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**EX-POST EVALUATIONS OF CARDS PROGRAMMES  
IN THE WESTERN BALKANS (Albania, Bosnia and Herzegovina,  
Croatia, Serbia, Montenegro, Kosovo, and the former Yugoslav  
Republic of Macedonia)**

## **Final Evaluation Report**

October 2013



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(Albania, Bosnia and Herzegovina, Croatia, Serbia, Montenegro, Kosovo, and the former  
Yugoslav Republic of Macedonia)

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This report has been prepared with the financial assistance of the European Commission. The views expressed herein are those of the consultants and therefore in no way reflect the official opinion of the European Commission

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## Table of contents

<b>1. GLOSSARY OF ACRONYMS</b> .....	<b>4</b>
<b>2. EXECUTIVE SUMMARY</b> .....	<b>5</b>
<b>3. EVALUATION REPORT</b> .....	<b>10</b>
3.1. INTRODUCTION .....	10
3.1.1. Background .....	10
3.1.2. Objectives and scope of the evaluation.....	13
3.1.3. Methodology.....	14
3.1.4. Structure of the report.....	16
3.2. RESPONSE TO EVALUATION QUESTIONS .....	18
3.2.1. EQ 1: The strategic framework .....	18
3.2.2. EQ 2: Effectiveness in achieving results.....	22
3.2.3. EQ 3: Achievement of the desired/ expected impacts .....	34
3.2.4. EQ 4: Sustainability of results and impacts .....	56
3.2.5. EQ 5: Factors influencing impact and sustainability .....	63
3.2.6. EQ 6: Relevance and efficiency of implementation modalities .....	69
3.2.7. EQ 7: Coherence and complementarity with other donor/ national assistance .....	77
3.3. CONCLUSIONS AND LESSONS LEARNT .....	79
3.3.1. On CARDS implementation .....	79
3.3.2. On strengths and weaknesses of the assistance.....	79
3.3.3. On better alignment of assistance with reforms .....	80
3.3.4. On assistance that achieved the most sustainable results .....	80
3.3.5. Lessons relevant for future IPA implementation .....	81
<b>4. ANNEXES</b> .....	<b>83</b>
<b>ANNEX 1: TERMS OF REFERENCE</b> .....	<b>84</b>
<b>ANNEX 2: SCOPE OF THE EVALUATION AND METHODOLOGY USED</b> .....	<b>90</b>
<b>ANNEX 3: SUMMARY TABLES</b> .....	<b>103</b>
<b>ANNEX 4: DETAILED EVALUATION FINDINGS FROM CARDS COUNTRIES &amp; REGIONAL PROGRAMME</b> .....	<b>113</b>
<b>ANNEX 5: LIST OF INTERVIEWEES</b> .....	<b>263</b>
<b>ANNEX 6: LIST OF DOCUMENTS</b> .....	<b>267</b>

## 1. Glossary of acronyms

AAP	Annual Action Programme
BCSDN	Balkan Civil Society Development Network
BiH	Bosnia and Herzegovina
CBC	Cross Border Cooperation
CoA	Court of Auditors
CSO	Civil Society Organisation
CSP	Country Strategy Paper
DG	Directorate General
DG AIDCO	Directorate General Development and Cooperation - EuropeAid
DG ELARG	Directorate General Enlargement
DG RELEX	Directorate General External Relations
EAR	European Agency for Reconstruction
EC	European Commission
ECD	European Commission Delegation
ECS	Energy Community Secretariat
EPS	Electricity Power Industry of Serbia
EQ	Evaluation Question
EUD	European Union Delegation
EUR	The Euro Unit of Currency
EUO	European Union Office
FYR	Former Yugoslav Republic
GDM	General Directorate of Metrology
IB	Institution Building
IBM	Integrated Border Management
IFI	International Financial Institution
IPA	Instrument for Pre-Accession Assistance
MIP	Multi-annual Indicative Programme
MoU	Memorandum of Understanding
NAC	National Aid Coordinator
NIPAC	National IPA Coordinator
OECD	Organisation for Economic Cooperation and Development
PAR	Public Administration Reform
ROM	Result-oriented Monitoring
SAA	Stabilisation and Association Agreement
SAP	Stabilisation and Association process
SEETO	South East Europe Transport Organisation
SME	Small and Medium-sized Enterprise
TA	Technical Assistance
TPP	Thermal Power Plant
VET	Vocational and Educational Training
WTO	World Trade Organisation

## 2. EXECUTIVE SUMMARY

### Purpose

The purpose of this evaluation was to assess the impact and sustainability of CARDS (Community Assistance for Reconstruction, Development and Stabilisation) funded interventions, and provide lessons learned and recommendations for decision-making on improvements of future financial assistance where relevant.

### Background

In line with the priorities laid out in CARDS Council regulation No 2666/2000 the European Union in the period 2001-2006 targeted assistance programmes to the following countries in the Western Balkans: Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia. Country Strategy Papers for the period 2002-2006 were formulated for each country, along with a separate Regional Strategy Paper, which served as the principal strategic frame for CARDS assistance and fed into the wider Stabilisation and Association process (SAP) for these countries. European Union assistance in Albania, Bosnia and Herzegovina and Croatia was managed by the Delegations in those countries. The European Agency for Reconstruction was responsible for assistance in Serbia and Montenegro, including Kosovo, under United Nations Security Council Resolution 1244/99 of 10 June 1999, and the former Yugoslav Republic of Macedonia (hereafter FYR Macedonia).

### Key Findings

#### **The CARDS strategic framework**

The strategic framework primarily in the form of the strategy papers presented a clear if rather general overview of needs of CARDS region. All CARDS assistance was in line with the broad priorities outlined in the CARDS Regulation and reflected SAP objectives, indicating that the intervention logic was largely sound. These broad priorities facilitated flexible programming in the early years of CARDS but lacked focus as the assistance moved from emergency needs and reconstruction to more strategic institution-building support later in the programme. Linkages between CARDS and national strategic objective were variable, but tended to be weak, often due to an absence of coherent national or regional strategies within beneficiary countries.

#### **Effectiveness in achieving results**

Overall, CARDS assistance was found to be largely effective. Investments, especially in infrastructure, generally delivered their planned results. Institutional and capacity building support was also found to be effective, albeit to less uniform extent depending on country and sector. CARDS also played an important role in establishing new institutions, although their performance thereafter was mixed. Results of CARDS in many cases laid the foundations for future Instrument for Pre-Accession (IPA)

support, and in the case of Croatia, EU accession. It was also largely effective in creating or strengthening the institutional and legislative framework for economic development. This was corroborated by the evaluation sample, which found that 89% of CARDS interventions delivered at least some of their planned results, whilst the majority of them – 57% - delivered most or all of them. Furthermore, the CARDS regional programme represented a learning process that ultimately delivered some useful results. Quality of outcomes was found to be good in general.

Some weaknesses were noted, however, particularly with public administration reform where a number of factors combined to undermine effectiveness. This was primarily related to a lack of commitment at political level to the reform process, which was noted as a common factor inhibiting beneficiaries throughout the region from fully accessing results, along with insufficient absorption capacities of beneficiaries and the often over-ambitious design of CARDS projects.

### **Achievement of impacts**

The impact of CARDS support was very mixed and dependent on the type of support provided and the beneficiary country in question. Impact was evident for assistance targeting reconstruction and stabilisation objectives of the CARDS Regulation. In particular physical infrastructure for transport, energy, environment, housing education and public administration made a major contribution to improving the situation in the target countries and can be considered CARDS biggest single achievement. Stabilisation has also been achieved across the CARDS region, albeit with support from other significant sources such as the UN and NATO. CARDS also set up much of the institutional/legal framework necessary for beneficiaries to meet their SAp commitments and thanks to this, important progress was achieved in several key sectors. Positive impacts were noted in the areas of education and training. Twinning as a capacity building tool also showed positive side benefits.

