,
- in Chapter 2, introducing existing strategies and complementarity of TOP with them,
- in Chapter 3, as an integral part of the description of Priority Axes with a repeated statement that “*Activities started under IPA are to be finished within this TOP*”.

Provided information about IPA “substitution” are therefore not clear enough and may cause confusion among beneficiaries expecting clear distinction between pre-accession and post-accession period.

The main differences at the content level of TOPs can be summarised as follows:

- New SF terminology in particular in the structure of Programme interventions (Measure vs. key area of operations) and in the structure of responsible bodies (BROP vs. Managing Authority, BRPM and Contracting Authority vs. Intermediate Body level I and II) have replaced previous IPA terminology.
- The overall strategic aim of the SF TOP remains almost the same as under the IPA TOP; however the main objectives no longer highlight the necessity to develop the administrative and management capacity. The respective chapter and justification of the SF TOP strategy is being completely rewritten but the main lines of reasoning for exclusive support of railways and inland waterways sub-sectors did not change at all.
- The structure of Priority Axes therefore also remained the same covering three Axes focused on railways, inland waterways and technical assistance. The objectives and aims of SF TOP slightly shifted in the Priority Axis 2 (railway sub-sector) which is clearly represented by the renaming from “Upgrading Croatia’s rail transport system” to “Modernisation of TEN-T railway infrastructure”. However, at the level of Key Areas of Intervention the information in SF TOP are missing or very vague, Key Areas are not even named and not specifically defined, which is a major difference in comparison with the IPA TOP Measures. For more details see also previous chapter 4.2.2.
- The system of indicators changed rapidly even during the IPA TOP implementation and the latest proposed IPA modification is exactly the same as the drafted version of SF TOP. For more details see chapter 5.1.3.
- Financial tables in the new programming document cover both IPA and SF financial envelopes. However, the allocations are presented only at the level of Priority Axis and not at Key Areas of Intervention (IPA Programme includes allocations also at the Measure level), and only cumulative



figures for IPA and SF/CF. This is consistent with the regulations and enables to adjust the financial allocations between Key Areas within a Priority if needed during implementation, but on the other hand, it prevents aligning the Priority indicators with its specific Key Areas, which is a prerequisite for credible and reliable monitoring and evaluation.

The following issues therefore should be addressed in a near future to achieve high quality programming output:

- update almost all parts of the Chapter 1: “Analyses” covering the current socio-economic situation. Mostly negative macroeconomic trends that have appeared during the last 2 years are not properly covered in the statistics and overviews. Also, the proper identification of all sources is necessary to avoid misunderstandings.
- there is a need to incorporate into the SF TOP SWOT analysis from the respective twinning exercises undergoing in year 2012, parallel to this Ex-Ante Evaluation.
- special attention should be paid to updating chapter 1.2 “Lessons learnt from previously implemented EU interventions”, to truly reflect the situation and experience in the beneficiary country.
- the reality of IPA TOP (and ISPA) progress has to be taken into account, and the relevant parts have to be updated accordingly, e.g. the finished Vinkovci – Tovarnik railway section and Zagreb Main railway station modernization.
- The Chapter 3.4 “Demarcation with similar interventions under other OPs and EU funded programmes” has to be updated with respect to the on-going preparatory process of other OPs. However, with respect to the decision to cover only limited number of sub-sector as it was in implemented under the IPA TOP, no overlaps are expected to be found even if there is a close relationship at least at the level of regional development and infrastructural support.
- To ensure the overall consistency of the document, e.g. avoid duplicates and broken links to annexes as we can find in case of Annex 3 (the annex itself is missing). Last but not least, final revision of the whole design and formatting is expected.



## 5 ASSESSMENT OF FINAL DRAFT OF THE OP APPRAISAL OF SOCIO-ECONOMIC ANALYSIS & RELEVANCE OF STRATEGY

### 5.1.1 Rationale & Consistency of Intervention Logic

From the perspective of this Evaluation, assessing the relevancy of the OP's rationale implies examining and verifying the continuing validity of the socio-economic and sector analysis and outlook, as well as the SWOT analysis and data included in the draft of SF OP. Also the continuing relevance of the Programme, Priority and Measure objectives and strategy has to be taken into consideration. In addition, most key findings of the Interim Evaluation of IPA TOP that have a bearing upon the relevance of Programme strategy are addressed.

The section below focuses on Socio-Economic Developments that form the external environment for the TOP (both IPA and SF as the successor). It is intended for updating the most critical statistical Tables of the Programme document from the perspective of analysis of key socio-economic trends which underling the strategic component of the OP.

The quality of current SF TOP document (draft with the latest minor changes done in April 2012) in respective chapters is very inconsistent, especially the overall quality of data provided by tables and pictures. In a most cases, data until year 2010 are presented, which could be the latest available from Statistical Office; however, in some cases, data until year 2008 are presented. This is clearly the result of continuing work and of only partial and non-systematic updates made during the years. Therefore, even if the SF TOP covers all important areas, the provided information and analyses (mostly at the level of identification of trends) is heterogeneous. The most significant difference from the situation described in the SF TOP draft are the values of traffic (incl. both passengers and goods), of the Gross Domestic Product (GDP) and its growth rate.

Over the last few years the global **economic recession** has affected the socio-economic situation also in the beneficiary country. During the year 2008 the economy starts to slow down and in 2009 and 2010 the rates show very negative growth.

Table 3 – Annual Calculation of Gross domestic product (GDP) for years 2003-2010

	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012**
GDP per capita (€)	6 816	7 436	8 112	8 951	9 781	10 771	10 311	10 394	--	--
Growth rater (%)	5,4	4,1	4,3	4,9	5,1	2,2	-6,0	-1,2	(-0,4)	(-1,3)

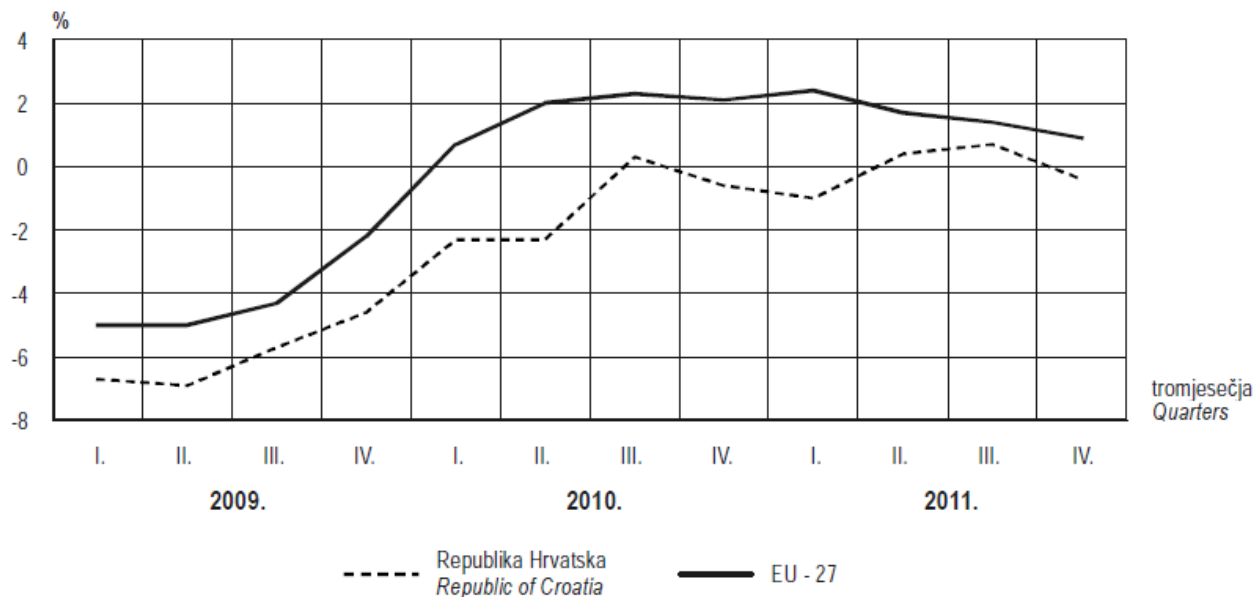
Source: Croatian Bureau of Statistics, website, Statistic Yearbook 2011 and Monthly Croatian Statistics for April 2012 \*=estimation \*\*=estimation based on data for I.-III. month period (Q1)

In comparison with the EU-27 average, GDP real growth rates for the beneficiary country follows the EU-27 trend at the lower GDP rate level (as presented below), therefore, the economy's slowdown does not have only national of regional character.



