



## **Integrated Monitoring System (IMS)**

IPA-TAIB Programme,  
IPA Monitoring Committee &  
IPA MC Secretariat

# **MANUAL OF MONITORING PROCEDURES**

Version 5.2

August 2012

## **Revisions to the Manual**

It is to be noted that the documentation requirements of any EU assistance programme are not static and are subject to change as programmes progress. For this reason the manual together with its annexes will be regularly updated. The responsibility for updating the manual lies with Ministry of Regional Development and EU Funds (MRDEUF, Directorate for Strategic Planning, Department for Monitoring and Evaluation of EU Programmes Implementation)<sup>1</sup>

Any member of MRDEUF (Directorate for Strategic Planning) management and staff on the distribution list can propose a revision to any procedure. The Head of Department for Monitoring and Evaluation of EU Programmes Implementation will coordinate the revision process.

The categories of possible modifications will be as follows:

- ⇒ **Minor modifications** (for example, terminology or minor internal procedures) will be considered by the Head of Sector for EU Programmes and if approved, will be inserted into the manual and will be properly registered in the list of modifications, but without changing the number of the version;
- ⇒ **Substantial modifications** (for example, functional changes, changes in responsibility, and procedures external to MRDEUF, Directorate for Strategic Planning will be reviewed with the responsible Assistant Minister, and if approved, will be incorporated into a new version of the Manual, with a new version number.

The Head of Sector for EU Programmes will ensure the distribution of revised versions to all management and staff on the internal distribution list, and to the respective IPA MC members.

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<sup>1</sup> Following the December 2011 elections and the change of Government, as of 22 December 2011, the Ministry of Regional Development and EU Funds has become the legal successor of the Central Office for Development Strategy and Coordination of EU Funds (CODEF).



**List of Amendments in Version 5.2**

<b>Date</b>	<b>Description</b>	<b>Prepared by:</b>	<b>Approved by:</b>
August 2012	Updated: Annex 7 – SMSC and Project Cluster		
	Annually updated and partially changed: Annex 8 – IPA MC, TAIB Committee and SMSC timetable		
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## Glossary

AFF	Agriculture, Fisheries and FVP Policies
CAO	Competent Accrediting Officer
CBC	Cross-Border Cooperation (IPA Component II)
CEEC	Central and Eastern European Countries
CFCA	Central Finance and Contracting Agency
CODEF	Central Office for Development Strategy and Coordination of EU Funds
CPL	Cohesion Policy and Labour
CS	Commission Services
EC	European Commission
EUD	Delegation of the European Union to the Republic of Croatia
ERDF	European Regional Development Fund
ETE	Energy, Transport and Environment
EU	European Union
FA	Financing Agreement
GoC	Government of the Republic of Croatia
HRD	Human Resources Development (IPA Component IV)
IA	Implementing Agency
IB	Implementing Body
IME	Internal Market and Economy
IMS	Integrated Monitoring System (until end-2007: Internal Monitoring System)
IPA	(single) Instrument for Pre-Accession
IPA MC	IPA Monitoring Committee
IPARD	Rural Development (IPA Component V)
ISPA	Instrument for Structural Policies for Pre-Accession
JFS	Justice, Freedom and Security
JMC	Joint Monitoring Committee
LFPM	Logical Framework Planning Matrix (Logframe)
MENP	Ministry of Environment and Nature Protection
MMP	Manual of Monitoring Procedures
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MR	Monitoring Report
MRDEUF	Ministry of Regional Development and EU Funds
NAO	National Authorising Officer
NF	National Fund
NIPAC	National Coordinator for Pre-accession Assistance and Cooperation with the European Union <sup>2</sup>
OP	Operational Programme
OS	Operating Structure
OVI	Objectively Verifiable Indicator
PAO	Programme Authorising Officer
PARPFPP	Public Administration Reform, Public Finance and Public Procurement
PIU	Project Implementation Unit
PPF	Project Preparation Facility (Phare)
SAPARD	Special Accession Programme for Agriculture and Rural Development
SC	Strategic Coordinator
SCF	Strategic Coherence Framework
SF	Structural Funds

<sup>2</sup> As per the letter from the Ministry of Finance to the European Commission as of 3 February 2012 (Class: 910-01/12-01/1; Ref. No: 513-05-06/12-21), under the subject: *Notification of changes of the decentralised implementation systems*, Mr. Matija Derk, Assistant Minister of Regional Development and EU Funds, was appointed the National Coordinator for Pre-accession Assistance and Cooperation with the European Union.

SMSC	Sectoral Monitoring Sub-Committee
SPO	Senior Programme Officer
RD	Regional Development (IPA Component III)
TAIB	Transition Assistance and Institution Building (IPA Component I)
TAIBC	TAIB Committee

## Preface

This Manual of Monitoring Procedures (MMP) has been produced in the context of the introduction in Croatia of an internal system for the monitoring of European Union (EU) financed assistance.<sup>3</sup>

Earlier versions of this manual presented an internal monitoring system (IMS) primarily geared towards the requirements of monitoring pre-accession related programmes financed under Phare, although the system was also designed to cover decentralised projects financed under the 2002 - 2004 CARDS Programme for Croatia. This was done to avoid the existence, side-by-side, of two IMSs, one for CARDS and one for Phare projects.

With the introduction of the single Instrument for Pre-Accession (IPA) in 2007, the scope of the IMS requires further amendment. Although most of the IPA components are subject to separate monitoring arrangements, the IMS is well placed to meet also the monitoring requirements for IPA's first Component – Transition Assistance and Institution Building (TAIB). This is a logical consequence of the fact that the reporting and monitoring requirements for TAIB projects resemble those pertaining to Phare projects.

The present version of the MMP was prepared in mid-2007 in the context of the process of accreditation of Croatia's arrangements for assistance management under IPA, anticipating the practical application for the first time of the IMS to IPA projects in early 2008.

Version 4.0 of the MMP includes modifications based on the instructions relating to IPA monitoring issued by the JMC meeting held in December 2006, and reflects – in addition to Phare and CARDS monitoring requirements – the relevant stipulations in the Commission's IPA Implementing Regulation (N° 718/2007, dated 12 June 2007).

Version 5.0 of the MMP includes modifications based on the decision of the JMC and IPA TAIB SMC meetings held in December 2009 according to which the monitoring system of decentralised CARDS, Phare and IPA TAIB projects has been modified in order to be more aligned with assistance priorities (IPA TAIB) and to be more balanced in the terms of division of labour. During March 2010 a new structure and scope of SMSCs has been introduced as well as the new Monitoring Report and Sectoral Monitoring Report templates.