As regards transnational, cross-border and interregional cooperation among CARDS countries and other EU countries, positive impacts were observable in specific areas. Benchmarking exercises between CARDS countries such as Sigma also promoted awareness and stimulated the direction of reforms in the region. Institutional support promoting economic development and reform delivered useful impacts, but overall CARDS had little significant impact on economic growth. Likewise, micro-level impacts were noted for poverty reduction but there is little evidence to suggest that wider impact in this area was achieved.

Fundamental weaknesses in the performance of the state have to varying degrees undermined the impact of the institution-building support, particularly that targeting reform of public administrations. As a result, many of the anticipated benefits of CARDS institution building support have not appeared. Also, assistance targeting minorities and media also did not deliver any impacts of substance. Impacts were identified in programming documents, but usually not quantified. This shortcoming was found in all programming documents. Also, due to sketchy access to

documentation and staff turnover in CARDS countries, verifying impacts presented a specific challenge, as did directly attributing impacts to CARDS assistance.

### **Sustainability of results and impacts**

As with impacts, the sustainability of CARDS assistance varied on the type of assistance, the sectors supported and individual countries. Infrastructure investments were found to be mainly sustainable. Countries had for the most part made provisions for their operation and maintenance, although this was not the case in all countries. The sustainability of environmental infrastructure was less clear cut. Sustainability of IB support was found to be very mixed. In some countries, the picture was fairly positive. In Croatia, assistance benefitted substantially from the imminence of EU membership and the dynamics of the accelerating accession process. Evidence of the results of capacity building support was also observable in both Serbia & Montenegro. However, in many CARDS countries, the sustainability of IB support was often weak, most notably in Bosnia, Kosovo, FYR Macedonia and Albania. CARDS efforts at stimulating reforms in key areas such as the judiciary, internal market and public administration had to varying degrees either stalled or disappeared.

Support to civil society organisations and media bodies was sustainable where existing capacities were in place. However, in other cases, CARDS support to civil society went to a small community of recipients strongly dependent on external funds to finance their activities. Media freedom has also deteriorated in the region, suggesting little sustainability of CARDS assistance.

### **Factors influencing impact and sustainability**

Political commitment was a basic precondition for sustainability and was found to be intrinsically linked to the 'ownership' of project results. Ownership was much more likely to manifest itself among investments targeting reconstruction and related infrastructure, where addressing an evident need prevailed over any inclusive programming and implementation process. However, ownership was notably weaker towards much of the IB support. This can only be in part blamed on the beneficiaries themselves. A key factor in reducing ownership of results was the centralised implementation system of CARDS itself, which effectively restricted the opportunities for beneficiaries to acquire ownership of interventions.

The departure of trained staff out of state institutions and the lack of effective strategies to mitigate this debilitating phenomenon was a common feature that to varying degrees undermined the sustainability of capacity building assistance. In some CARDS countries, staff turnover, whilst prevalent, was not a serious threat to sustainability, but in others it was a serious threat to sustainability. Some examples of measures to counter staff turnover were noted and which were to some degree effective

Funds for operating and maintaining investments were crucial for securing their sustainability. They were generally in place although for feasibility studies for investments, it was found that in some cases there was no follow up funding to

finance their implementation. Finally, any efforts to promote economic development had been prejudiced by the declining economic climate and its impact on both business and also public budgets.

### **Relevance and efficiency of implementation modalities**

The CARDS implementation modality was in general both flexible and efficient in programming and implementing assistance. No significant differences in performance were noted between the European Agency for Reconstruction and EC Delegations as regards management of funds, only between the CARDS countries. However, one factor united them— nearly all funds were contracted and disbursed successfully.

The centralised approach to managing CARDS was relevant in the programme's early years but failed to match changing needs as assistance moved towards institution building. It was noted that beneficiaries had too little influence on programme design and project development, as well as its monitoring, and this consequently influenced their ownership of the project results. More positively, participation in the implementation of CARDS assistance provided beneficiaries with the opportunity to acquire skills in management of projects, although this only occurred where institutional capacity within these bodies was of adequate quality and relatively stable.

The CARDS regional programme had a specific implementation regime with specific challenges, namely a limited beneficiary involvement in the design of the programme and a high degree of centralisation. Despite these shortcomings, the efficiency of the programme was found to be acceptable.

### **Coherence and complementarity with other donor/ national assistance**

CARDS assistance was largely complementary to other donor assistance where coordinated by the EU. Notable differences in effective donor co-ordination by beneficiaries are evident – positively in the case in Albania and less so in Kosovo which remained de facto in the hands of large influential donors which had a tendency to compete rather than complement one another. The picture became more complex as beneficiaries strengthened their own coordination efforts and the donor landscape streamlined, with many donors withdrawing from CARDS countries and making previous coordination mechanisms obsolete. As regards the regional projects, these were mainly complementary and coherent with national CARDS projects.

## **CONCLUSIONS AND LESSONS LEARNT**

### **On CARDS implementation**

A centralised and directive approach to programming, contracting and monitoring is an effective and efficient approach under specific circumstances, such as emergency assistance and reconstruction.



**On strengths and weaknesses of CARDS assistance**

The main strengths of the assistance were (i) the efficiency of the EAR in programming and delivering support; (ii) the good quality results of CARDS assistance and; (iii) CARDS contribution to raising awareness among beneficiary officials and policy makers of new concepts and establishing them in practice. The main weaknesses of CARDS were (i) the lack of involvement of the beneficiary institutions in the programming, monitoring and evaluation of the programme; (ii) its over-ambitious institution building interventions that had objectives which were more aspirational than realistic and; (iii) a lack of co-financing element in institution building, which represented a missed opportunity to promote “ownership” and thus sustainability.

**On better alignment of assistance with reforms**

The CARDS programme took a pragmatic approach to align the assistance with reforms. Due to the rapidly evolving political and institutional environment, CARDS in its early years could not wait for a reform agenda to emerge. Once it did, the programme changed in character towards institution building, which was both logical and appropriate, given the changing needs of the beneficiary side.

**On assistance that achieved the most sustainable results**

Infrastructure rehabilitation and/or construction have achieved the most sustainable results. This is because the needs were evident and acute, and required a fast and well organised response from the programme. Assistance to infrastructure brought quick, tangible results that were much needed at the time and which, for the most part proved sustainable in the longer term.

**Lessons relevant for future IPA implementation**

A number of issues were identified in the course of this evaluation that are of relevance for programming of future pre-accession assistance. These are:

- i. A programming framework simple and stable throughout the duration of the assistance programme underpins effective and flexible programming of assistance.
- ii. Realistic expectations of delivering assistance would have potentially ensured more robust impact – especially for IB assistance.
- iii. A focus on delivering outputs should be counterbalanced by support focused on directly supporting decision makers via coaching, mentoring, peer-to-peer support.
- iv. Future assistance should recognise the components of ownership and actively incorporate them in its design.
- v. Timeframes for the delivery of support should have been tailored to the challenges being tackled and local circumstances.
- vi. Programming frameworks need to be accompanied by an adequate framework for performance measurement, monitoring and evaluation.
- vii. Twinning projects have been praised as being good modalities to truly assist the government institutions in their work.

## 3. EVALUATION REPORT

### 3.1. INTRODUCTION



#### 3.1.1. Background

##### Historical Context

The Western Balkans is the term used by the European Union for the sub-region comprising Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Serbia, Montenegro, and Kosovo (under UNSCR 1244/99). Kosovo declared its independence in February 2008 and has until now been formally/informally recognised by 100 out of 193 United Nations members – including 23 EU Member States. With the exception of Albania, the countries of the Western Balkans were all formerly constituent republics of the old Socialist Federal Republic of Yugoslavia.