Chart 1 – Real growth rates of Gross domestic product (GDP) for years 2009-2011

**REALNE STOPE RASTA BDP-a, odnos prema istom tromjesečju prošle godine**  
**REAL GROWTH RATES of GDP, comparision with corresponding quarter of previous year**



Source: Croatian Bureau of Statistics, Monthly Croatian Statistics for April 2012

As a result of these rapid changes in the macroeconomic environment, **three main issues** have to be therefore addressed:

- availability of investments and construction in the sector of transport in the last years;
- impact of the economic recession to the sector of tourism, to passengers and transportation of goods;
- unemployment and the unequal structural impact to the citizens.

As an indicative measure of **infrastructural investments** statistical data about the total volume indices of construction works for the Civil Engineering Works is used (which covers all constructions not classified under buildings, e.g., roads, bridges, tunnels, railways, harbors, dams, long-distance and local pipelines, electricity and telecommunication lines, complex constructions on industrial sites and generating electricity, constructions intended for sport and recreation, etc.). As presented in the table below, the construction indices decrease as **a long-term reaction to the economic recession**. Also, construction activity in the transport sector (counted as a value of works done by legal entities employing 5 and more people, measured in kuna) indicates the same trend.





Table 4 – Total volume indices of construction works for the Civil Engineering Works for years 2003-2010

	2003	2004	2005	2006	2007	2008	2009	2010
Civil Engineering Works in % (year 2005=100%)	109,9	108,4	100	107,6	109,1	115,2	108,4	92,3
Construction activity in the transport sector (in mld kuna)	--	--	7,67	8,46	8,85	9,75	8,69	n/a
GDP Growth rate (%)	5,4	4,1	4,3	4,9	5,1	2,2	-6,0	-1,2

Source: Croatian Bureau of Statistics, Statistic Yearbook 2011

An important aspect of the investment and construction issue is the **Building Permit**, as it represents the mature status of the project and also the investor's intention to proceed with the implementation under the current financial conditions. Data gathered by the Bureau of Statistical about Civil engineering works in Transportation sector clearly shows that future investments are in progress. Almost the same amount of permits was issued and works on buildings for which permits were issued continue, as presented in the table below. Also, the expected values of works are approximately at the same level as the five year average.

Table 5 – Building Permits issued in 2006-2010 (Civil engineering works in Transportation sector only)

	Number of building permits issued in Transportation sector				Expected value of works, mld kuna
	Total	New buildings	Reconstruction		
			Total	of that: additions and extensions	
2006	336	219	117	5	5,1
2007	355	235	120	15	7,7
2008	355	274	108	12	11,4
2009	390	278	112	9	6,9
2010	379	263	116	11	7,4

Source: Croatian Bureau of Statistics, Statistic Yearbook 2011

The overall situation specifically in the **railway sub-sector** (taking into consideration the reported status of railway lines, railway stations and other official places) changed only slightly in the last decade. As presented below, only in 2006 there was a new double track put into the operation and the total length of electrified lines (even if it varies over the decade) remains almost the same till the end of the year 2010. This clearly reflects the fact, that the actual realization of constructions, even if they are co-financed by the pre-accession funds, did not change the overall shape of the sub-sector yet. The delayed implementation of IPA TOP actually prolonged the period of major underinvestment in the railway sub-sector in the last years and the results of interventions will be visible in a long-term horizon only. In comparison with the progress of the road infrastructure, e.g. with approximately 600 km of new motorways constructed during the decade, the need for infrastructural support of the railways is indisputable.



Table 6 – Railway lines, railway stations and other official places vs. Roads (years 2001 - 2010)

	Length of roads (km)		Length of railway lines (km)					Railway stations and other official places
	Total	Motorways	Total	Single track	Double track	Electrified (km)	Electrified (%)	
<b>2001</b>	28 275	429	2 726	2 478	248	983	36,1	613
<b>2002</b>	28 344	455	2 726	2 478	248	983	36,1	597
<b>2003</b>	28 344	554	2 726	2 478	248	983	36,1	596
<b>2004</b>	28 344	742	2 726	2 478	248	983	36,1	590
<b>2005</b>	28 436	792	2 726	2 478	248	983	36,1	591
<b>2006</b>	28 788	877	2 722	2 468	254	980	36,0	593
<b>2007</b>	29 038	959	2 722	2 468	254	980	36,0	594
<b>2008</b>	29 248	1 043	2 722	2 468	254	985	36,2	594
<b>2009</b>	29 343	1 097	2 722	2 468	254	985	36,2	594
<b>2010</b>	29 333	1 126	2 722	2 468	254	984	36,1	594

Source: Croatian Bureau of Statistics, Statistic Yearbook 2011

Current data from Monthly Croatian Statistics for April 2012 shows the trend of **decreasing number of passenger and passenger-kilometres** in both road and railroad sub-sector in comparison with the previous few years (and status presented in the SF TOP draft)

Table 7 – Transport of Passengers and Passenger-kilometres for sub-sectors (years 2009 - Q1 2012)

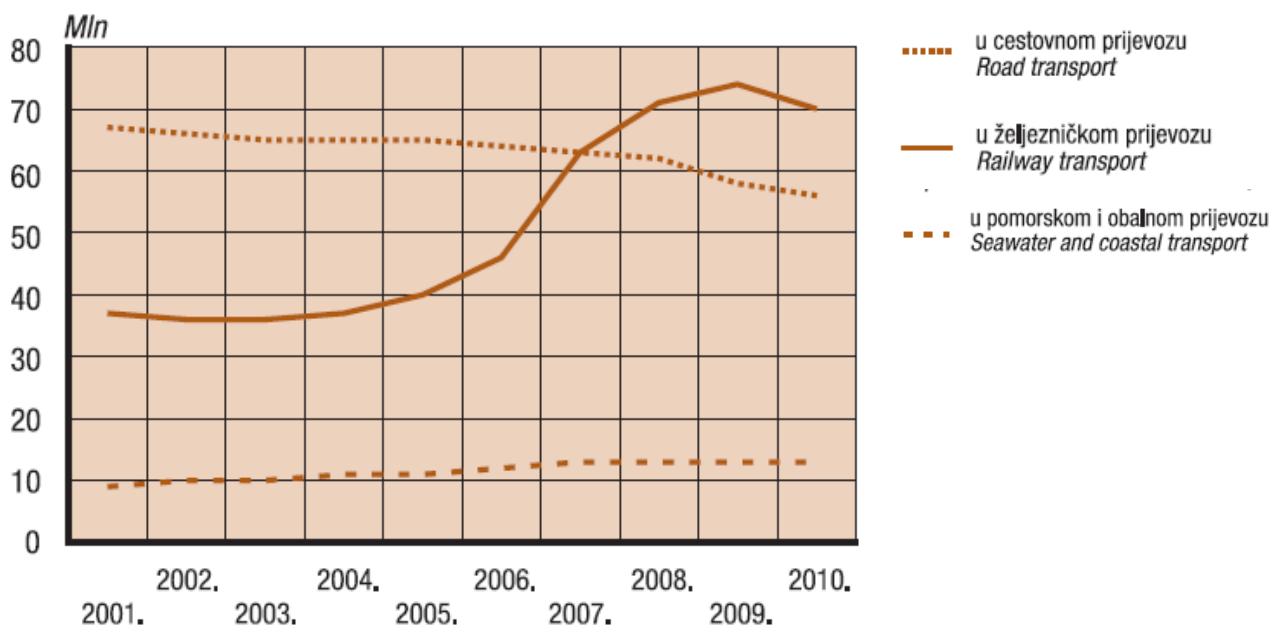
	Total		Railway transport		Road transport		Seawater and coastal transport		Air transport	
	Passengers carried; th	Passenger km; mln	Passengers carried; th	Passenger km; mln	Passengers carried; th	Passenger km; mln	Passengers carried; th	Passenger km; mln	Passengers carried; th	Passenger km; mln
2009	146 641	7 395	73 545	1 835	58 493	3 438	12 550	486	2 053	1 636
2010	140 350	7 029	69 564	1 742	56 419	3 284	12 506	493	1 861	1 510
<b>2011*</b>	<b>117 548</b>	<b>6 805</b>	<b>49 983</b>	<b>1 486</b>	<b>52 561</b>	<b>3 145</b>	<b>12 926</b>	<b>583</b>	<b>2 078</b>	<b>1 591</b>
2012 Q1	21 398	1 271	*6 652	*262	13 074	743	1 376	67	*296	*199
I-III. 12 I-III. 11	67,8%	92,9%	40,4%	64,5%	97,6%	106,0%	99,6%	120,0%	95,7%	96,8%

Source: Croatian Bureau of Statistics, Monthly Croatian Statistics for April 2012 \*=-provisional data

But from the long-term perspective, the **railway sub-sector** offers significant opportunities as the chart below shows the large increase of carried passengers between the years 2006 – 2008, even if the last reported year (2011) the overall values fall back to the level of the year 2006. The interesting fact is that the volumes for the sub-sectors of air transport and seawater and coastal transport stay almost the same for the last years and the trend for the last decade is positive.