Following the December 2011 elections and the change of Government, as of 22 December 2011, the Ministry of Regional Development and EU Funds (MRDEUF) has become the legal successor of the Central Office for Development Strategy and Coordination of EU Funds (CODEF). In line with the mentioned changes, the Version 5.1 of the MMP (as of August 2011) has been modified and adjusted accordingly. The MMP focuses on IPA-TAIB monitoring, the procedures pertaining to the IPA Monitoring Committee (IPA MC) and MRDEUF's secretariat functions vis-à-vis the IPA MC (i.e. the main interface between the Croatian authorities and the Commission Services in respect of monitoring). The monitoring arrangements for IPA Components II – V are referred to in this manual, since they are the responsibility of the Operating Structures (OS) for those four components, but not treated in detail. For more detail on monitoring arrangements for IPA components II - V, please refer to the relevant manuals.

The MMP is a "living" document, which requires regular up-dating in accordance with changes in the Croatian administrative environment, the evolvement of monitoring procedures as agreed between Croatia and the EC and any modifications required by the application in practice of the procedures set out in the manual. Any significant changes in the MMP will either be made at the initiative of the IPA MC, or submitted by the NIPAC to IPA MC member for endorsement, by written

<sup>3</sup> The MMP was originally produced by the Coordination Directorate of the Ministry of Foreign Affairs and European Integration (MoFAEI) – which was transferred to the Central Office for Development Strategy and Coordination of EU Funds (CODEF) on 1 June 2006 – with assistance provided under the CARDS-financed project EuropeAid/117726/C/SV/HR – *Support to the NAC in Coordination and Monitoring of EU Assistance* until January 2006. The successor project EuropeAid/121417/C/SV/HR – *Support to the NAO and NCs in Decentralised Implementation and Management of EU Assistance*, Croatia provided additional assistance with regard to the MMP starting in March 2006.

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procedure.

## 1. Manual Structure

This manual contains 4 main chapters, respectively dealing with:

- monitoring and evaluation of EU-assistance in general (Chapter 2);
- some aspects of monitoring methodology (Chapter 3);
- the structure of the integrated (formerly ‘internal’) monitoring system (IMS) in Croatia (Chapter 4); and
- the detailed activities required by operating the IMS (Chapter 5).

The main text of the manual – in Chapters 2-5 – is kept as brief as possible, with frequent references to the annexes.

The 18 annexes provide the details of:

- the IMS regulatory basis;
- applicable mandates and procedures;
- templates for a variety of documents, including two types of monitoring reports (MR);
- guidelines for the preparation of MRs and other reports; and
- a quality control checklist for MRs.

## 2. Monitoring & Evaluation of EU Assistance

### 2.1 Introduction

In the initial stages of the EU-financed assistance provided under the Phare Programme to the Central and Eastern European countries (CEEC), i.e. the period 1990 - 1996, there existed no system of continuous monitoring of the quality of project implementation. The European Court of Auditors undertook some monitoring of on-going programmes and evaluation of closed programmes. The Court of Auditor's reports were produced on the basis of sampling and did not provide across-the-board coverage of all Phare projects and programmes. In addition, these reports were intended for the Commission Services (CS) and were not shared with the beneficiaries of EU-assistance.

In 1996, the European Commission (EC) followed up on the need for a more systematic, broader and continuous monitoring and evaluation system. Two systems were initially established, both relying on external monitors and evaluators, engaged under contract with consultancy firms. The first system<sup>4</sup> covered Phare-financed projects and programmes in the CEECs, which – at the time – had candidate status for membership of the EU. This system started operating in November 1997. A second system covered EU/Tacis assistance to the countries forming the Commonwealth of Independent States (CIS).

Since their introduction both monitoring and evaluation systems have evolved considerably, in terms of methodology, coverage, reporting mechanism and the degree of involvement of the beneficiaries of EU-assistance. The following sections in this chapter set out some key aspects of the evolution of the system.

### 2.2 Monitoring vs. Evaluation

Monitoring and Evaluation (M&E) has been around for a relatively long time. Systematic M&E was first applied to large-scale federal projects in the United States in the 1940s and was taken up by the United Nations organisations in the course of the 1960s. Various M&E methodologies have evolved, although the differences between them are less important than the similarities. The Development Cooperation Directorate (DAC) of the Paris-based Organisation for Economic Cooperation and Development (OECD) maintains a web site with an excellent overview of M&E methodologies.<sup>5</sup>

A methodological twist introduced by the EC's system concerns the difference between 'monitoring' and 'evaluation'. In the context of CARDS and Phare, monitoring pertains to assessing the implementation of projects and programmes whilst they are on-going. In contrast, evaluation tends to consider projects and programmes after their completion. This time-based borderline between monitoring and evaluation is not so clear-cut in practice. The Phare programme introduced the concept of *interim* evaluation and with IPA the concept of *ex ante* evaluation gained entry. These concepts refer explicitly to evaluation during and even before the start of implementation. Only the term *ex post* evaluation retains the initial 'looking back'-character of the evaluation concept.

There is another way of looking at the difference between monitoring and evaluation, by linking it to the Logical Framework Planning Matrix (LFPM), colloquially known as 'logframe', of project objectives, purpose, results and activities [ref: **Section 3.3**, for more on the logframe]. Table 1 (overleaf) may illustrate that evaluation tends to focus on a project's objectives and purpose, whilst monitoring primarily considers its results and activities. Consequently, evaluation tends to assume a higher level of abstraction, suited to the formulation of recommendations for improved project design in the future. In contrast, monitoring is useful for the formulation of recommendations to improve the management and operations of on-going projects.

<sup>4</sup> Known as the 'OMAS-system', after the consortium of consultancy companies involved in its design and implementation.

<sup>5</sup> The relevant URL is: [http://www.oecd.org/document/5/0,2340,en\\_21571361\\_34047972\\_34079941\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/5/0,2340,en_21571361_34047972_34079941_1_1_1_1,00.html).

<b>Table 1 – Monitoring, evaluation and logframe levels</b>	
<b>Focus</b>	<b>Logframe Hierarchy</b>
Evaluation	Overall objective
Evaluation	Project Purpose
Monitoring	Results
Monitoring	Activities

### 2.3 External and Internal M&E

As stated, the monitoring and evaluation of EU-assistance initially relied on externally contracted monitors and evaluators. This practice had its limitations in that stakeholders in the beneficiary countries of the assistance did not feel ‘ownership’ of either the system or its findings.