The 1990s was a turbulent decade in the Western Balkans, as Yugoslavia broke-up and new countries were created. The armed confrontations affected all the countries of the region, either directly or indirectly, exacting a high price. Many thousands died,

many more thousands were displaced and economies were devastated by hostilities. The disruption delayed the process of reform and transition from command to market economies which other former Communist states in Central and Eastern Europe underwent during that decade. The Western Balkan region today still faces some unresolved conflict issues, serious post-conflict problems such as the prevalence of organised crime, and the challenge of constructing societies based on respect for human rights and the rule of law. Another long term threat to stability is posed by the lack of economic development, with persistently low levels of foreign investment and high rates of unemployment.

In order to meet respective priorities, during the period between 2000 and 2006 the assistance programmes supporting the beneficiary countries in the Western Balkans (Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia) have been mainly financed under the CARDS Council regulation No 2666/2000 (Community Assistance for Reconstruction, Development and Stabilisation).

European Union assistance in Albania, Bosnia and Herzegovina and Croatia was managed by the Delegations in those countries. The European Agency for Reconstruction (EAR, Council regulation No 2667/2000-05/12/2000) was responsible for assistance in Serbia and Montenegro, including Kosovo, under United Nations Security Council Resolution 1244/99 of 10 June 1999, and the former Yugoslav Republic of Macedonia (hereafter FYR Macedonia).

The EAR continued its mandate until 31/12/2008. During the transitional period 2007-2008, it continued to implement on-going CARDS programmes while Commission Headquarters and European Commission Delegations (ECD)<sup>1</sup> remained responsible for programming and managing interventions under the Instrument for Pre-Accession - IPA (which has replaced CARDS as of the 1<sup>st</sup> of January 2007), with the EAR providing the necessary support. In those countries where the EAR was not present, CARDS was managed directly by the Delegations.

#### *CARDS and the Stabilisation and Association process*

The Stabilisation and Association process (SAP), is the EU's overall policy framework for the Western Balkan countries. The CARDS programmes were directly linked to supporting the SAP, as explicitly stated in the CARDS regulation.<sup>2</sup> A key component in

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<sup>1</sup> Please note that the nomenclature for this institution has changed since the period when CARDS was in existence. European Commission Delegations are now called European Union Delegations. In Kosovo this entity was called the EU Liaison Office and is now entitled the EU Office.

<sup>2</sup> CARDS regulation 2666/2000, Article 2 (1)

the process has been the conclusion of individual Stabilisation and Association Agreements (SAA) with CARDS countries. The SAAs represent the first stage in these countries becoming candidate countries and to start the accession process. The SAA was signed by: Croatia and FYR Macedonia in 2001, Albania in 2006, Montenegro in 2007, Serbia and Bosnia and Herzegovina in 2008. All the countries in the region have signed a SAA with the EU, with the exception of Kosovo (under UNSCR 1244/99). The SAAs set out the common values and principles governing the relationship between the EU and each country. The main elements of the SAA are: the promotion of the free movement of goods; creation of efficient institutions; development of a market economy; reducing crime and corruption; promotion of higher education reform; developing democracy, human rights and an independent media, and improving the region's transport infrastructure. CARDS assistance broadly reflected these SAA objectives in its strategic documents and in the assistance channelled through them.

### Strategic Framework of CARDS

The CARDS programme followed 5-year Country Strategy Papers (CSPs) spanning the period 2002-2006 and two Multi-Annual Indicative Programmes (MIPs) covering the periods 2002-4 and 2006-6.<sup>3</sup> The CSPs set out the overall priority sectors and areas for the countries in the region, while the MIPs specified in more detail the objectives and expected results of the assistance. The CSP/MIP priorities varied slightly from country to country as the circumstances and the needs differed. Finally, annual action programmes (AAP) were prepared for each country which detailed individual interventions to be funded for the respective year and financing allocations. Prior to the adoption of the CSPs, CARDS funding in each beneficiary country was channelled through a one-off annual programme for the year 2001.

In addition to the country-specific programmes, CARDS also financed initiatives via its regional programme. This programme followed its own strategy paper for the period 2002-6, complemented by an MIP for 2002-4 and 2005-6. For the period of its implementation, the regional programme was managed jointly from Brussels by two Directorates General, DG RELEX and DG AIDCO. This changed in 2005 when DG Enlargement took over responsibility for the management of the programmes. Table 1 below illustrates this structure:

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<sup>3</sup> Croatia benefitted from CARDS assistance only in the period 2001-2004. Thereafter it utilised EU funding via the Phare instrument.

<b>Table 1 - CARDS principle strategic framework</b>											
<b>CARDS Regulation 2666/2000 2000-2006</b>											
<b>Country Strategy Papers 2002-2006</b>						<b>Regional Strategy Paper 2002-2006</b>					
Multi-annual Indicative Programme 2002-2004				Multi-annual Indicative Programme 2005-2006		Multi-annual Indicative Programme 2002-2004				Multi-annual Indicative Programme 2005-2006	
AAP 2001	AAP 2002	AAP 2003	AAP 2004	AAP 2005	AAP 2006	AAP 2001	AAP 2002	AAP 2003	AAP 2004	AAP 2005	AAP 2006

### Evaluation of CARDS

CARDS has been the subject of both internal and external evaluation, as well as external "Result-Oriented Monitoring (ROM)". As regards internal evaluation, since its establishment in 2001, the EAR evaluation unit completed more than 60 evaluations, focusing on some of the key areas for sustainable development, accession and integration into European structures. These covered only those countries where the EAR was active.

CARDS programmes were subject to a comprehensive external evaluation in 2004. The evaluation covered both national and regional programmes in all Western Balkan countries concerned. In December 2007, DG ELARG completed an ad-hoc evaluation of CARDS in Croatia and later on completed ad-hoc evaluations of CARDS programmes in Albania and Bosnia and Herzegovina. In parallel to this evaluation, DG ELARG also launched retrospective evaluations of CARDS programmes in Montenegro and Kosovo as well as Serbia and FYR Macedonia. In 2008, ad hoc evaluations of CARDS regional programmes were also undertaken. The Court of Auditors (CoA) also audited the Commission's management of the CARDS programmes in 2007. The Court found that devolved management (by Delegations) and indirect centralisation (by the EAR) ensured the most efficient delivery of aid.

Finally, CARDS was subject to ROM, which reported primarily on the performance of individual interventions funded under both national and regional programmes.

### **3.1.2. Objectives and scope of the evaluation**

According to the Terms of Reference (see Annex 1) and in order to ensure accountability with respect to value for money and the use of EU funds and to draw

relevant lessons learned for decision making on improvements of pre-accession aid, an ex-post evaluation of CARDS is essential at this stage. The ex-post evaluation is an important instrument to inform national and regional authorities, the general public, the European Parliament and other stakeholders and is in line with the Council regulation No. 2666/2000 for carrying out an ex-post evaluation of completed programmes. The evaluation will mostly focus on the impact and sustainability of CARDS, effectiveness and efficiency will also be addressed, as will the specificities of CARDS implementation. The evaluation will offer a series of lessons learned from the programmes, and, where applicable, lessons for the future.

The global objective of the ex-post evaluation is:

- *to provide: (a) **accountability** with respect to the value for money and the use of funds; by reporting the findings and conclusions of the evaluation to the institutions of the European Union and to the relevant interest groups of the public at large in all member states (summative evaluation), and (b) **lessons learned** on financial assistance where relevant.*

The specific objectives of the evaluation are:

- *to assess the impact and sustainability of CARDS funded interventions, and*
- *to provide lessons learned and recommendations for decision-making on improvements of future financial assistance where relevant.*

The evaluation does not specifically refer to CARDS activities that supported refugees because at the time of this evaluation another evaluation had been launched whose main scope has been CARDS interventions to refugees.