Chart 2 – Passengers carried (years 2001 - 2010)



Source: Croatian Bureau of Statistics, Statistic Yearbook 2011

However, as the statistics show, the numbers of passengers and the volume of carried goods do not provide the same trend, which is presented in the table below. The observed behaviour of passengers tends to be much more long-lasting and distributed in time (as in case of infrastructural investments), therefore the highest peak of railways passenger transportation volume was reached in 2009 and now starts to fall back to the level of year 2006. In comparison, in the same year the lowest GDP growth was reported and the lowest volume of goods was shipped out by the railways.

Table 8 – Railway transport of Passengers and Goods (2003-2010)

	Passengers carried (th)		Passenger-kilometers (mln)		Goods carried (th t)		Tonne-kilometers (mln)		GDP growth (%)
	Total	In international traffic	Total	In international traffic	Total	In international traffic	Total	In international traffic	
2003	35 980	838	1 163	121	11 723	8 053	2 487	1 738	5.4
2004	36 747	775	1 213	113	12 234	9 048	2 493	1 876	4.1
2005	39 842	738	1 266	105	14 333	11 520	2 835	2 204	4.3
2006	46 212	780	1 362	105	15 395	12 436	3 305	2 619	4.9
2007	63 131	764	1 611	103	15 764	13 178	3 574	2 921	5.1
2008	70 961	791	1 810	107	14 851	12 234	3 312	2 643	2.2
2009	73 545	699	1 835	90	11 651	9 245	2 641	2 029	-6.0
2010	69 564	666	1 742	82	12 203	10 207	2 618	2 041	-1.2
2011*	49 983	n/a	1 483	n/a	n/a	n/a	n/a	n/a	(-0.4)

Source: Croatian Bureau of Statistics, Statistic Yearbook 2011 \*=estimations data



Also, a significant **decrease of transport of goods in inland waterways** was reported during the same period of time. Between the years 2006 and 2010, the total volume of goods transported by inland waterways reduced by almost 2/3.

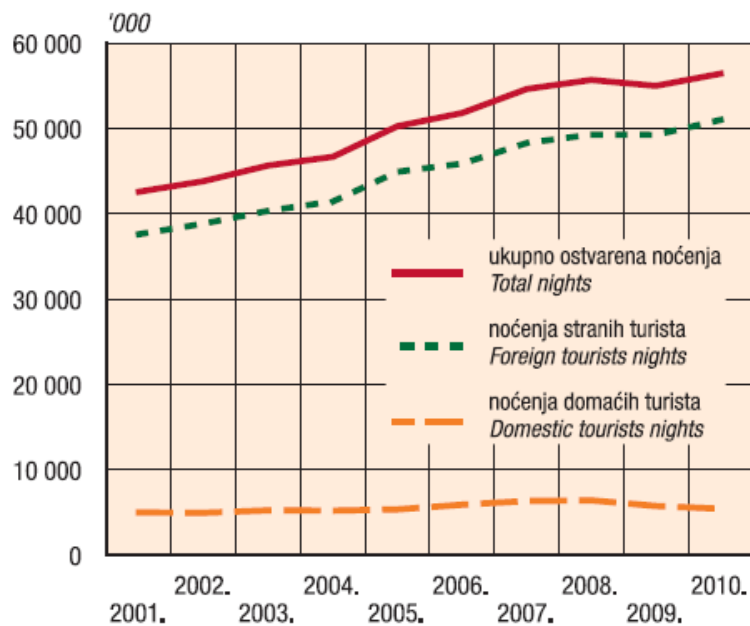
Table 9 – Inland waterways transport of Goods (2006-2010)

	2006	2007	2008	2009	2010
Total (th t)	1 509	1 468	880	533	515
National (th t)	189	163	141	127	145
International (th t)	1 320	1 305	739	406	370
GDP Growth rate (%)	4,9	5,1	2,2	-6,0	-1,2

Source: Croatian Bureau of Statistics, Statistic Yearbook 2011 \*=-estimations data

However, during the last decade a significant increasing trend in the **number of tourist nights** spent in the beneficiary country is detected. This trend did not change dramatically even during the period of economic depression as shown at the chart below. The total tourist arrivals reached almost 11,5 millions, including 10 millions of foreigners in the year 2011 (in comparison with 8,7 mln in total in 2009) and total tourists nights spent in the country has increased to 60,3 millions, including 54,8 mlns foreign tourists nights.

Chart 3 – Passengers carried (years 2001 - 2010)

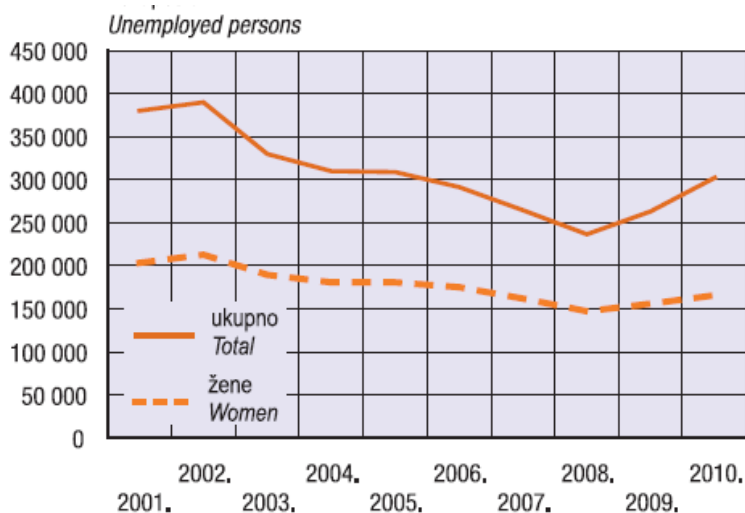


Source: Croatian Bureau of Statistics, Statistic Yearbook 2011

The **unemployment rate** in the beneficiary country has increased in the previous two years, reaching 11,8 % in the year 2010 (in comparison with the 8,4 % in a year 2008). Unemployment is not equally distributed among the age groups, with the highest rate found in the group between 15 and 24 year-olds (almost 33,0 % in 2010 in comparison with the 22,0 % in the year 2008).