In the context of preparation for accession, there was a clear need for greater involvement of the authorities of the candidate countries in the M&E system. To this end, a refinement of the Phare M&E system was introduced in the candidate countries in 2000. With an actual start in 2001, monitoring reports were no longer produced by external monitors but by the candidate countries’ beneficiary entities or implementing agencies (IA). These locally produced monitoring reports were then used as input for evaluation reports which continued to be produced by external evaluators.

The shift of the responsibility for monitoring to the local authorities was part of the gradual assumption by the latter of the obligations pertaining to membership of the EU and is generally known as the ‘Interim Evaluation’ system.

Upon becoming a Member State (MS) of the EU, the local authorities assume full responsibility – including all monitoring and most evaluation – of the use of the transfers attendant upon membership [Structural Funds (SF), Cohesion Funds (CF) and transfers under the Common Agricultural Policy (CAP)].

Until mid-2007, the CARDS Monitoring Programme was responsible for producing periodical external monitoring reports on – in principle, only the non-decentralised – CARDS-financed projects under implementation in Croatia.

The second half of 2007 saw the introduction in Croatia of DG Enlargement’s Interim Evaluation system. This system – operated by an external contractor, under the supervision of DG Enlargement’s Evaluation Unit (E4) – produces Interim Evaluation reports on pre-accession related projects.

It is customary that the monitoring committees described in this manual be copied in on and consider any external monitoring and Interim Evaluation reports on projects included in the various sector clusters produced since these committees’ previous meetings. It is further customary that a representative of the Interim Evaluation team attends the monitoring meetings, in the capacity of observer. Prior to the monitoring meetings, the Interim Evaluation team representative has to sign the Declaration on objectivity and confidentiality.

### 2.4 CARDS and Phare Monitoring

At the time of writing of the first version of this Manual (August 2005), Croatia was a beneficiary of the CARDS programme, with assistance programmed for financing from CARDS 2002, 2003 and 2004 either under implementation or in early stages of preparation. At the same time, programming for – explicitly pre-accession related – assistance financed under the Phare 2005 Programme was on-going.

Until 2004, CARDS Programme assistance to Croatia was subject to external monitoring only.<sup>6</sup>

<sup>6</sup> I.e., carried out by external monitors operating under the CARDS Monitoring Programme, headquartered in Sarajevo, but with a country office in Zagreb. Interim Evaluation replaced the external monitoring provided by the CMP in mid-2007.

One year earlier, in 2003, the decision was taken to gradually ‘decentralise’ CARDS assistance to Croatia. Until decentralisation, the CS [mainly the EC Delegation (ECD) in Zagreb] contracted – on behalf of Croatia – all technical and other CARDS assistance.<sup>7</sup> Upon decentralisation<sup>8</sup>, the responsibility for financial and contractual matters becomes that of the Central Finance and Contracting Unit (CFCU) established at the Ministry of Finance (MoF), under an Assistant Minister, in the role of Programme Authorising Officer (PAO).

The CFCU has been transformed into the independent agency – Central Finance and Contracting Agency (CFCA) in the first quarter of 2008.

Decentralisation further necessitated the establishment in Croatia of a Joint Monitoring Committee (JMC), as well as a Monitoring Sub-Committee (MSC). Article 12 of the Memorandum of Understanding (MoU) establishing the CFCU (further in text CFCA) gives the responsibility for monitoring to the JMC and MSC [ref: **Annex 2**].<sup>9</sup> With the coming into force of the MoU, the establishment of an IMS became not only possible, but also a requirement of the co-operation between Croatia and the EC.

Although the experience gained with the operations of the JMC and MSC – and the IMS in general – was relatively limited by end-2004, the advent of pre-accession assistance – starting with the 2005 Phare Programme and continued under the 2006 Phare Programme – necessitated further changes. Pre-accession assistance was furnished through three main assistance programmes: the Phare Programme, the Instrument for Structural Policies for Pre-Accession (ISPA) and the Special Accession Programme for Agriculture and Rural Development (SAPARD). In the Financial Perspective 2007 – 2013 CARDS and pre-accession funds (Phare, ISPA and SAPARD) were replaced by the single Instrument for Pre-Accession Assistance. IPARD became successor to the SAPARD programme.

The operations of these programmes required the establishment of a National Fund (NF), under the responsibility of a National Authorising Officer (NAO), at the MoF. The MoU establishing the NF was signed between the Government of Croatia and the EC on 5 May 2005. Article 17 of that MoU introduces a number of changes with regard to monitoring and assessment of EU-assistance. These include the introduction of Sectoral Monitoring Sub-Committees (SMSCs), as well as a stricter delineation of the responsibilities for monitoring between the stakeholders [ref: **Annexes 2, 3 & 4**, for the regulatory basis of the NF and the mandates of the JMC and SMSCs]<sup>10</sup>.

## 2.5 IPA Monitoring

The introduction in January 2007 of the single Instrument for Pre-Accession Assistance (IPA) made additional demands on pre-accession intervention implementation monitoring and results assessment. The resulting modifications to Croatia’s IMS find their basis in the IPA Implementing Regulation, dated 12 June 2007 [ref: **Annex 17**, Document 9].

The Council Regulation underpinning IPA sets out [ref: **Annex 17**, Document 8], the five components of the instrument:

- Component I – Transition Assistance and Institution Building (TAIB);
- Component II – Cross-Border Cooperation (CBC);
- Component III – Regional Development (RD);

<sup>7</sup> As the CSs continue to do where non-decentralised CARDS-assistance is concerned.

<sup>8</sup> A first batch of seven projects (financed under CARDS 2002) were decentralised in 2004. A further 70 projects were added in early-2006. The total number of decentralised projects amounted to 99 by mid-March 2007 and 120 by October 2008. In the course of 2009 the number of decentralised projects exceeded to 150 and decreased to 100 by April 2010/ 112 by October 2010. In 2011 the number of projects amounted to 103 in April 2011 and to 116 in October 2011. In April 2012, 118 projects were subject to monitoring. The number of projects exceeded to 130 during the preparations for October 2012 monitoring round.

<sup>9</sup> Memorandum of Understanding on the establishment of a Central Finance and Contracting Unit (CFCU) between the European Commission and the Government of Croatia, 23 February 2003.

<sup>10</sup> The establishment of the NF and the related administrative set-up are connected with the fact that EU assistance to Croatia is delivered under the Decentralised Implementation System with ex-ante controls. Following a process of accreditation in the second half of 2005, involving the audit of Croatia’s assistance management arrangements by the EC’s internal auditors, the decentralised management with ex-ante controls was formally introduced on 7 February 2006.