### **3.1.3. Methodology**

The methodology for this evaluation is outlined in detail in Annex 2 of this report. Hereafter is a summary of its main elements.

#### Approach

The evaluation is of summative character and takes a qualitative approach to answer the evaluation questions contained in the evaluation terms of reference.

#### Evaluation Questions

The evaluation is structured around a set of seven evaluation questions (EQ) that were laid out in the original terms of reference and further refined by the evaluation team in consultation with the DG Enlargement Evaluation Unit in the inception phase. The EQs are:



- *What was the strategic framework and how effectively had priorities/needs of the countries in the region been translated into programming of assistance, based on the priorities identified in country strategy and programming documents?*
- *To what extent had financial assistance been effective in achieving results? What was the quality of the outcomes? What possibly hampered its achievement? Had there been any factors (financial, social, political, human factor) which prevented beneficiary countries accessing the results?*
- *Have the results delivered by the evaluated assistance translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities stated in the relevant programme documents? Were there any additional/unexpected impacts (negative or positive)? Can impacts be sufficiently identified /quantified?*
- *Were the identified results and impacts sustainable?*
- *Were there any elements which could hamper the impact and/or sustainability of assistance?*
- *To what extent were the EC's chosen implementation modalities relevant and efficient? To what extent have the beneficiary countries been actively involved in decision-making concerning CARDS Assistance orientation and implementation?*
- *To what extent was the support provided by the EC instruments coherent and complementary with national and other donor assistance?*

### Tools

The evaluation deploys a mix of evaluation tools. These are sampling, document review, semi structured interviews, focus groups.

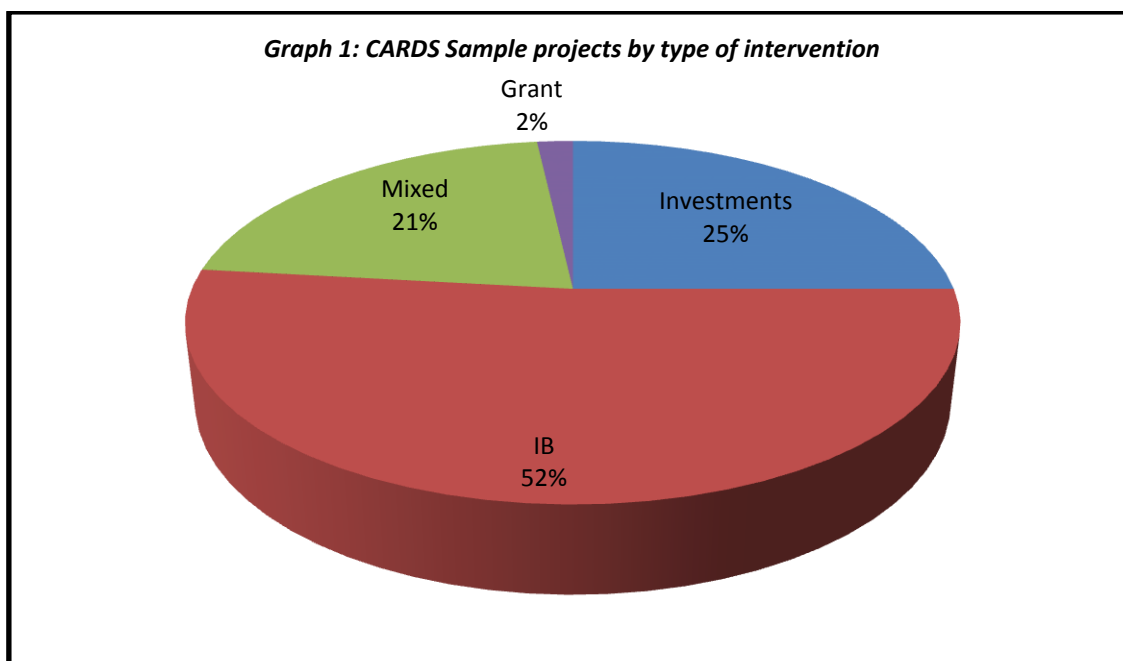
### Evaluation Matrix

The evaluators created an evaluation matrix to guide them through the evaluation. This included a specific methodological tool developed by the evaluation team for answering the evaluation questions above. This methodology ensured uniformity of data collection in the field phase and its consistent analysis in the synthesis phase. This is to be found in Annex 2.

### Evaluation Sample

The evaluation takes into account all the assistance covered under CARDS regulation 2666/2000. However, given the volume of interventions supported under CARDS (some 970), the evaluation made use of an evaluation sample of 56 individual projects, which was derived using a three stage approach outlined in Annex 2. The sample was subject to minor adjustments and several additions during the field phase as additional information sources became available or it became apparent that the evaluation sample would benefit from further strengthening. The final evaluation

sample is presented in Annex 2. Of the total 56 projects selected, 14 funded investments (works, equipment, supplies) and 29 were institution-building interventions (technical assistance, twinning). 12 projects contained a mixture of institution building (IB), investments and/or grants, with one project being a grant. Graph 1 illustrates this breakdown in percentages.



### Risks

Two key risks were identified in the inception phase i.e. access to documentation and availability of key respondents. Both these risks presented significant challenges to the evaluation team when conducting desk review and also in the field phase. The evaluation team counterbalanced these risks by being highly flexible especially when gathering information during the field phase. Countering these risks demanded considerable time and effort from the team but ultimately they did not compromise the foundations of the evaluation findings.

#### **3.1.4. Structure of the report**

The main text of this Evaluation Report includes three sections. Apart from this Section 1 dealing mostly with background and methodological matters, there are two more sections:

*Section 2* is devoted to the analysis of the evaluation questions mentioned above;

*Section 3* presents the main conclusions at programme level and identifies lessons learnt.



The main text is backed by a series of Annexes, including a more detailed analysis of certain aspects or providing background information. In particular:

*Annex 1* provides the full Terms of Reference for this evaluation;

*Annex 2* presents the detailed scope in respect to programme and projects, and details on the evaluation methodology;

*Annex 3* presents overall summary tables in respect to the evaluation;

*Annex 4* comprises a detailed evaluation of CARDS assistance based on field findings;

*Annex 5* lists the stakeholders and beneficiaries interviewed during field work;

*Annex 6* comprises the list of documents reviewed in the course of this evaluation.

## 3.2. RESPONSE TO EVALUATION QUESTIONS

### 3.2.1. EQ 1: The strategic framework

***The strategic documents for CARDS present a clear overview of needs of CARDS region.***

The programming of the assistance was based on the EU priorities as set by the CARDS Council 2001 Regulation (EC) No.2666/2000 as an overarching framework for the assistance, further elaborated in subsequent CSPs for 2002-2006, MIPs for 2002-2004 and 2005/6. The priorities set in these documents were put into operation through APs for each country for each year of assistance. The strategic framework for CARDS is described in section 3.1.3.

***All assistance was in line with the (admittedly broad) priorities outlined in the Regulation, indicating that the intervention logic was largely sound.*** This programming framework of broad sectoral priorities that changed little over time provided a stable programming environment for the planning of individual interventions and gave the opportunity to plan assistance to key areas without the risk of a priority being dropped in the next programming year. This combination of stability and flexibility facilitated the programming of assistance against the backdrop of a rapidly changing political and institutional environment. This can be considered as an advantage of the programme.

Also, the linkages between CARDS Council 2001 Regulation (EC) No.2666/2000, CARDS national priorities, sectoral priorities and individual projects were for the most part clear and consistent. There was in most countries a logical relationship in the evaluation sample between the objectives of the projects and the sectoral priorities stated in AP and MIPs. The tables in Annex 3 (individual country findings) give a detailed overview of the relationships between the priorities within CSPs and MIPs and changes that took place over the duration of the programme.