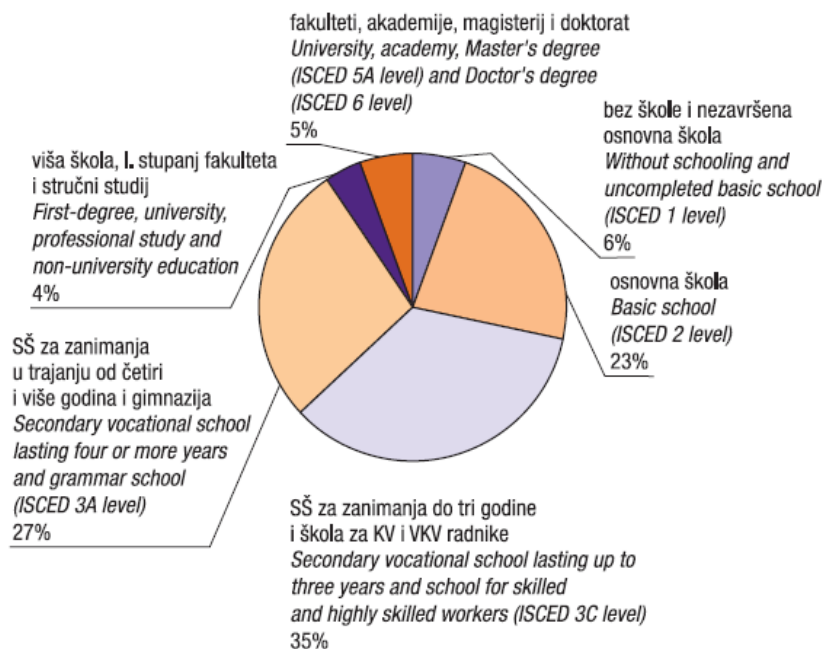
Chart 4 – Average number of unemployed persons (years 2001 - 2010)



Source: Croatian Bureau of Statistics, Statistic Yearbook 2011

The allocation of unemployed people based on their level of professional attainment indicates that the largest concentration of unemployed is amongst the less-qualified. Full 91 % of unemployed are at maximum secondary vocational school level (the rest, 9 % are persons with the university degrees and above the secondary school - ISCED 3A level).

Chart 5 – Structure of unemployed persons based on the level of professional attainment (31. 12 .2010)



Source: Croatian Bureau of Statistics, Statistic Yearbook 2011



Taking into consideration the sectoral aspect, there were more than 32,5 thousands unemployed persons with experience in the construction sector (5,3 thousands of them women) at the end of year 2010, which was approximately 12,2 % from unemployed persons with working experience and 10,7 % from all unemployed persons in average.

These changes in the external macro-economic, labour market and wider socio-economic environment have a number of direct **implications** for the rest of the IPA TOP and consequently for the SF TOP implementation period. We therefore point to:

- a need for greater focus on further progress in implementation of **construction** projects ; sectoral investments are needed and can generate demand for goods and services, thus IPA can offer tools for both infrastructure modernization and unemployment relief in the construction and other related sectors;
- the current IPA TOP investment into the **preparation of the final documentation** (see in Annex D) for the respective project has to be fully utilized and the project in mature status has to be promoted under the SF TOP as soon as possible;
- place relatively greater emphasis in the future on **strategic planning and modelling** (e.g. the national traffic model), to be able to respond to changes in the environment and other demands; this also covers the project pipeline preparation and continual preparatory work on project documentation of projects, irrespective of their financial magnitude and of the scope of sub-sectoral intervention (with respect to the SF TOP period 2014+ which is probably going to cover more sub-sector than only railways and inland waterways);

The SF TOP presents a SWOT analysis of the external environment for the OP in order to identify the challenges and opportunities likely to manifest themselves over the implementation period.

The review of Programme documentation and the comparison with the drafts of SWOT analyses currently under preparation as a part of twinning activities conclude that the SF TOP Priority Axes have strong internal coherence concerning their structure as well as their content. The overall consistency is clearly rooted in previous IPA TOP concept with the just a minor adjustments. The Evaluation sought to verify that the Priority Axes' structure covers the crucial intervention fields and, also, assessed whether the areas of activities have been properly specified.

However, in a view of the upcoming EU Membership in 2013 and further investments from the Structural Funds, we suggest the following **adjustments** for the future strategy:

- Address **all transportation sectors** in the future. The major strength of the IPA TOP could be identified in the selection of only two sub-sectors (railways and inland waterways) and technical assistance. This allows concentrating on the specific needs of these sub-sectors and better targeting of Pre-Accession Instruments. Nevertheless, in case of problems during implementation, such a narrow focus carries risk and could become a liability.
- Consequently, a more **integrated strategy** is required to take into consideration the needs and concerns of beneficiaries and stakeholders from other transportation sub-sectors. In that regard, MMATI's Ministry Strategy<sup>9</sup> constitutes a significant advantage for future programming and implementation.

<sup>9</sup> Strateški Plan Ministarstva Pomorstva, Prometa i Infrastrukture za razdoblje 2013.-2015. godine



- Concentrate **sustainable capacity building** at the beneficiary side; with respect to the expected coverage of more sub-sectors in the future, also capacities in the other sectors should be built right now, as a part of the SF TOP 2007-2013. This also includes proper updating the description and target of the Priority Axis 3 “Technical Assistance”.
- Address **additional needs** that have been risen due to changes in the socio-economic environment; in particular, take into consideration the possible positive impact of construction to employment in the short-term. This includes finding possible synergies between the TOP and all other OPs.

As a consequence of this, the analytical strength of the socio-economic analysis must be assessed only as satisfactory at the moment.

### 5.1.2 Strategy’s External Coherence with other Policies (national, NSRF, EU)

This section reviews relevant national and EU policies with respect to the draft SF TOP and indicates that most of the relevant national policy documents produced were found to be supportive to the aim of the (SF) TOP as confirmed by this Evaluation, based on the results of desk review and interviews with OS personnel.

The **strategic approach** taken in the TOP aims at:

- *ensuring better integration of the Croatian transport networks within the European transport network by improving transport infrastructure in the railway and inland waterway sectors through the development of the transport networks on the TEN-T corridors and*
- *encouraging the more balanced development of the transport networks by implementing actions which ensure a more equal ratio of investment regarding the road sector and other transport sectors, particularly the railway sector.*

In particular, the priorities and main objectives of the SF TOP are duly emphasised in a number of strategic documents, as follows:

- Grounded in IPA TOP and therefore in a Multi-annual Indicative Financial Framework (MIFF) and Multi-annual Indicative Planning Documents (MIPDs) for beneficiary country (the last MIPD if for the 2011-2013 period) that explicitly mention the need to support the transports sector: railway sector, inland waterway infrastructure as well as institutional capacity building.
- The SF TOP is also in line with the Strategic Coherence Framework (SCF) 2007-2013 underlining the same priorities and with the National Strategic Reference Framework 2012-2013 which takes into consideration previously mentioned documents, such as:
  - Strategy of Transport Development of the Republic of Croatia (from the year 1999),
  - The National Railway Infrastructure Program for Period 2008-2012,
  - Strategy for Development of Inland Waterway in Republic of Croatia (2008-2018) from May 2008,
  - Midterm Plan of Development of Inland Waterways and Ports in the Republic of Croatia (2009-2016) adopted in 2009,
  - The programme for Construction and Maintenance of Public Roads for Period from 2009 to 2012 from December 2009,
  - Strategy for sustainable development of Croatia adopted in 2009,



- Maritime Transport Strategy of the Republic of Croatia dated October 2005,
- the Seaport Act adopted by the Croatian Parliament in 2003,
- The Development Strategy for Air Transport in the Republic of Croatia, elaborated in 2002.

Even if not all the sub-sectors are covered under the TOP, all of these Strategies underline the need of infrastructural development and also the necessity to further enhance the transport sector as such.

The TOP objectives are also considered in line with the SEETO Comprehensive Network Development Plan 2012 as described in the Multi-Annual Plan 2012-2016 from December 2011 and support further integration into the Trans-European Transport Network (TEN-T) as a one of the main aim. The objectives of EU support in the sector of Transport are also consistent with the Europe 2020 priorities in the areas of transports, the Ministerial Strategic Plan for the respective year and to some extent with White Paper: Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system (2011). No overlapping was identified with the other OPs basically due to the fact the SF TOP 2007-2013 cover only limited areas of activities.

Therefore, the strategic priorities of the TOP seem fully aligned with the direction of these initiatives, in terms of intervention in the transport sector (particularly in railway and water ways sub-sectors). As a part of the SF TOP draft chapter 2.2.1 “Coherence with national and EU policies” is introduced where all relevant documents are analysed and afterwards clearly presented in a form of a table; however, this needs to be verified at the later stage of document preparation in the same way as a chapter about social-economic environment.

Nevertheless, the beneficiary country needs to ensure following **challenges**:

- to continue adoption and implementation of the **Acquis Communautaire** in all transport sub-sectors and not just the ones covered by the current IPA TOP and SF TOP draft ;
- keep in mind the linkages to **climate change**, in particular by reducing the emission intensity of its economic development (e.g. to reduce greenhouse gas emissions);
- to comply with the principle of sustainable development and meet the requirements of the relevant **EU environment acquis**, in particular the Environmental Impact Assessment (EIA) as well the Natura 2000 including Birds and Habitats directives for all infrastructural projects.