Component IV – Human Resources Development (HRD); and  
Component V – Rural Development (IPARD).

The five components each have their own, distinctive scope and implementing arrangements, including those pertaining to monitoring and evaluation.

The scope of the first component – TAIB – concerns *capacity and institution building as well as investment in as far as the latter is not covered* [by the other components]. The TAIB component *may also be used to support the participation of countries ... in Community programmes and agencies. In addition, assistance may be provided for regional and horizontal programmes.* It is to be noted that the scope of the TAIB component much resembles that of the Phare Programme in recent years.

The IPA Implementing Regulation defines the OS for each of the components. Each OS is entitled to establish its own monitoring arrangements.

## 2.6 A Single Integrated Monitoring System

Because monitoring of CARDS and Phare financed projects is subject of two MoUs with different provisions [ref: **Annex 2**, for a comparison of the respective regulatory bases], two different IMSs could be assumed to be necessary. The introduction of IPA might see the establishment of at least five more monitoring systems. However, an argument can be made to limit the proliferation of monitoring systems to the extent possible. Because of this, as well as similarity in scope of, respectively, TAIB, Phare and CARDS projects, the coverage of the IMS was expanded to encompass TAIB projects. The decision on inclusion of IPA TAIB projects into the existing monitoring system has been officially made by the members of the second IPA TAIB committee that took place at Zagreb, 26 May 2008.

The OS for the TAIB component is the “collection of bodies” led by the Ministry of Regional Development and EU Funds, Directorate for Strategic Planning, the legal successor of Central Office for Development Strategy and Coordination of EU Funds (CODEF),<sup>11</sup> and CFCA. The MRDEUF - DSP is responsible for monitoring the implementation of the projects financed under IPA Component I. Monitoring of Phare and CARDS projects was under the responsibility of former CODEF. Since all CARDS and Phare projects completed its activities they are no longer subject to monitoring.

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<sup>11</sup> As the new Act on Organisation and Scope of Ministries and other Central State Authorities (Official Gazette No. 150/2011) entered into force on 22 December 2011, the Ministry of Regional Development and EU Funds (MRDEUF) has become the legal successor of CODEF and all CODEF's activities and employees have been transferred into the respective Ministry.

### 3. Monitoring Methodology

#### 3.1 Introduction

The various EU assistance related M&E systems referred to in the previous chapter, although different in scope and application, use methodologies with common features. These features are considered in the following sections.<sup>12</sup>

**NB:** This chapter does not provide a comprehensive overview of monitoring methodology *per se*. Several EC publications set out the *raison-d'être* and theory of monitoring, as well as evaluation, in substantial detail. Users are referred to documents 5 and 6 in **Annex 17** for more information.

#### 3.2 M&E Criteria

The M&E systems utilised by the EC and its partner countries consider the quality of project and programmes on the basis of five main criteria. The five criteria are:

- **Relevance** – relates primarily to the project's design and the extent to which its stated objectives correctly address the identified problems or real needs;
- **Efficiency** – concerns how well the various activities transformed the available project resources into the intended results, in terms of quality, quantity and timeliness;
- **Effectiveness** – concerns how far the project's expected results were used or their potential benefits realised. In other words whether they achieved the project purpose;
- **Impact** – denotes the relationship between the project's purpose and its overall objective(s);
- **Sustainability** – relates to whether the positive impact of the project at purpose level is likely to continue after external funding ends.

In some M&E systems – including the external monitoring of the CARDS Programme, as well as Phare Interim Evaluation – projects receive, in addition to a qualitative written assessment, a ranking on each of these GMS or criteria. An example follows.

+2	+1	0	-1	-2
Highly satisfactory	Satisfactory	Barely satisfactory	Unsatisfactory	Highly unsatisfactory

Although the monitoring reports produced under the IMS described in this manual do not include such ranking, the reports of external evaluators (either the CMP or the Interim Evaluation) do [ref: section 5.9].

#### 3.3 Logframe

The LFPM, or logframe, forms a standard element of the Project Fiches and terms of reference of EU-financed projects. In addition to it being a good instrument for the proper design and planning of projects, the logframe is a useful tool for M&E.<sup>13</sup>

The logframe sets out the logical link between a project's: (i) overall objectives; (ii) specific objectives (or project purpose), (iii) expected results; (iv) activities; and (v) means (human resources and other inputs).<sup>14</sup>

Key to a good-quality logframe is the formulation of adequate Objectively Verifiable Indicators (OVI or 'indicators'), for, respectively, the overall objective(s), the specific objectives and the expected

<sup>12</sup> This chapter owes much to the Phare Interim Evaluation Guide, Volumes I & II, Brussels, 19 October 2004.

<sup>13</sup> So useful in fact, that an absent or low-quality logframe is likely to affect negatively the assessment of a project by monitors and evaluators.

<sup>14</sup> More detail on the logframe methodology can be found in documents 5 and 6 listed in **Annex 17**.

results. Adequately formulated indicators make it possible to measure the degree of achievement of objectives and the level of attainment of results. To enable such measuring, indicators have to be **'SMART'**; i.e., **s**pecific, **m**easurable, **a**vailable, **r**elevant and **t**ime-bound.

Monitors and evaluators both will find the absence of 'SMART' indicators in a project's logframe a hindrance to arriving at well-founded views on a project's performance, because it forces them to adopt a – not always helpful – intuitive approach to their work.

### 3.4 Linkage – Criteria and Logframe

In section 2.2 above, the hierarchy levels of the logframe were used to illustrate a difference between monitoring and evaluation. The same levels can also be linked to the five M&E criteria, as shown in the following table.

<b>Evaluation Criteria</b>	<b>Logframe Levels</b>
Sustainability	Overall Objective(s)
Impact	Project Purpose
Effectiveness	Results
Efficiency	Activities & Means
Relevance	Identified Needs & Problems

It follows that monitoring should primarily occupy itself with: (i) activities and means; and (ii) expected project results. Monitoring is less suited towards pronouncing on a project's (likely) impact or (likely) sustainability. These two criteria are better served by evaluation.<sup>15</sup>

### 3.5 Monitoring Process – Steps

The monitoring process involves a number of steps, which are set out in the following table, together with the main elements within these steps.