#### ***Box 1: The challenges posed to programming in CARDS countries***

Montenegro, Serbia and Kosovo experienced fundamental political, constitutional and institutional changes in the period leading up to and during the implementation of CARDS. For example, Montenegro and Serbia moved from being federal units of Yugoslavia to partner state within a “state union”, and thence to independent states. Kosovo became a specially administered UN territory without any institutions of government to speak of. The multiple challenges of supporting return of refugees, delivering humanitarian assistance, emergency reconstruction and capacity building support to rapidly emerging institutions were formidable and extremely difficult to predict with any certainty. Also, these challenges were occurring against a backdrop of profound political transformation that was not underpinned by any strategic blueprint to speak of. Under such circumstances a prescriptive programme linked to rigid, predefined priorities would not have provided programmers with the flexibility required by such a fluid and uncertain external environment.

However, this general framework was not without shortcomings. The CoA in its 2007 report on CARDS found that the CSPs were “too broadly formulated” and that the MIPs were

“without clear priorities”.<sup>4</sup> With the benefit of hindsight it seems unrealistic to have been over-prescriptive in the period 2001-2003 given the challenges facing the programmers (see Box 1). However, from 2004 onwards, a more stable external environment (supported in part by effective CARDS assistance) offered an opportunity to link CARDS assistance to wider strategic priorities, primarily the emerging European Partnerships and to reflect them in the programming priorities for the 2005-6 MIPs. This was evidently not done and can be considered a missed opportunity.

**Box 2: Weakness of the CSP for Kosovo**

The strategic framework of CARDS assistance only partly reflected the needs of Kosovo. This is because the main strategic document at country level was in fact the 2002 - 2006 CSP for the Federal Republic of Yugoslavia. The MIP 2002-2004, which is an annex to the CSP defines objectives and expected results for the assistance along sectoral lines and makes no distinction between the three beneficiary countries despite their often glaring differences in circumstances. The MIP 2005-6 explicitly differentiates between Kosovo and the other countries covered in the CSP and as such represents an improved strategic focus for CARDS assistance there. With hindsight a separate CSP for Kosovo from the very start of the CARDS programme would have been more logical and made programming less abstract.

Another weakness is observable in the CSP 2002-6 for the Federal Republic of Yugoslavia, which included Serbia, Montenegro and Kosovo. This document attempted to cover all the programming needs for all 3 countries, even though each of them, especially Kosovo, found themselves in significantly different circumstances. As a result, the relevance of objectives and priorities outlined in the CSP varied significantly from one country to another and for Kosovo, many were of little use (see Box 2).

The 2001 APs, which preceded the introduction of the CSPs were more heterogeneous than those APs that followed. This was understandable given the imperative in some of the beneficiary countries – especially in Serbia and Kosovo - to meet emergency and reconstruction needs in a post conflict situation, whilst in the case of others, such as Croatia an accession focus was already emerging (see Box 3).

**Box 3: Croatia – benefits of a flexible programme frame**

The strategic framework for CARDS assistance in Croatia to a large extent allowed the programming of projects that corresponded to local and changing needs. A shift in the focus of CARDS assistance is evident, reflecting well the particularities of Croatia’s attempts to join the EU. This fostered well the quick move away from emergency relief and reconstruction towards institution building. Upon starting CARDS in 2001 it was evident for the European Commission Delegation that Croatia would seek candidate country status. From the beginning of the assistance onwards elements for strengthening a possible pre-accession character of CARDS were gradually built into programming and implementation of the assistance. This was particularly evident when Croatia obtained candidate country status in June 2004.

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<sup>4</sup> Court of Auditors Special Report No 5/2007, article 11.

A shift in the focus of CARDS assistance is evident. The earlier years of CARDS in most countries focused on emergency assistance and reconstruction, with substantial infrastructure investments channelled into transport, environment, energy and municipal sectors, and the development of strategies to facilitate such investments. From 2004 onwards, these were largely displaced by interventions targeting institution-building within beneficiary national administrations. However, the centralised implementation system used for CARDS (managed by the EAR in four countries and ECD in three) remained unchanged, which had particular implications for the relevance, effectiveness, impact and sustainability of IB assistance.

***Focus on emergency needs and reconstruction in the initial programme years was appropriate.*** A common focus of early CARDS assistance was emergency relief and reconstruction. In Serbia, the CARDS assistance responded adequately to the needs and priorities of Serbia to rehabilitate the destroyed and rundown infrastructure (particularly in the energy sector) and to initiate important governance reforms that would enable economic growth and democratisation of the society. In Kosovo, The needs for reconstruction and humanitarian assistance of the country were enormous in the first years of the programme due to the post-conflict context. Thus the CARDS programme was deployed appropriately to meet these needs. Major investments and reconstruction works in the areas of energy, housing and municipal infrastructure characterised this early phase of CARDS. In Macedonia, support to local infrastructure (along with decentralisation) was prioritised.

***Once immediate needs had been met CARDS increasingly targeted institution building.*** In all but the Albania programme, a notable shift can be seen in the focus of CARDS assistance over time. Once the immediate needs were met, institution and capacity building, along with support to the development of a market economy is evident. This reflected the recognition on the part of the EC that there was a need to strengthen the institutional framework for these states as they moved forwards in the SAP. Whereas reconstruction needs were readily identified and addressed, IB support proved more difficult to programme and implement. This was due to a combination of factors that in many cases persist to this day.

***Linkages to national strategies were variable, often weak.*** The extent to which the CARDS programme linked to national strategic priorities varied from country to country. At the time when CARDS assistance was programmed, particularly in its early years, many countries in the region did not have coherent national or regional strategies for any of the sectors covered by the CARDS assistance. As a result CARDS relied primarily on country needs analyses conducted by external agencies. This was evident in Serbia and especially Kosovo,

where no government as such existed at the start of the programme and logically, no government strategies were at hand into which CARDS assistance could be linked. In Albania, much of the national strategic framework was created by external expertise, with some doubts as to how realistically they reflected the realities on the ground (see Box 4). By contrast, evidence indicates that the strategic framework for CARDS assistance in Croatia largely corresponded to national (accession-driven) priorities and allowed the programming of projects that met them.

***Box 4: Albania – A specific context and substantial challenges***

Albania represents an anomaly in the CARDS programme. It was the only country not involved in the ex-Yugoslav conflicts of the 1990s and as such had a wholly different political and institutional context to the other CARDS countries. CARDS can be seen as a continuum of the PHARE assistance provided prior to its introduction and while its strategic framework broadly corresponds with those of other CARDS countries, distinct differences are notable e.g. the absence of emergency aid measures, no refugee or IDP return programmes.

The challenges facing CARDS assistance in Albania were well known even in its early years. These included extreme political interference in the civil service, changes of policy directions and lack of commitment to reforms funded by external donors, high staff turnover within state institutions that undermined capacity building efforts and a chronic lack of state funds to maintain investments. Despite these prevailing difficulties, CARDS assistance struggled to take these into account in the design of assistance. As a result there were few interventions that left durable results (see sections Effectiveness, Impact and Sustainability).

In the case of both Albania and Kosovo, and to a lesser extent in other beneficiary countries, the weak linkage between CARDS support and indigenous national strategies resulted in often over-ambitious programme objectives and results as expressed in MIPs and APs, particularly for IB interventions. Their objectives failed to reflect the fact that beneficiary institutions were often fragile and inexperienced and the changes they were funding were often not underpinned by political or institutional support. Consequently the effectiveness and impact of the assistance often struggled to meet these aims (see response to EQ 2 and EQ 3).