The above findings lead to the assessment that the coherence of the strategy with national policies, the CSG and other Operational Programmes assessed to be satisfactory.

### 5.1.3 Adequacy of System of Indicators

This section reviews the systems of indicators for the SF TOP from the point of view of the overall comprehensiveness and quality of Measure level indicators. It takes into consideration IPA TOP’s system of indicators, to be able to compare and analyse any changes.

The quantitative and qualitative progress made in implementing IPA and SF TOP as well as its efficiency and effectiveness in relation to its objectives is measured by the use of monitoring indicators, related to the results and outputs of the individual Priority Axis (and Measures). In identifying appropriate monitoring indicators during the programming phase of the TOP, account was taken of the methodologies, guidelines and lists of examples of indicators issued by the Commission, in particular the "Indicative guidelines on evaluation methods: Monitoring and evaluation indicators" (August 2006, working document No. 2 for the





programming period 2007-2013). On this basis the Operating Structure is expected to assess the progress of the OP at each level against objectives and targets, prepare reports to the Sectoral Monitoring Committee, draft the Sectoral Annual and Final Reports on implementation and launch Interim Evaluations.

The IPA TOP (version 2007) contained a set of result indicators for each Priority Axis and a set of output indicators for each Measure. The overall structure of indicators was simple, measured with consistent annual frequency, all indicators had been provided with baseline data and final targets were set properly. The **Modification** requested in January 2010 did not include major changes of the indicator system but the indicators for Priority Axis 2 as such were omitted. Moreover, the last Modification requested in December 2011 completely changed the whole approach to the indicators. Result and output indicators are provided only for Priority Axis (not for Measures) and Targets should be assessed at the end of the Programme using BROP/BRPM evaluations, based on different progress and monitoring reports, physical checks, surveys, etc. The justification of such a major change was that it is “*due to the nature of projects envisaged in the TOP (large scale infrastructure projects that require certain time to be conducted).*”(cit.)

However, the indicators proposed for the **SF TOP** are the same as indicators proposed in the Request for Modification from 2011. The comparison of the IPA TOP and SF TOP indicators is presented and commented in the table below. The colours represent following information: **brown**= removed in SF TOP, **blue**= added in SF TOP and **black**= the same of with the slight modification.

Table 10 – Indicators of Results and Outputs for Priority Axis 1 under the IPA TOP and SF TOP

TOP	Priority axe	Indicators
IPA 2007	Priority Axis 1: Upgrading Croatia's rail transport system	<del>(R) Increased average train speed on the Corridor X</del> (R) Improved passenger trains compliance with time table (R) Increased freight volume
IPA 2011 +SF	Priority Axis 1: Modernisation of TEN-T railway infrastructure	<b>(R) Improved passenger trains compliance with time table</b> <b>(R) Increased freight volume</b> <b>(O) Kilometres of reconstructed railways (Core 19)</b> <b>(O) Number of projects (Core 13)</b>

Table 11 – Indicators of Results and Outputs for Priority Axis 2 under the IPA TOP and SF TOP

TOP	Priority axe	Indicators
IPA 2007	Priority Axis 2: Upgrading Croatia's inland waterway system	<del>(R) Km of the Sava river waterway with increased navigation classification</del> <del>(R) Increased capacity of ports</del> <del>(R) Increased freight volume</del> (O) Projects ready for implementation with full set of documentation (O) Project applications completed and submitted for EU funding
IPA 2011+ SF	Priority Axis 2: Upgrading Croatia's inland waterway system	<b>(O) Number of projects prepared</b>



Table 12 – Indicators of Results and Outputs for Priority Axis 3 under the IPA TOP and SF TOP

TOP	Priority axe	Indicators
IPA 2007	Priority Axis 3: Technical Assistance	<p><i>(R) Staff in the national bodies capable of independently identifying, preparing and assessing project applications</i></p> <p>(R) OP funds absorbed under operational Priority Axes</p> <p>(O) Training provided for the staff of public bodies</p> <p>(O) Publicity 'events' organised (press conferences...)</p> <p><i>(O) Meetings of Monitoring Committees</i></p> <p><i>(O) Transport project applications assessed and submitted by the OS</i></p>
IPA 2011 +SF	Priority Axis 3: Technical Assistance	<p><b>(R) OP funds absorbed under operational Priority Axes</b></p> <p><b>(O) Number of MA staff who received training</b></p> <p><b>(O) Publicity events organized</b></p>

Source: IPA TOP (version from the year 2007), IPA TOP Request for Modification from December 2011, SF TOP (version from April 2012)

The summary of changes presented above shows that – among other changes – the result indicators for Priority Axis 2 are completely missing. The last modification of IPA TOP could be seen as a pragmatic solution based on the TOP implementation status. However, such a change should not affect the monitoring system and setting under the SF TOP. Although the indicators are only a proxy indication of reality, the values of indicators should reflect clearly and at regular basis the progress of implementation and allow estimations for the future. Another important issue is raised as the “Core” indicators were introduced along with the above mentioned IPA TOP Request for Modification (and SF TOP). These Core indicators properly became part of the monitoring system; the selection covers two indicators (13 and 19) which are relevant to the SF TOP aims and expected results and outputs.

In general, all indicators are missing further formal description of the indicator’s content, only short definitions are provided. In a most cases this lack of detailed explanation does not have an impact to the clarity of the indicator itself, but e.g. in cases mentioned below potential **problems** were identified:

- Priority Axis 1 – Result Indicator: Increased average train speed on the Corridor X (originally part of the TOP in 2007; it does not explicitly define the national and/or regional aspect of the measured average on the Corridor X);
- Priority Axis 1 – Result Indicator: Improved passenger trains compliance with time table (the methodology of gathering trains compliances and how to measure baseline is not defined; it is also not mentioned what type of trains is going to be taken into account, if e.g. regional trains are covered or not);).

The important linkage between currently presented SF TOP indicators and other relevant documents has to be seen at the national strategic level. As it was already mentioned, at the level of Transportation Sector a new Ministerial Strategic Plan for the years 2013-2015 is already in place (“Strateški Plan Ministarstva Pomorstva, Prometa i Infrastrukture za razdoblje 2013.-2015. godine”). The main part of this document contains a detailed indicator plan measuring also the Outputs and Results in the Transport sector. This indicator system has to be harmonized with the proposed SF TOP indicator system to reach the absolute transferability between these two policy instruments. Especially two groups of indicators target the EU-supported interventions (covering the IPA IIIa TOP project outputs), namely:

- *Group 1.1.2. Investment in railway infrastructure through projects co-financed from EU pre-accession and EU Structural Funds*



- *Indicator 1.1.2.1. Renovation and reconstruction of the railways at the Okucani-Albany (Permanent Way, catenary, signalling and telecommunications security works)*
- *Indicator 1.1.2.2. Built mile second track and reconstructed km railway section at Dugo Selo-Krizevci*
- *Indicator 1.1.2.3. Number of approved final reports on the contracts*
- *Group 1.1.4. Investing in the infrastructure of waterways and inland ports from EU*
  - *Indicator 1.1.4.1. Number of approved final reports on the contracts*

We therefore **suggest** the following:

- ensure that the indicators are able to assess the **impact** of EU support, including improvements of railway network and safety conditions of the railway system, development of a project pipeline for infrastructure investments and further implementation of relevant legislation as it is mentioned in the MIPD; it is necessary to take into consideration also indicators that are going to be introduced at the level of Measures as a part of the Programme implementation document to be compatible with SF TOP indicators;
- use the **original set of indicators** as it was set in IPA TOP 2007 (without lowering the number of indicators and changing their frequency of reviewing; take into account only modifications based on the current allocation and projects including pipeline and core indicators);
- harmonize the indicator monitoring system of SF TOP with the Ministerial Strategic Plan indicator system and with the data available at the project level (e.g. as a part of the MIS); however, this does not necessarily mean to incorporate Strategic Plan indicators into the SF TOP and vice versa. Both indicator systems are of limited use, e.g. the Strategic plan does not introduce proper result-based indicators and it is evident that its current indicators do not cover all projects and their outputs. Both systems therefore need appropriate adjustments;
- provide a separate **description** per each indicator, for the indicator's short name (e.g. "Project application submitted and approved") and its longer definition (e.f. "The sum of all project applications submitted under the Measure X.X with the full set of documentation and approved by..."), to clarify measurement methods;
- add **process indicators** for each Priority Axis. As the infrastructural projects have a long-term project cycle, the Monitoring indicators should be able to provide the information also about the intermediate Outputs, e.g. the Project Pipeline (number of projects prepared for the implementation in the near future), readiness of basic Project Documentation, Status of project design documentation and permits and number of requests pending at EC;
- add **contextual and Programme indicators**. The Contextual Indicators are quantified socio-economic data observations that reflect the environment in which interventions are implemented, e.g. unemployment level, or number of NUTS III regions without TEN-T connections in railway sub-sector. In the TOP, these indicators are mentioned in the Chapter 1.1.1 Economic and social indicators, but these are not set as a part of the monitoring system of the OP. In the SF TOP there is a broken link to the non-existing annex, therefore it was not possible to evaluate them. Regarding Programme indicators, those monitored should be related mainly to the impacts, e.g. the share of rail (and also inland waterways) freight transport to the overall performance, CO<sub>2</sub> emissions per capita per year etc.

Considering the above, the set of indicators is in need of revision.



## 5.2 MAIN FINDINGS WITH REGARD TO EXPECTED OUTCOMES & IMPACTS

Based on the findings from the previous chapters and taking into consideration also current status of the implementation of the IPA TOP as the predecessor, this chapter presents the main findings with regard to expected outcomes and impacts fixed in the SF TOP programming document and gathered as a contribution from interviewed stakeholders.

The main impact is being expected in the railways sub-sector, actually, in the same way as it was planned in the IPA TOP. The overall allocation for Priority Axis 1 “Upgrading Croatia’s rail transport system” for the 2013 half-a-year SF TOP more than doubles the total amount of community funding for IPA TOP between years 2007 and 2013. Absorption of such considerable resources could have a significant impact to the infrastructure if invested properly in railway construction.

However, as of June 2012, it is obvious that the remaining time could not be enough to reach this goal. The main reason is the lack of fully prepared projects in the pipeline with sufficiently mature status. Consequently, as projects are not currently ready, the problem is the long-lasting preparation process of both project documentation and technical design. Due to these obstacles, the final outputs of SF TOP could be either the construction of one big project (Dugo Selo – Križevci) covering the whole 2013 allocation, or almost nothing “tangible” but just another preparatory work on project documentation for future use (SF TOP 2014-2020), as it was implemented also under the IPA TOP 2007-2013.

Under these two main scenarios the outcomes and impacts highly differ. In case of the successful implementation of one big project and actual construction, the main outcome will be the ultimate improving of transport infrastructure in the railways and the provision of new construction jobs with high impact on sectoral employment. Also, the overall quality of traveling experience of passengers and efficiency of the freight traffic are expected to improve.

The second scenario, the continuation of extensive project documentation preparation, does not provide such a direct and “visible” outcome and impact. Any outcome would be limited to raising the maturity of set of these projects (and therefore existence of a pipeline with mature projects). The impact would be higher absorption capacity and preparedness for the future SF TOP period. It is necessary to underline the fact that building absorption capacities could continue in parallel to the construction itself.

Activities under Priority Axis 2 “Upgrading Croatia’s inland waterway system” have almost the same characteristics and potential impacts as in case of the railways sub-sector, with the main difference being the actual amount of money available. Under the IPA TOP the preparation of project documentation already has started. However, the total available allocation in comparison with the railway sub-sector is so small – approximately M€ 150 for railways vs. M€ 5 for inland waterways – that the impact of Priority Axis 2 to the SF TOP as such would be minimal. There is also a need to take into consideration issues that may rise in case of border-river projects where the preparation and implementation lasts longer than in inland cases.

Priority Axis 3 “Technical Assistance” is going to have a high impact not only to SF TOP 2007-2013 but also to the next programming period 2014-2020. Even if the overall allocation equals to Priority Axis 2 (meaning it is relatively small amount of money), its proper, effective and efficient distribution could enhance the absorption capacity of both implementation structure and beneficiaries. As already mentioned above, it is a crucial to anticipate the next programming period covering wider scope of sub-sectors that need to be analysed and evaluated, more stakeholders and more potential beneficiaries to be trained and acknowledged. The SF TOP 2007-2013 has to be able to reflect this situation and incorporate these



preparatory processes into the SF TOP properly, to reach as high impact as possible. Currently under Priority Axis 3 the impact is neither properly described nor measured, which is the main weakness identified.

With respect to the conclusion about the insufficient status of indicator system and from the above perspective, the realistic scenario has to be put in place and the objectives revised accordingly.

### **5.3 APPRAISAL OF STRUCTURES AND PROCEDURES FOR PROGRAMME IMPLEMENTATION**

This section reviews the effectiveness of the proposed implementation and monitoring arrangements for the SF TOP. As a baseline the assessment of organizational and managerial capacity of main actors involved in current IPA planning and implementation is utilised. Crucial input in this section has been provided by the officials of current IPA OS and other stakeholders in interview settings and meetings with the Evaluator. However, it is difficult to assess the competitiveness and transparency of the project selection procedures without detailed knowledge of OP rules which currently are not available.

The SF OPs introduces a simple hierarchical structure that follows the previous IPA TOP institutional setup as presented below:



Table 13 – Comparison of TOP structure under IPA and SF

		(IPA) Body responsible for OP (SF) Managing Authority	Implementing Bodies
Priority Axis 1			
IPA	Upgrading Croatia's rail transport system	MMATI	HŽI
SF	<b>Modernisation of TEN-T railway infrastructure</b>	<b>MMATI</b>	<b>MMATI</b>
Priority Axis 2			
IPA	Upgrading Croatia's inland waterway system	MMATI	CFCA
SF	<b>Upgrading Croatia's inland waterway system</b>	<b>MMATI</b>	<b>CFCA</b>
Priority Axis 3			
IPA	Technical Assistance	MMATI	CFCA
SF	<b>Technical Assistance</b>	<b>MMATI</b>	<b>CFCA</b>

Source: IPA TOP, SF TOP (version from April 2012)

The division of the work between the Monitoring Committee, the Managing Authority (MA) and the intermediate bodies seems transparent. However, within the MMATI, requirements for segregation of functions of selection and approval of operations and management verifications have to be fully respected; the tasks of implementation and monitoring of operations have to be separated from control tasks.

The MA and the Monitoring Committee should also supervise the CFCA as an Intermediate Body for Priority Axis 2 and 3 in the field of absorption and separation of responsibilities. Control and audit procedures in place as much as it can be detected from the SF TOP, are also in line with national and community regulations.

It seems that all relevant stakeholders will be involved in the implementation; however, it is important to involve also potential stakeholders for the SF TOP 2014-2020 in line with the expectation that they could be final beneficiaries of Technical Assistance projects.

Nevertheless, currently running processes that lead to the Compliance Assessment will impact on the overall successful implementation of the SF TOP 2007-2013. The action plan in place takes into consideration the end of year 2012 as a milestone for the start of the Compliance Assessment. The MRDFEU and MF should be responsible for the preparation of uniform rules for all OPs relating to project selection, verification, payment authorization, irregularities, recovery, accounting and monitoring, and Intermediate Bodies will be responsible for preparing the parts of rules related specifically to their internal organization. This plan is assessed as reasonable and mostly realistic.

However, the following critical issues have been identified:

- **Structural changes** at the national level, mainly the frequent changes of Ministries and consequent reorganization within, disrupt efficiency drives and the dissemination of process knowledge. Even if the partial reorganization of particular bodies within the OS could lead to higher flexibility and performance, implementation of such changes during the preparatory phase could cause – at least temporal – dysfunctionality and postpone the completion of task related to the Compliance Assessment. High staff turnover at all levels and positions throughout OS is therefore also evaluated as a major risk.
- Just as important as the right structure and sufficient human resources is the **existence of the**



**operational IT-based monitoring and project management information system.** Such a system has to be fully in place and functional according to the SF TOP needs before the start of the implementation, though it is urgently needed to be sure that the current MIS will be ready to perform all tasks before the pace of SF TOP implementation quickens and monitoring demands multiply. However, not only the monitoring and on-going assessment tasks have to be sufficiently supported by the IT- based solution; the overall data- and file- management of OS has to be taken into consideration to avoid multiplicity, loss of information, circulating of different versions of the same file and local storing of important documents.