<b>N°</b>	<b>Step</b>	<b>Elements</b>
1.	Information gathering	<ul style="list-style-type: none"> <li>• Project Fiches</li> <li>• ToRs &amp; Logframes</li> <li>• Contractors' Reporting</li> <li>• External Sources (evaluation &amp; audit Reports)</li> </ul>
2.	Analysis and MR writing	<ul style="list-style-type: none"> <li>• Application of MR Template</li> <li>• Application of common sense to what managers and decision makers want and need to know</li> </ul>
3.	Follow-up	<ul style="list-style-type: none"> <li>• Responding to Recommendations</li> <li>• Recording: action / no actions taken</li> <li>• Analysis: effect on project performance of action taken / no action taken.</li> </ul>

<sup>15</sup> Although the MRs produced by external evaluators under the CMP do include sections on impact and sustainability.

## 4. IMS Structure

### 4.1 Introduction

The present chapter describes the structure of the IMS, i.e.: its stakeholders and their various roles. The chapter contains many references to the various annexes to the manual, in order to avoid duplication and repetition.

This chapter also briefly sets out the role of external monitoring systems and their (possible) links with the IMS.

### 4.2 Stakeholders

The following table presents the stakeholders in the IMS. More detailed definitions of these stakeholders' roles and position can be found in **Annex 1**.

<b>Acronym &amp; Designation</b>	<b>Role in the IMS</b>
Beneficiary	A Croatian entity participating in and benefiting from an EU-funded project. The Beneficiary may, but need not, be identical with the IA.
CAO – Competent Accrediting Officer	A high-ranking official in the government of Croatia, responsible for issuing, monitoring and suspending and withdrawing the accreditation of the NAO and the National Fund.
CFCA – Central Finance and Contracting Agency	Responsible for all procurement and payments in the context of the decentralised EU funded programmes in Croatia.
CS – Commission Services	The collective term for the European Commission, including its Delegations and Representations abroad. Co-chair the IPA MC and the TAIB Committee...
EUD – Delegation of the EU to the Republic of Croatia	Co-chairs the Sectoral Monitoring Sub-Committees (SMSCs).
IA – Implementing Agency	The entity primarily responsible for procurement, payment and technical implementation of EU-funded, decentralised projects. In Croatia.
MRDEUF – DSP – Ministry of Regional Development and EU Funds – Directorate for Strategic Planning	Responsible to the NIPAC and providing 'secretarial' services the IPA MC, the TAIB Committee and the SMSCs. An important part of these services is: (i) quality control of MRs and (ii) the preparation of annual synthesis and sectoral reports for the IPA MC, TAIB Committee and SMSCs.
NIPAC – National IPA Coordinator	Responsible for programming and monitoring of IPA assistance.
NAO – National Authorising Officer	Responsible for financial management of EU assistance.
OP – Operational Programme	Detailed, periodic plan for the implementation of activities under a specific IPA Component. Some components can have more than one OP.
OS - Operating Structure	Croatian entities responsible for managing and implementing an operational programme, in accordance with the principle of sound financial management, with the required segregation of duties between its different functions.
PAO – Programme Authorising Officer	Responsible for the operations of the CFCA as an IA.
PIU – Project Implementation Unit	The unit within the IA or beneficiary entity responsible for

<sup>16</sup> Presented in alphabetical order.

<b>Acronym &amp; Designation</b>	<b>Role in the IMS</b>
	following the technical implementation of a project, as well as the preparation of MRs.
SC – Strategic Coordinator	A ranking official in the Croatian administration in charge of ensuring the coordination of the (IPA) regional development and human resources development components, under the responsibility of the NIPAC. The SC has specific responsibility for drafting the Strategic Coherence Framework (SCF) and ensuring coordination between sectoral strategies and programmes.
SPO – Senior Programme Officer	A senior official within the beneficiary entity, responsible for the technical implementation of EU-funded projects.

### 4.3 Regulatory Basis

The main constituent elements of the regulatory basis that applies to the monitoring of CARDS and Phare projects in Croatia is contained in two documents, listed in **Annex 17** as documents 1 and 2, respectively. The second of these – the MoU on the establishment of the National Fund (NF) – from May 2005, consists of provisions that have largely shaped the arrangements set out in this manual.

From a formal point of view, the earlier MoU on the establishment of the CFCA regulates the monitoring of (decentralised) CARDS projects. In the interest of avoiding the existence side-by-side of two separate monitoring systems, the more elaborate arrangements for monitoring Phare-funded projects were adopted – in late 2005 – as the basis for monitoring both CARDS and Phare projects.

The introduction of IPA – from 2007 onwards – expands the regulatory basis for monitoring and evaluation of EU assistance to Croatia. The IPA Regulation July 2006 introduces the IPA instrument and its evaluation requirements. The IPA Implementing Regulation (June 2007) outlines IPA implementation modalities, including the outline of the monitoring and evaluation arrangements in general, as well as per component. The two documents are listed in **Annex 17** as documents 8 and 9, respectively.

More detail on the detail of the regulatory basis for the IMS can be found in **Annex 2**, which contains relevant excerpts on monitoring and evaluation from the above-mentioned MoUs and Regulations.

### 4.4 NIPAC, NAO and SC

As indicated in **section 4.2** and illustrated by the definitions in **Annex 1**, the NIPAC (for IPA), and the NAO<sup>17</sup> are the central stakeholders on the Croatian side in the programming, financial management, technical implementation and monitoring of EU-financed pre-accession assistance.

The relationship between the NAO, on the one hand, and the NIPAC, on the other hand, as well as their relative positions vis-à-vis other stakeholders are set out in detail in, respectively, the MoU on the NF and the IPA Implementing Regulation [ref: **Annex 17**, documents 2 and 9].

The key characteristic of the relationship between the NAO and the NIPAC reflects the principle of separation of responsibilities and avoidance of conflict of interest.

As a result, the NAO is responsible for financial management, including (the supervision of) the procurement of services, supplies and works in the context of EU-funded projects, as well as payments and financial reporting.

<sup>17</sup> Appointed, where IPA, is concerned by the Competent Accrediting Officer CAO [ref: Article 24 of the IPA Implementing Regulation].

**NB:** As stated, this MMP does not cover the monitoring arrangements for ISPA, SAPARD and IPA components II - V. The relevant OSs are responsible for monitoring those projects and programmes, using their own specific modalities.

The NIPAC, in contrast, is responsible for the programming of EU assistance up to the point where the relevant Management Committees approve Project Fiches and Operational Programmes, and the programmes and projects enter the procurement stage (the responsibility of the NAO). From that point forward, the NIPAC limits its involvement in programmes and projects to monitoring. Specifically, the NIPAC is responsible for organising and operating the IMS.<sup>18</sup>

Where IPA components III (RD) and IV (HRD) are concerned, the Strategic Coordinator (SC) supports the NIPAC, with regard to ensuring the coordination of those two components. The SC has specific responsibility for drafting the Strategic Coherence Framework (SCF) and ensuring coordination between sectoral strategies and programmes.