### 3.2.2. EQ 2: Effectiveness in achieving results

**Overall, CARDS assistance was found to be mostly effective.** Assessments of previous evaluations and interviews with stakeholders indicate that CARDS was for the most part effective in terms of delivering results. However, within this general assessment a number of features are evident that illustrate variances of effectiveness, both in the types of assistance delivered and the countries where CARDS was deployed.

**The evaluation sample substantiates this assessment.** To gain a better insight into the effectiveness of CARDS, the evaluation conducted a detailed assessment based on the evaluation sample. Each intervention in the sample was assessed against (a) its expected results as defined in the project documentation (b) the status of these expected results at the end of implementation, as reported in final reports, ROM reports or other sources and (c) their observed status during the ex-post evaluation.<sup>5</sup> The interventions were classified using the following scale:

- *Highly Effective:* The assistance delivered all of its planned results, which are still evident at the time of the evaluation,
- *Effective:* The assistance delivered most or all of its planned results, most of which are still evident,
- *Partly Effective:* The assistance delivered some of its planned results, some of which are still evident,
- *Ineffective:* The assistance delivered few or none of its planned results, few or none of which are still evident.

The results of this analysis are presented throughout this section of the report and are used to illustrate the findings related to the CARDS programme as a whole. Table 2 presents the aggregated ratings for all the projects in the evaluation sample. As can be seen, 14% of interventions were rated as highly effective and 43% as effective. 32% were rated partly effective i.e. delivering some of their planned results, whilst only 11% were considered to be ineffective. Taken globally, it can be said that 89% of CARDS interventions delivered at least some of its planned results, whilst the majority of them – 57% - delivered most or all of them.

Rating	Number of projects	% of total sample
Highly Effective	8	14
Effective	24	43
Partly Effective	18	32
Ineffective	6	11
Total	56	100

<sup>5</sup> See Annex 3 (country summary reports) for a detailed assessment of effectiveness by country and interventions)

A summary of all effectiveness ratings of all the interventions in the sample can be found in Annex 4 and each intervention has a detailed assessment of effectiveness in the findings of the individual CARDS country summary reports in Annex 5.

***Investments, especially in infrastructure, have generally delivered their planned results.***

This is underpinned by extensive documentary evidence and feedback from stakeholders on the ground. This support delivered results across a wide range of different areas: transport (the rehabilitation of national and local highways), energy (power generation and distribution), education (modernisation of schools), justice (modernisation of courts), border management (construction of border crossing points), environment (water treatment and supply, waste management), physical infrastructure of government (construction or rehabilitation of national and municipal government buildings). A number of good examples of CARDS investment support were identified in the evaluation sample. In Serbia, assistance to the rehabilitation of infrastructure, particularly in the energy sector was very effective (see Box 5). Here, the combination of well-targeted assistance and a beneficiary with sufficient capacity to absorb the CARDS support resulted in a series of successful interventions that addressed an acute need and which delivered wider sustained impacts.

***Box 5: Excellent Effectiveness – Investments in the Serbia Energy Sector***

At the start of the millennium, Serbia's power sector faced the consequences of more than a decade of lack of maintenance, under investment and damage due to air strikes. The existing generating capacity was unable to meet peak demand in the winter periods and the deficit had to be met by importing energy from surrounding countries. Power cuts were a common feature of the winter of 2000/1. Many thermal power plants (TPPs) were operating at the edge of operational safety. In response to this critical situation, CARDS assistance was deployed to address the most urgent needs arising from it. Firstly, under CARDS 2001 funds the Emergency Assistance Programme supplied heavy oil and diesel to TPPs and municipalities, as well as covering costs of electricity imports. Thereafter, CARDS support to the energy sector moved to address acute problems facing the TPPs. Investments backed up by TA financed the rehabilitation and development of the main TPPs in Serbia as well as their environmental performance.

This evaluation found that all four CARDS interventions covered by the sample (value M€ 203.3) delivered their planned effects in full. Rehabilitated facilities are now fully operational and the power plants are functioning at near full capacity. Also, these TPPs are more energy efficient and much safer than prior to the provision of CARDS assistance. Additional investments into reducing the environmental damage caused by the power plants were also effective, with groundwater contamination and air pollution from ash disposal sites curtailed. Outcomes were also evidently of good quality. The three TPPs covered by this assistance (generating 55% of all Serbia's power) are now fully operational, display good reliability and efficiency, as well as having excellent safety records.

The success of CARDS investments is linked to several factors. The initial focus of CARDS assistance in nearly all countries was on the reconstruction of their damaged infrastructure, caused by war, neglect and lack of investment. These needs were evident to all and solutions to them were easily designed and implemented. The EAR was established with a specific mission of facilitating this reconstruction process and was staffed with suitably qualified expertise (especially engineers and surveyors). There was also broad political agreement on the results to be achieved and support for their delivery. In many respects these interventions were easily identifiable, easily designed and implemented with little difficulty.

***IB support was also found to be effective, albeit to a less uniform extent.*** As CARDS's focus moved away from reconstruction towards institution and capacity building support, so the numbers of interventions and funding for these increased. Unlike reconstruction support, however, IB did not enjoy the same level of effectiveness as investments. It would be incorrect to conclude that IB support was not effective – there is extensive evidence from many CARDS countries to show that institution and capacity building interventions made significant contributions to the performance of their sectors and this is illustrated by an analysis from the evaluation sample. However, IB support faced greater challenges which limited the effectiveness to some extent.

Due to the centralised approach adopted for CARDS, beneficiary involvement in the programming process was minimal. For evident reconstruction needs, this was not a problem, but for less tangible and more complex interventions targeting political, institutional and economic transformation the involvement of the beneficiary side was essential to engendering the ownership needed to secure sustainable effects and impacts. As a result, many IB interventions were pushed through by the EAR or ECD with limited input or commitment from the beneficiaries, which then manifested itself in difficulties in implementation and problems with effectiveness and impact. Public finance reforms in Montenegro and Serbia, judicial reform in Albania, environmental planning in Kosovo and decentralisation in FYR Macedonia were all examples of ambitious IB efforts that did not always deliver their planned results due to these problems.

CARDS also funded a wide range of strategies, master plans, legislation and feasibility studies. Overall the impression was that their implementation has often been slow or incomplete. Evidence was found that strategies and feasibility developed under CARDS had to be updated from subsequent assistance programmes e.g. IPA.



**The programme also played an important role in either establishing new institutions, although their performance thereafter was mixed.** This was evident in countries that were undergoing rapid political transformations such as Kosovo and Montenegro. In the case of the former, CARDS provided much of the funding for the creation of the Kosovan institutions of government. In the case of Montenegro, these institutions (for the most part) continue to exist and function. In the case of Kosovo, however, there was a notable shortcoming of these institutions once they were set up. Whilst many institutions were made operational, their actual performance was often sub-optimal and required (and in many cases continue to require) further external support, primarily via IPA.

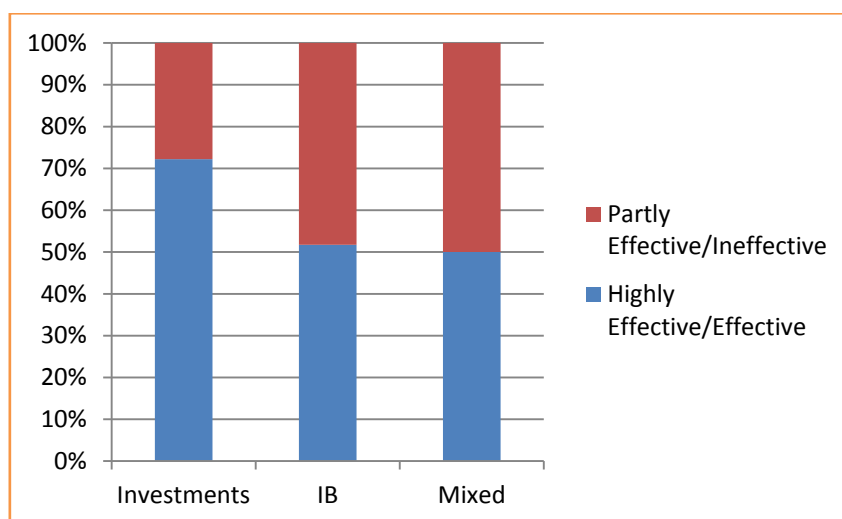
**Analysis from the evaluation sample underlines these findings.** In an attempt to see if there were any obvious differences in the effectiveness by type of intervention, all projects in the sample were grouped into the categories presented in section 3.1.3 i.e. investments, IB, mixed interventions and grants.