- We also suggest rapidly enhancing the **evaluation capacity** of the TOP with respect to not only monitor the progress of the implementation and gather monitoring data, but also continuously and actively work with the feedback of stakeholder, to be able to quickly respond to both external and internal influences, initiate trend recognition studies and supervise the strategic coherency.

As a whole, it may be concluded that the quality of the description of the implementation of the OP is satisfactory.



## 6 CONCLUSIONS & RECOMMENDATIONS

### 6.1 CONCLUSIONS

In general, the April 2012 draft of the Operational Programme Transport 2007-2013 may be qualified as a document that meets the EU standards.

- It contains an extensive quantitative analysis of the Croatian transport sector. While there are a lot of meaningful statistics presented, the current analytic chapter contains quite a lot of outdated parts that do not reflect the current situation and future trends.
- The strategy and interventions are coherent with EU and national policies, including complementarity with the other Operational Programmes.
- The strategy is translated into a proposed set of Priority Axis and key areas of intervention which will tackle the weaknesses of the Croatian transportation sector with respect to the decision of covering only the sub-sectors that are already supported under the IPA TOP.
- There is a set of output and result indicators attached to Priority Axis. However, the monitoring indicator system does not meet the SMART criteria (Specific, Measurable, Available, Realistic and Timely) and indicators still needs some more explanation and improvements.
- The future Programme implementation bodies already take actions that should lead to the timely preparation of necessary OS descriptions and start of the Compliance Assessment.

### 6.2 RECOMMENDATIONS

The main recommendations of the Ex-Ante Evaluators are the following:

- Regarding the socio-economic analysis: It contains an extensive quantitative analysis of the Croatian transport sector; however, the current analytic chapter needs to be updated to be able to reflect current status and future trends.
- Regarding the SWOT analysis: the on-going inter-ministry debate about SWOT-elements facilitated by the twinning team of experts has to be taken into consideration as soon as the results are available.
- Regarding the expected results and impact: there is a need to realistically estimate the outcomes, results and impacts of SF TOP 2007-2013 with respect to the scenario of one big railway project covering almost the whole allocation and the status of the project pipeline. The indicator system has to be significantly improved according to this decision.
- Regarding the organizational structures preparation: on-going preparatory activities leading to the Compliance Assessment and covering the preparation of all the necessary manuals needs special attention with respect to the changes at the level of Ministries and organizational structures.
- Regarding the future implementation: as all transportation sectors will be covered in the future, not only railways, inland waterways and technical assistance, also the sustainable capacities in the other sub-sectors should be built as a part of SF TOP using the technical assistance. Therefore, a more





integrated strategy is required to take into consideration the needs and concerns of beneficiaries and stakeholders from all transportation sub-sectors.



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## APPENDIX A. KEY ANALYSIS INSTRUMENTS

The most important methods and techniques used in Ex-Ante Evaluation of SF T OP have been the following:

- **Use of secondary source data:** Existing information gathered and interpreted by the evaluator. Secondary data consists of information drawn from the IPA TOP monitoring system, produced by statistics institutes and provided by former research. The most important sources of secondary data are listed in Appendix C. Key Documents Consulted.
- **Use of administrative data:** Information relating to the administration of the Programme collected through a structured monitoring process and analytical works conducted mainly by Mgr. Jakub Štogr. Main sources of administrative data have been the Annual Implementation Reports, Organisational Development Strategy and Workload Analysis prepared for the counterpart OP.
- **Stakeholder consultation** (See Appendix B. Evaluation Consultees): A Project office has been located at the Ministry of Regional Development and EU Funds. Daily ad hoc consultations with sectoral counterparts as well as with Project Implementation Unit helped the evaluator in identifying relevant contact persons within Operating Structure and possible sources of information. Interviews have been structured according to the following topics:
  - Progress in implementation of the IPA counterpart OP Priority axis / Measures with respect to the future implementation of SF TOP
  - Contribution of IPA to sectoral programmes and strategies and relevance of these strategies
  - Level of cooperation within the Operating Structure
  - Benefits taken from the Technical Assistance projects, including the status of “project pipeline”
  - Experiences with different contracting forms (service contracts, supply contracts, grant schemes, direct awards, framework contracts, twinning contracts)
  - Challenges and opportunities (What can be done in a better way?), including preparation for the management of the ERDF and CF.
- **Logic models:** Generic term that describes various representations of programmes linking their contexts, assumptions, inputs, intervention logics, implementation chains and outcomes and results. In this particular evaluation it has been used for analysis of the SF TOP intervention logic.



## APPENDIX B. EVALUATION CONSULTEES

Mr. Vedran Slaver	Ministry of Regional development and EU Funds – OPT
Ms. Katarina Čop Bajde	Ministry of Maritime Affairs, Transport and Infrastructure - OPT
Mr. Dražen Antolović	Ministry of Maritime Affairs, Transport and Infrastructure - OPT
Ms. Dubravka Đurkan Horvat	Ministry of Maritime Affairs, Transport and Infrastructure - OPT
Ms. Vesna Vlastelica	Ministry of Maritime Affairs, Transport and Infrastructure - OPT
Ms. Zrinka Ivanović Kelemen	Croatian Railway Infrastructure Ltd.
Mr. Dino Plahutnik	Central Finance and Contracting Agency - TOP Project Manager
Mr. Luk Faber	Delegation of the European Union to Croatia - TOP Project Manager
Mr. Zoran Kostić	Delegation of the European Union to Croatia - TOP Project Manager
Ms. Jekaterina Šarmavičiene	Ministry of Reg. development and EU Funds - Residential Twinning Advisor
Ms. Beatrix Horváth	Transport Twinning Expert
Mr. Lothar Zeller	Jaspers Team - Transportation Sector
Ms. Ivana Varga	Ministry of Finance (National Fund)
Mr. Daniel Peić	Ministry of Finance (National Fund)
Ms. Stella Čužić	Ministry of Labour and Pension - Technical assistance

### Non-key Consultees (IPA Component III and IV):

Ms. Ana Krvarić	Ministry of Regional development and EU Funds - RC OP
Ms. Iva Šeler	Ministry of Regional development and EU Funds - RC OP
Ms. Saša Ljepović	Ministry of Regional development and EU Funds - RC OP
Mr. Damir Tomasović	Ministry of Regional development and EU Funds - OPE
Ms. Iva Hladnik	Ministry of Regional development and EU Funds - OPE
Ms. Vlatka Valc-Galešić	Ministry of Regional development and EU Funds - OPHRD
Ms. Vlatka Marčan	Ministry of Regional development and EU Funds - OPHRD
Ms. Dinka Bujas	Ministry of Regional development and EU Funds - OPHRD