The details of operating the IMS and the interaction with other stakeholders are set out in **Chapter 5 – IMS Activity Flow**.

#### 4.5 IPA MC, JMC, TAIB Committee and SMSCs

The IMS described in this manual is structured around four – partially overlapping – committees:

For all IPA components, there is the IPA Monitoring Committee (**IPA MC**), a high-level Committee that meets once a year. The meetings of the IPA MC are co-chaired by the NIPAC and a ranking European Commission representative. Details on the composition of the IPA MC can be found in **Annex 3 – IPA MC Rules of Procedure** and **Annex 4 – TAIB Committee Rules of Procedure**.

For CARDS and Phare projects, there is the Joint Monitoring Committee (**JMC**), a high-level Committee that meets once a year. The meetings of the JMC are co-chaired by the NAC (also secretariat) and a representative from the CS (from Brussels, typically at Director level). Due to completion of activities of CARDS and Phare projects, the scope of the 2011 JMC meeting will mostly encompass following points: follow-up of audits, follow-up of evaluations and accompanying recommendations, assessment of relevance and performance of Phare 2006 programme and projects encompassed. As agreed among the JMC members at the JMC meeting in December 2010, the drafting of the JMC Synopsis Report will not be necessary because the NAO will submit the final declaration and all relevant information's will be incorporated there.

Details on composition and other aspects of the JMC can be found in **Annexes 5 & 6**.

**NB:** The IPA MC meeting is held once a year, mostly in July. The IPA TAIB SMC meeting and the JMC meeting are held on the same day, mostly in December.

The **IPA MC** is assisted by a total of 9 sectoral monitoring committees<sup>19</sup>:

- the TAIB Sectoral Monitoring Committee, covering IPA Component I;
- three monitoring committees covering each of the CBC programmes with other IPA beneficiary countries, i.e. Bosnia and Herzegovina, Montenegro and Serbia, under IPA Component IIb;
- three sectoral monitoring committees, respectively covering Transportation, Environmental and Regional Competitiveness OPs under Component III (RD);
- the monitoring committee covering Human Resources Development OP under Component IV (HRD); and
- the monitoring committee covering Rural Development under Component V (IPARD)

The **JMC** is supported by Sectoral Monitoring Sub-Committees (**SMSCs**), of which there are currently six. The SMSCs each meet twice annually. The timing of these meetings is set by the

<sup>18</sup> More detail on the relationship between the NIPAC and the NAO, on the one hand, and the OS, the SPOs and PIUs, on the other hand, can be found in documents 7, 8 and 9 in **Annex 17**.

<sup>19</sup> For all IPA components, the detailed monitoring arrangements can be found in the respective Operational Programmes.

JMC, in advance [ref: **Annex 8** – IPA MC, JMC, TAIB Committee and SMSCs Time Table]. Details on the composition and operations of the SMSC are set out in **Annexes 5** and **6**.

The **TAIB Committee** has a similar role as the JMC with the difference that it focuses on IPA Technical Assistance and Institution Building (TAIB) interventions of a like character as the Phare projects considered by the JMC. Details on the composition of the TAIB Committee can be found in **Annex 4** – TAIB Committee Rules of Procedure.

#### 4.6 SMSCs Scope

Each SMSC (from October 2011, only for IPA TAIB projects, since CARDS and Phare projects ended its implementation) covers a particular ‘sector’. The term ‘sector’ in this context is not employed in its usual meaning, as for instance in ‘the transport sector’ or ‘the energy sector’. The sectors of each sectoral committee are wider and might encompass, for example, the traditional energy and environment sectors.

This bundling of traditional sectors for the purpose of defining the ambit of SMSCs is necessary in order to prevent a too large number of SMSCs and, more importantly, too many SMSC meetings.

The definition of the ‘sector’ of a particular SMSC is to an extent arbitrary and subject to change at the discretion of the IPA MC and the JMC.

For the purpose of this manual, the IPA-TAIB projects have been bundled into six different project clusters or ‘sectors’, each of which comes under a designated SMSC. The project clusters, sectors and responsible SMSCs are set out in the following table [for more details, ref: **Annex 7** – SMSCs and Project Clusters].

<b>Table 6 – Scope of individual SMSCs</b>		
<b>N°</b>	<b>Designation</b>	<b>IPA-TAIB projects related to:</b>
I	PARPFPP - Public Administration Reform, Public Finance and Public Procurement	Public administration reform; financial control and audit; assistance coordination; public procurement
II	JFS - Justice, Freedom and Security	Political criteria (part of) covering: justice, freedom and security; democracy and the rule of law
III	AFF - Agriculture, Fisheries and FVP policies	Agriculture, rural development, food safety, veterinary and phytosanitary policy and fisheries
IV	CPL – Cohesion Policy and Labour <sup>20</sup>	Coordination of structural instruments; social policies and employment; tourism, industrial restructuring
V	ETE - Energy, Transport and Environment	Energy, transport and environment
VI	IME - Internal Market and Economy	Economic criteria covering: free movement of persons and goods, competition policy and related issues; statistics, land administration

**NB:** It cannot be stressed enough that the above definition of project clusters and areas of responsibility, as well as the designation of individual SMSCs, is not cast in stone. The IPA MC and JMC shall consider these issues from time to time and instigate changes, if and when required.

Therefore, following the decision of the JMC and IPA-TAIB SMC meetings in December 2009, re-organisation of SMSC system has been undertaken in order to be more in line with the accession process needs and requirements. Furthermore, upon the agreement of the RDCP SMSC members in the course of the October 2011 monitoring round, the respective sector has changed the name

<sup>20</sup> Since all the project related to the regional development and cross border cooperation within the Regional Development and Cohesion Policy sector have been completed which has subsequently changed the type of projects in the respective sector, in October 2011 CODEF proposed to the SMSC members to change the name of the respective sector into Cohesion Policy and Labour.

into Cohesion Policy and Labour in order to be more aligned with the type of projects within the sector.

#### 4.7 MRDEUF/Directorate for Strategic Planning and Department for Monitoring and Evaluation of EU Programmes Implementation<sup>21</sup>

The MRDEUF/Directorate for Strategic Planning constitutes the services of the NIPAC. The MRDEUF - DSP Organisation Chart appears in **Figure 1**.

Within MRDEUF - DSP, the M&E Department<sup>22</sup> is responsible and reports to an Assistant Minister who is also appointed the National Coordinator for Pre-accession Assistance and Cooperation with the European Union (NIPAC).