**Table 3: CARDS Projects Ratings by Type of Assistance (%)**

Rating/ Type of Assistance	Highly Effective		Effective		Partly Effective		Ineffective	
	No. of projects	%	No. of projects	%	No. of projects	%	No. of projects	%
Investments	1	7	8	57	5	36	0	0
IB	3	10	12	41	10	35	4	14
Mixed	5	42	3	25	3	25	1	8
Grant	0	0	1	100	0	0	0	0

The Table 3 shows that 64% of investments were classified as either *effective* or *highly effective*, while 51% of IB support fell into these categories. The effectiveness of 'mixed' assistance is heavily influenced by the *highly effective* rating given to the investment-heavy support provided to the Serbia energy sector (the TA component of these interventions typically represented only 10% of the overall budget). Placing these projects into the investments category sees the effectiveness of this type of assistance exceed 70% (see graph 2 below). This adjustment, in the view of the evaluators, gives a truer reflection of the overall balance of the type of support provided.

In summary, the CARDS assistance included in the evaluation sample was largely effective in delivering planned results (see Graph 2). Variations in effectiveness are evident both in the individual beneficiary countries, and also by the type of assistance provided. Investment support was notably more effective than other types of assistance.

**Graph 2: Effectiveness of CARDS assistance by type of intervention (adjusted)**

**CARDS was effective in creating or strengthening the institutional and legislative framework for economic development.** The assistance helped the beneficiary countries move towards integration into the single market. Notable examples are in the areas of state aids, competition policy, public procurement, intellectual property rights, standardisation and metrology (see Box 6). Whilst far from complete, CARDS assistance made an important contribution to moving the beneficiary countries in a direction that had hitherto not been considered a priority. Structures for supporting business development at regional level were also supported, although their effectiveness was and remains debatable.

**Box 6: Montenegro – Effective Assistance to Internal Market and Trade Reforms**

The project's objective was to accelerate legal and regulatory reforms and strengthen the capacity of relevant government structures of Montenegro in the area of trade and single market in compliance with WTO and SAA requirements. It focused on 4 key internal market areas – trade, competition, state aid and consumer protection. The project was responsible for the drafting of legislation in all 4 areas, especially in the areas of product safety, state aids and competition policy. This legislation (with some amendments) remains in place and represents a cornerstone of the Montenegrin legal base for internal market issues. It was also instrumental in the creation of agencies responsible for state aids and competition as well as the foundations for the government body dealing with market surveillance and consumer protection. All of these institutions are still in place and fully operational. Also, a cadre of administrators and policymakers were made aware of key issues to be addressed in order to meet SAA and WTO standards. Finally, based on this intervention, several of the beneficiary institutions have developed their own IPA funded projects. This assistance directly contributed to the following impacts: Montenegro was able to sign the SAA in 2008 (it entered into force in 2010) and is able to meet many of its obligations stemming from it. The project also made a contribution to Montenegro being in a position to join the WTO in 2012.

***Effectiveness of assistance varied between countries.*** A generally positive trend across all countries was notable with investments. However, performance of IB and other assistance varied significantly from country to country. Those countries where CARDS fitted into a wider political and strategic vision invariably delivered more effective assistance. This was most evident in Croatia, Montenegro and to a lesser extent Serbia.<sup>6</sup>

CARDS assistance in Montenegro was generally effective. It resulted in the building of physical infrastructure, the purchase of much needed equipment, the adoption of key legislation, and implementation of many SAA and accession-related strategies. It supported the creation of institutions that for the most part remain in place to this day. It also funded the training of a large number of state and municipal officials which in many cases have stayed in post and represent institutional capacity. In Croatia, assistance was also effective and delivered many similar sorts of results. Areas which can be considered as effective due to CARDS assistance include home affairs, border management, public finance, cadastre, agriculture, statistics and customs. Also CARDS support provided to the employment sector has been effective, demonstrated later by a good absorption of EU funds under IPA Component IV.

In Serbia, effectiveness of CARDS assistance has been mixed dependent on the sector and the type of assistance provided. Evidence gathered during the evaluation process shows that the assistance in rehabilitation of infrastructure, particularly in the energy sector was very effective (see box 5). However, IB assistance to reform processes in the area of public administration, judiciary, education and social development did not deliver all planned results in the time-frame envisaged for their achievement. In Bosnia and Herzegovina, CARDS delivered some positive results but in other areas, especially those related to IB and support relating to functions between state and entity administrations, effectiveness was less good. Here the deteriorating political situation permeated the institutions receiving CARDS support and undermined both effectiveness and also impact.

CARDS assistance in FYR Macedonia was found to have mixed effectiveness as from the sample projects. A key priority of CARDS in Macedonia was the support to the decentralisation process, by bringing the public administration closer to EU standards. Much was invested into infrastructure and construction, and this was considered effective support. Capacity building and investment projects in the environment sector were in the main effective and provided a basis for bringing Macedonia closer to the environmental standards of the EU. However, institutional reforms at central and local level met with less

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<sup>6</sup> Detailed assessments of CARDS effectiveness for each country can be found in Annex 4 of this report.

success with political difficulties in strengthening the decentralisation process at the time of implementation holding back the delivery of planned results.

In Kosovo, effectiveness was sub-optimal. CARDS investments into infrastructure were found to have delivered much of their planned results. Also, support to establishing new institutions was considered effective, albeit with the caveat that thereafter these institutions seldom performed to the level anticipated. The effectiveness of IB assistance was found to be fairly weak, with little sign that it produced results that led to sustainable changes in institutional behaviour or performance.