## APPENDIX C. KEY DOCUMENTS CONSULTED

2010 Annual Report on Financial Assistance for Enlargement (IPA, PHARE, CARDS, Turkey Pre-accession Instrument, Transition Facility) - Background document
2010 Annual Report on Financial Assistance for Enlargement (IPA, PHARE, CARDS, Turkey Pre-accession Instrument, Transition Facility) - Main document
2012 PRE-ACCESSION ECONOMIC PROGRAMME
Ad Hoc Interim Evaluation of the European Union PreAccession Assistance - Review of Phare Assistance to Preparation for Structural Funds in Croatia
Annual Meeting Minutes of Ministers on the Development of the SEETO Comprehensive Network
COMMISSION REGULATION (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)
COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA) MULTI-ANNUAL INDICATIVE FINANCIAL FRAMEWORK FOR 2010-2012
Country Programme Interim Evaluation - Evaluation Report (February 2012; Specific contract number 2008-404-011701)
CROATIA 2011 PROGRESS REPORT <i>Accompanying the document</i> COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL Enlargement Strategy and Main Challenges 2011-2012
<a href="http://www.hznet.hr/hz-u-medijima">Croatia Railways Holding Media Monitoring (available at: http://www.hznet.hr/hz-u-medijima)</a>
DECISION PROMULGATING THE ACT ON WORKING TIME, COMPULSORY REST PERIODS FOR MOBILE WORKERS AND RECORDING EQUIPMENT IN ROAD TRANSPORT
DG ENLARGEMENT Annual Activity Report 2010
DG Regional Policy Annual Activity Report 2010
Draft Guidance Note i – February 2012 (JASPERS) - Development of CBA Guidelines : Requirements
EU-Croatia accession negotiations — key dates at a glance
EUROPEAN FUNDS FOR CROATIAN PROJECTS - A HANDBOOK ON FINANCIAL COOPERATION AND EUROPEAN UNION SUPPORTED PROGRAMMES IN CROATIA
Evaluation to support the preparation of pre-accession financial instruments beyond 2013 - Final Report (13 June 2011)
Financial Agreement ... Concerning the Multi-Annual Operational Programme „Transportation“ (2008)
HAS EU ASSISTANCE IMPROVED CROATIA'S CAPACITY TO MANAGE POST-ACCESSION FUNDING? (ECA)
Instrument for Pre-Accession Assistance (IPA) Multi-annual Indicative Planning Document (MIPD) 2011-2013 Croatia
JAVNE KONZULTACIJE ONACRTU OPERATIVNOG PROGRAMA PROMET 2007-2013 (presentation 2012)
Lothar tables for IPA Component IIIa (update 31.12.2011)
Mid-term Meta Evaluation of IPA Assistance (2010)
Minutes of the 9th Sectoral Monitoring Committee for the Transportation Operational Programme in Croatia (including annexes)
Minutes of the eight Sectoral Monitoring Committee for the Transportation Operational Programme in Croatia
Monthly Statistical Report (April 2012)
<a href="http://www.mppi.hr">MPPI Press Releases (available at: www.mppi.hr)</a>
MULTI-ANNUAL INDICATIVE FINANCIAL FRAMEWORK FOR 2010-2012
Multi-annual Indicative Planning Document 2010-2013
NACIONALNI PROGRAM ŽELJEZNIČKE INFRASTRUKTURE ZA RAZDOBLJE 2008. DO 2012. GODINE



NATIONAL ACTION PLAN FOR THE IMPLEMENTATION OF UN SECURITY COUNCIL RESOLUTION 1325 (2000) ON WOMEN, PEACE AND SECURITY, AND RELATED RESOLUTIONS (for the period from 2011 to 2014)
NATIONAL POLICY FOR THE PROMOTION OF GENDER EQUALITY 2006-2010
NATIONAL STRATEGIC REFERENCE FRAMEWORK 2012-2013
Practical Guide to Contract procedures for EU external actions published on the EuropeAid web site in January 2012
Predstavljanje prijedloga institucionalnog okvira za upravljanje strukturnim fondovima i Kohezijskim fondom u 2013. g. (presentation and annexes)
Procurement plan for IPA Component IIIa - TRANSPORT OPERATIONAL PROGRAMME 2007-2011 (updated 31/12/2011)
Program of the Government of the Republic of Croatia for assumption and implementation of the acquis communautaire (2010)
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Programme of the Government of the Republic of Croatia for the Adoption and Implementation of the Acquis Communautaire for 2011
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## APPENDIX D. LIST OF PROJECT DOCUMENTATIONS PREPARED UNDER IPA

	Project name	Eligible Public exp.	Contract(s) and status (S)=service, (W)=works, (Sp)=Supply	
	Priority Axe 1			
1	1.1.2.Preparation of design and other project documents for “Upgrade and Renewal on Railway Line Dugo Selo – Novska, phase 1”	5,4M (contracted)	(S) IOS: 2/2012; CF: 3/2010; <b>Contract signed: 16/06/2011</b>	1
2	1.1.4. Preparation of design and other project documents for “Construction of New Double Track Line on Railway Line Section Goljak – Skradnik”	11,5M	(S) IOS: 2/2011; CF: 1/2011; <b>2012: tender launched</b>	2
3	1.1.6. Preparation of design and other project documents for “Upgrade and Construction of Second Track on Railway Line Section Križevci – Koprivnica – national border”	6,2M	(S) IOS: 2/2011; CF: 4/2011; <b>2012: Shortlist Report</b>	3
4	1.1.7. Preparation of design and other project documents for “Construction of New Freight Bypass Double Track Railway Line Zaprešić – Horvati – Turopolje – Dugo Selo”	15,1M	(S) IOS: 2/2011; CF:6/2011; <b>2012: TD preparation</b>	4
5	1.1.8. Preparation of design and other project documents for “Upgrade, Renewal, Construction of Second Track and Construction of New Double-Track Line on Sections of Railway Line Dugo Selo – Novska, phase 2 and 3”	16,35M	(S) IOS: 7/2011; <b>2012: TD preparation</b>	5
6	1.1.9. Preparation of design and other project documents for “Upgrade and Electrification of Railway Line Vinkovci – Vukovar”	3,3M	(S) IOS: 2/2011; <b>2012: TD preparation</b>	6
7	1.1.11. Preparation of design and other project documents for “Upgrade, Construction of Second Track and Construction of New Double Track Line on Sub-sections of Railway Line Section Hrvatski Leskovac – Karlovac”	7,3M	(S) IOS: 2/2011; CF: 3/2011; <b>2012: Shortlist Report</b>	7



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	Project name	Eligible Public exp.	Contract(s) and status (S)=service, (W)=works, (Sp)=Supply	
	Priority Axe 2			
8	2.1.1. Rehabilitation and Improvement of the Sava River Waterway  Operational Agreement: 26 November 2009	2,5M	(S) Technical assistance for review of preliminary documentation for rehabilitation and improvement of Sava River Waterway (apx. 200t) <ul style="list-style-type: none"> <li>ToR/RfS: 4/2009; Contract signed 04 September 2009, Final payment 19.12.2011</li> </ul>	8
			(S) TA for rehabilitation and Improvement of the Sava River Waterway (apx2,4M) <ul style="list-style-type: none"> <li>CF:10/2008; ToR:2/2011; 2012: TD preparation</li> </ul>	9
9	2.1.2.: Reconstruction of the Port of Vukovar - New port East  Operational Agreement: October 2010	2,0M	(S) Technical assistance for review of preliminary documentation for the reconstruction of the Port of Vukovar – New Port East (177t) <ul style="list-style-type: none"> <li>ToR/RfS: 3/2009; Contract signed: 3/2010; Final payment 17 November 2011</li> </ul>	10
			(S) Technical Assistance for reconstruction of the Port of Vukovar - New port East (1,8M) <ul style="list-style-type: none"> <li>CF:10/2008; ToR:2/2011; 2012: TD preparation</li> </ul>	11
10	2.1.3.: Port of Osijek South Quay	1.5M	(S) Technical assistance for review of preliminary documentation for the building and reconstruction of South Quay in the Port of Osijek (188t) <ul style="list-style-type: none"> <li>ToR:2/2010; Contract signed 2/2011; 2012: Final payment</li> </ul>	12
			(S) Technical assistance for building and reconstruction of south quay in the Port of Osijek (1,3M) <ul style="list-style-type: none"> <li>ToR: 9/2011; 2012: TD preparation</li> </ul>	13
11	2.1.4 Technical assistance for preparation of project documentation for the construction of Slavonski Brod Inland Waterway Dangerous Goods Terminal	1,45M	(S) ToR: 1/2010; CF: 1/2011; 2012: ToR preparation/modifications	14
12	2.1.5. Technical assistance in preparation of Master Plan of the Sisak New Port	1,45M	(S) ToR: 1/2010; CF: 12/2010; Tender launched: 11/2011	15





*Source: Procurement plan (updated 31.12.2011), Monitoring Report (November 2011), own comparison*

Comment: In the column “Contract(s) and status” each contract is marked following its type ((S)=service, (W)=works, (Sp)=Supply). If there is a more than one contract in the project, the name of the contract is indicated. The rest of the data presents: eligible public expenses (in a brackets, in € millions), dates when some of the important activities happened (e.g. when ToR were introduced for a first time or date of signature of the contract). Status mentioned as for 2012 takes into the consideration above mentioned sources of information a basically reflects the latest available status presented in a form of a document.



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