The M&E Department is the 'secretariat' of the IPA MC, the JMC, the TAIB Committee and the SMSCs. An important part of the secretariat function is: (i) preparation and organisation of the meetings of these committees; (ii) quality control of MRs; and (iii) the preparation of the SMRs for the SMSCs and the Annual Synopsis Report for the JMC<sup>23</sup>. At the beginning of 2010, the M&E Section, present M & E Department, assumed duties related to the preparation of the procurement of evaluation services and the management and supervision of those services.

#### 4.8 IMS Structure, Stakeholders and Reporting

The relations between the stakeholders in the IMS – where IPA-TAIB projects are concerned – as well as their involvement in the monitoring & evaluation reporting process are set out in **Figure 2** – Integrated Monitoring System. The schematic representation of IPA-TAIB monitoring and evaluation focuses on the left hand side of Figure 2.

The individual steps in the process – again limited to IPA-TAIB projects, as depicted in the diagram – are detailed in **Chapter 5**.

**NB:** Figure 2 does not only set out the monitoring and evaluation arrangements pertaining to IPA-TAIB projects in Croatia<sup>24</sup> (i.e. the IMS). The diagram also includes the reporting and information flows related to the other four IPA components [ref: **section 2.5**]. These components – respectively, CBC, RD, HRD and IPARD – are included in the diagram to illustrate how the M&E arrangements for all EU-funded assistance to Croatia hang together. However, they are subject to their own monitoring and evaluation arrangements, which are not described in this Manual and do not form part of the IMS proper.

Figure 2 further illustrates the role of MRDEUF - DSP in respect of the secretariat for the IPA MC, including the responsibility for the preparation of the IPA Annual Implementation Report for that body.

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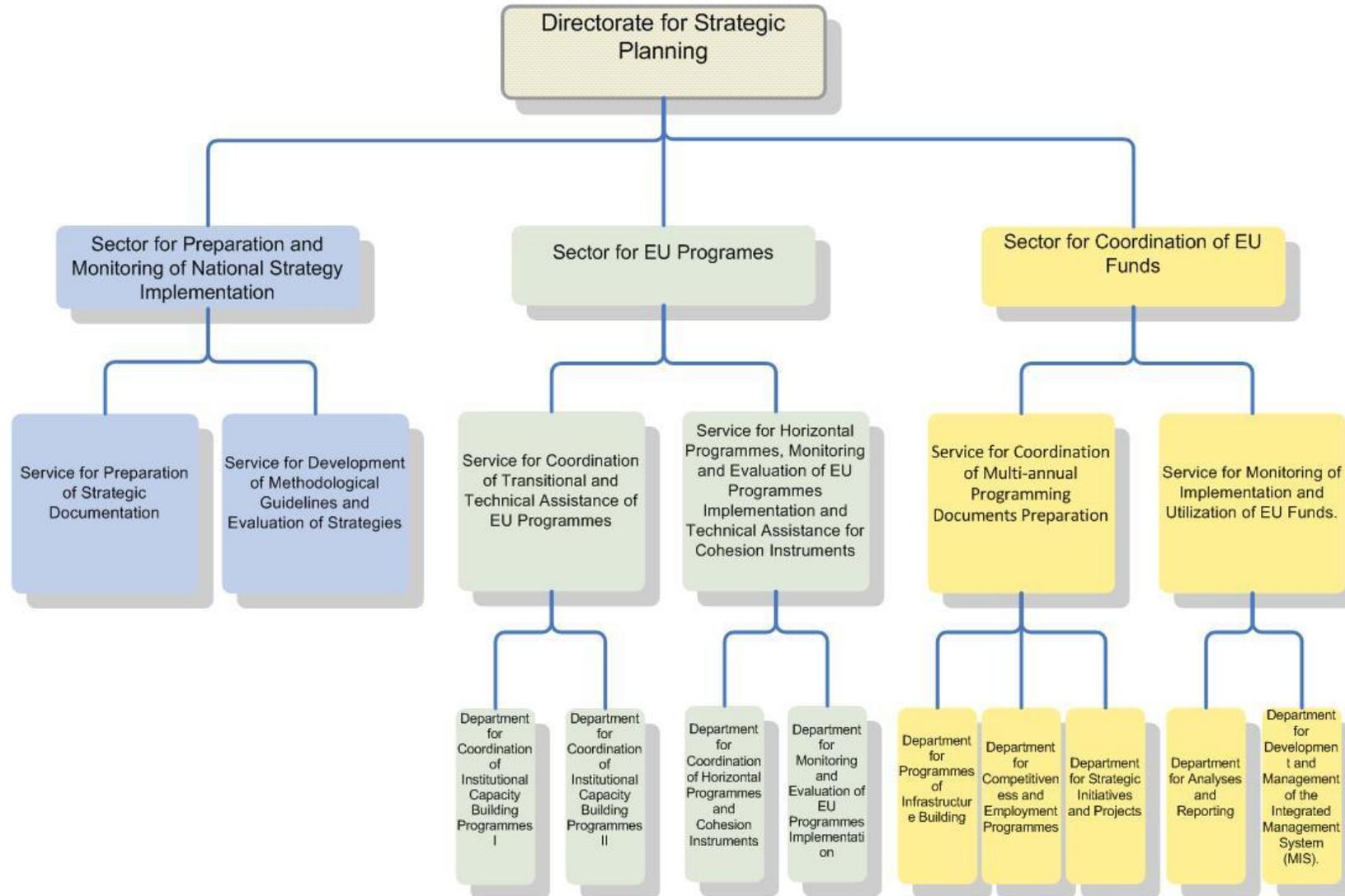
<sup>21</sup> Ibid 12.

<sup>22</sup> Full name: Department for Monitoring and Evaluation of EU Programmes Implementation.

<sup>23</sup> As agreed among the JMC members at the JMC meeting in December 2010, the drafting of the JMC Synopsis Report will not be necessary because the NAO will submit the final declaration and all relevant information's will be incorporated there.

<sup>24</sup> Ibid 18.

Figure 1 – MRDEUF - DSP Organisation Chart





## 5. IMS Activity Flow

This chapter, which sets out the activities involved in the operations of the IMS, as well as the actors responsible for carrying out each of them, constitutes the heart of this manual. It sets out the flow of activities under 6 headings:

1. Agreement on IMS Schedule (time plan for the annual monitoring exercise);
2. Initiation of Preparation of MRs (starting up the monitoring cycle);
3. Preparation of MRs (writing and ensuring the quality of MRs);
4. Preparation and Follow-up of SMSC Meetings and the TAIB Committee Meeting (convening the meetings, preparing minutes and documenting follow-up actions);
5. Preparation of JMC and IPA MC Meetings (including the JMC Annual<sup>25</sup> and Annual IPA Implementation Reports); and
6. Follow-up on JMC and IPA MC Meetings (preparing minutes and ensuring follow-up action).

The table in section 5.7 below depicts the nature and timing of the various activities under each heading.

The sections 5.1-5.6 (below) highlight some critical elements of the flow of activities.

### 5.1 IMS Schedule

The JMC and IPA MC meetings agree on the monitoring schedule for the following year. The NIPAC shall propose such a time schedule [ref: **Annex 8**].

### 5.2 Initiation of MR Preparation

Circumstances may combine to prevent keeping to the IMS time schedule agreed to by the previous JMC or IPA MC. In that case, the NIPAC consults the other members of the JMC and IPA MC – by written procedure – to agree on a new schedule.

**NB:** This is of particular importance in connection with setting a realistic ‘cut-off date’ for the financial information to be covered in the MRs.

Based on the approved time schedule, the NIPAC initiates the compilation of MRs, by requesting SPOs to submit MRs by a stated deadline.

### 5.3 MR Preparation

The writing of MRs is the responsibility of the relevant PIU or similar implementation body within a given beneficiary entity or the relevant IPA OS.

The SPO responsible for the PIU in question shall give the instruction to the PIU to start the compilation of the MR.

The latest versions of templates for the MR<sup>26</sup>, as they appear in **Annexes 9** and **10**, are available from the NIPAC’s services (M&E Department) in digital format.

PIUs are advised to consult the Monitoring Report Quality Control Checklist (**Annex 11**) whilst preparing MRs.

The NIPAC is responsible for ensuring that MRs meet acceptable quality standards before these are submitted to the SMSCs.

<sup>25</sup> The last JMC Annual Report has been issued in December 2010. Due to completion of activities of CARDS and Phare projects, the JMC members agreed at the JMC meeting in December 2010 that the drafting of the Annual JMC Synopsis Report will not be necessary any more.

<sup>26</sup> Please note that there are two, slightly different, templates: the standard template and a separate one for grant scheme. Please consult the M&E Department in case of difficulties in choosing which one to use.

The Sector Managers within the NIPAC's services shall use the MR Quality Control Checklist in **Annex 11** as the basis for assessing MR quality.

#### 5.4 Preparations and Follow-up of SMSCs and TAIB Committee Meetings

The NIPAC shall summarise the findings from the MRs for submitting to respective SMSCs in a Sectoral Monitoring Report (SMR). The aim of the SMR is to structure the discussion on the implementation of the various projects in the sector and facilitate SMSC meeting decision-making by supplying draft conclusions and recommendations. The template for the SMR can be found in **Annex 12**.

The NIPAC shall prepare a TAIB Annual Report, specifically covering the IPA-TAIB projects. The template for the TAIB Annual Report can be found in **Annex 18**. The TAIB Annual Report is one of the 9 sectoral annual reports to be produced by the IPA Operational Structures [ref: **Box 1 – IPA Sectoral Annual Reports**].

The NIPAC's services shall make the organisational and logistical arrangements for the SMSC meetings, which will be held at half-yearly intervals.

The NIPAC's services shall prepare the minutes of the SMSC/TAIB Committee meetings. The template for the minutes is in **Annex 15**.

These minutes shall include a follow-up table for corrective actions agreed upon during the meetings (ref: **Annex 16 – Follow-up Table - Template**).

#### **Box 1 – IPA Sectoral Annual Reports**

- ⇒ 1 report covering the whole of Component I (TAIB);
- ⇒ 3 reports for the three CBC Programmes with other IPA beneficiary countries (Bosnia and Herzegovina, Montenegro & Serbia), under Component IIb
- ⇒ 4 reports for the 3 OPs under Components III (Transportation, Environmental, Regional Competitiveness) and IV (Human Resources Development);
- ⇒ 1 report for Component V (Rural Development).

#### 5.5 Preparation of IPA MC Meeting

The NIPAC shall prepare the 'IPA Annual Implementation Report' in advance of each IPA MC meeting. The template for the IPA Annual Implementation Report is in **Annex 14**.

In accordance with Article 61 of the IPA Implementing Regulation [ref: **Annex 2**], the IPA Annual Implementation Report shall cover all IPA components. The Report will therefore synthesise a total of 9 sectoral annual reports, including the TAIB Annual Report, three IPA-CBC annual reports), three IPA-RD annual reports, one IPA-HRD annual report and one IPARD annual report.

#### 5.6 JMC and IPA MC Follow-up

Following each SMSC and IPA TAIB/JMC meeting, the NIPAC shall prepare a 'follow-up table'. The follow-up table shall list the decisions taken and the recommendations made by the relevant meeting. It shall further indicate the actions that need to be taken in respect of each decision or recommendation, as well as the persons responsible for follow-up and the deadline by which the action will have to be completed. The template for the follow-up table can be found in **Annex 16**.

The follow-up table shall be attached to the minutes of the IPA TAIB/JMC and IPA MC meetings. The template for these minutes is in **Annex 15**.

#### 5.7 Activity Flow Table – Annual Monitoring Plan

The following table details the activities of bodies involved in the IMS. To the extent possible, the activities are presented in chronological order. However, this order cannot always be maintained. E.g., the steps related to the organisation and preparation of SMSC meetings – which take place at 6 monthly intervals – appear only once in the flow chart.

Furthermore, the table in **Annex 8** represents the annual monitoring plan for decentralised IPA TAIB programme that is adopted annually by the IPA TAIB Monitoring Committee.

The NIPAC is shown as being responsible for most of the activities listed in the Activity Flow Table (except for activities where directly SPOs, CFCA/NAO, SMSC and JMC are responsible). In practise these activities are carried out by M & E Department staff and by individual experts and senior experts working in the two MRDEUF sectors<sup>27</sup> that constitute the NIPAC administration and approved by the Head of Sector and Assistant Minister. In principle, all MRDEUF – DSP experts involved in monitoring of TAIB projects must ensure that the appraisal documents they produce are signed by them and countersigned by their Heads of Sectors.

The aim of this ‘double’ appraisal procedure is to ensure the consistency of, and accountability for, the final appraisal result.

For last detailed IPA MC, JMC, TAIB Committee and SMSC Timetable please check **Annex 8**.

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<sup>27</sup> Sector for EU programmes and Sector for Coordination of EU Funds.