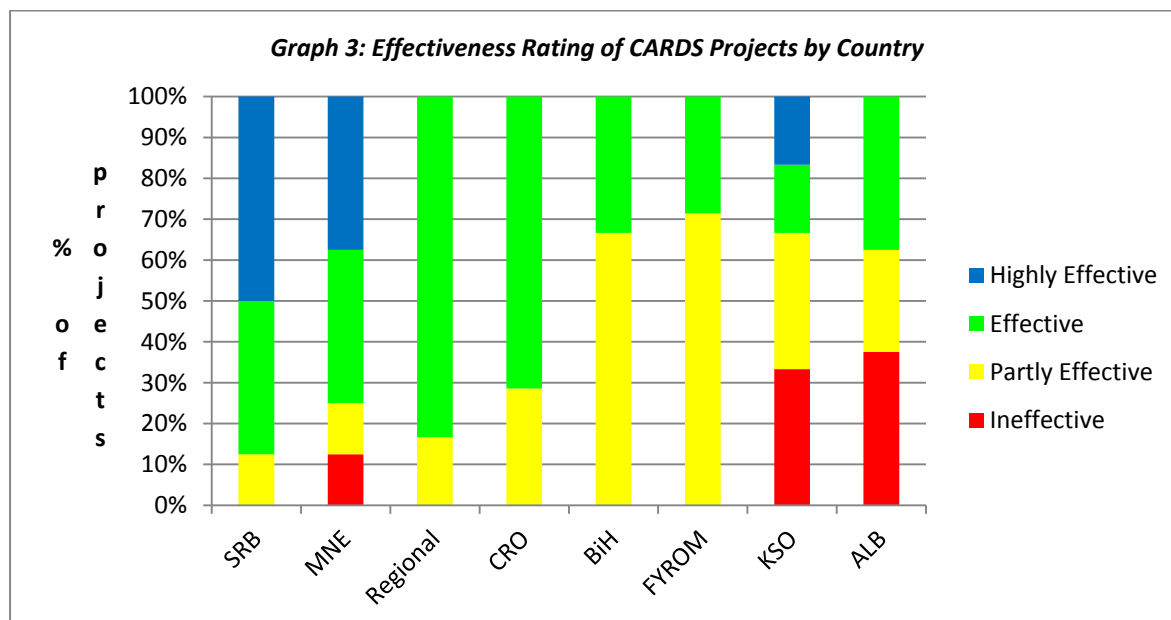
CARDS assistance in Albania has been only moderately effective in achieving planned results. Sector-specific support of an investment character delivered some positive results. Those interventions targeting institutional change experienced far greater difficulties. Attempts at strengthening the Environmental Monitoring System for the most part met with failure. The follow up support for standardisation and metrology from CARDS 2006 was effective only as regards the investment component. The support given to Public Administration Reform (PAR) was in most respects ineffective.<sup>7</sup> There is little evidence to suggest that judicial reform efforts have delivered their planned results. Also, support to civil society was modest in both volume and scope and was judged to have had only partial effectiveness.

An analysis of the evaluation sample by country also provides an indication of CARDS beneficiaries that were best able to make use of CARDS inputs. Table 4 and the supporting Graph 3 show the ratings of individual interventions in each CARDS country, plus the regional programme:

<i>Table 4: Effectiveness Ratings of CARDS Projects by Country (including regional programme)</i>				
Country/Effectiveness	Highly Effective	Effective	Partly Effective	Ineffective
Serbia	4	3	1	0
Croatia	0	5	2	0
Montenegro	3	3	1	1
Bosnia and Herzegovina	0	2	4	0
FYR Macedonia	0	2	5	0
Kosovo	1	1	2	2
Albania	0	3	2	3
Regional Programme	0	5	1	0

<sup>7</sup> See also Ad Hoc Evaluation of CARDS Programmes in Albania , paragraph 64

Based on the sample, CARDS assistance to Serbia, Montenegro and Croatia was notably more effective than that delivered in FYR Macedonia, Albania, Bosnia and Kosovo. Serbia not only had the highest aggregated effectiveness assessment but also had the largest number of interventions (4) rated as highly effective (these were investment/TA projects to the energy sector).



As can be seen in these charts, Albania leads the way with ineffective assistance, with over 30% of projects covered falling into this category. Interestingly, the regional programme was also assessed as being effective, despite weaknesses evident in other aspects of its performance.

**Results of CARDS in many cases laid the foundations for future IPA support.** In addition to the above direct effects, it was noted by interviewees that CARDS IB assistance laid the groundwork for IPA assistance in a number of areas. As such, it established the basis for more complex IPA funded interventions that aimed at deeper and more ambitious reforms in key sectors such as internal market, PAR and judicial reform. Furthermore, it provided an opportunity to prepare beneficiary institutions for using EU assistance in the future.

**Ensuring the effectiveness of horizontal PAR has been the greatest challenge.** In many countries PAR was encouraged by the EC and other donors keen to establish or advance more efficient and effective national administrations. This was based on the understanding that PAR was of critical importance to the success of the stabilisation and later accession process. However, despite substantial funding, this approach was found to be in most respects ineffective. The deeply entrenched political and administrative culture of the beneficiary countries, plus problems such as endemic staff turnover in the civil service,

acted as a brake on CARDS delivering its results in this area. This phenomenon was well documented in evaluations conducted at the time of CARDS existence and remains a valid negative factor today.

**Box 7: PAR Reform in Bosnia and Herzegovina (BiH) - Ambitious Support, Limited Results**

CARDS Support to PAR in BiH has been part of the BiH commitments under the SAA<sup>1</sup>. Within the CARDS assistance, the support to PAR reforms was extensive, amounting to 39.4 million EUR, also leveraged by funds from other donors. Areas of support included public procurement, EU integration capacity building, support to Civil Service Agency and Economic Policy Planning Unit, statistics, capacity building for fiscal policy, education, health and agriculture policy, transport policy, energy policy and e-government.

CARDS support led to the creation of the PAR Strategy and associated Action Plan, which was approved by the entities and the state in April 2007, as a basis for a public administration reform effort that could be taken forward by the national authorities. The EC assistance geared the support to the role and capacity building of the PARCO office, the coordinating body of the PAR reforms. Although PARCO's capacity was built up quickly, its effectiveness was limited due to its reliance on "*personal political connections to the Chair of the Council of Ministers*". In reality it "*had no institutional power to drive change*"<sup>1</sup> as it was a "*donor inspired unit with minimal support from the administration*"<sup>1</sup>.

Even in the most advanced CARDS countries, PAR proved a challenge. In Croatia, significant progress with PAR and wider public sector reform suffered from the lack of a coherent framework or central driver. Consequently the sector was characterised by agencies which, between them, covered many of the necessary functions but which did not deliver results because of inadequate human and financial resources, constant changes in staffing and inadequate training of newcomers and, most importantly, of lack of political support to effectiveness: the government being willing to create EU-accession-required bodies, but not willing to have them operate as they should where this would be uncomfortable for the status quo of current governance<sup>8</sup>. In countries such as Bosnia, Kosovo and Albania<sup>9</sup> the assistance was channelled into institutions that were unwilling or unable to fully make use of the outputs (see Box 7).

**Quality of the outcomes was good.** The quality of the outcomes for investments overall has been good. For other forms of assistance their quality reflected what was possible to be delivered under the prevailing circumstances i.e. economic conditions, levels of institutional maturity and political commitment.

**A range of factors prevented beneficiaries from accessing the results.** A wide range of factors were identified in the evaluation that hindered the effectiveness of the assistance.

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<sup>8</sup> MWH Consortium: Thematic Evaluation on Public Administration Reform Croatia; 2009

<sup>9</sup> See Country Summary Report for Albania, Chapter 2.3

However, three stand out as being prevalent across most CARDS beneficiary countries and which had significant influence over both the results as well as the impact of assistance.

Political interference in the reform process combined with a resistance to change within institutions themselves have acted as significant brakes on the effectiveness of IB assistance, especially that focusing on PAR. This problem is linked to the prevailing political and institutional cultures within these countries, which for the most part have been resistant to any meaningful institutional reforms that would challenge the status-quo.<sup>10</sup> Only in Montenegro and Croatia is there evidence that these problems have not had a major influence on effectiveness of CARDS IB assistance.

Albania represents the most extreme example of this problem. Aside from chronic staff turnover (a major problem for impact and sustainability), there is a pronounced tendency of newly appointed senior management in the civil service to carry out a wholesale cleanout of key staff upon entering their posts. Assistance that has supported the development of strategies and master plans was reported as often either not being adopted, or being revised or abandoned upon a change of government or minister. These practices very effectively stunted any efforts at building a body of skilled and knowledgeable public servants able to turn CARDS outputs into tangible results.<sup>11</sup>

Bosnia's case is linked to the dysfunctional governmental systems there. The fragmented institutional landscape combined with a deteriorating political situation left many IB interventions stuck in limbo, with any reform processes supported by CARDS outputs stuck in the prevailing political deadlock.

Another factor related again primarily to IB was the capacity of beneficiaries to absorb the assistance provided. This capacity gap was manifested in a number of ways – firstly, in a lack of skills or knowledge to understand or utilise the assistance provided, which was noted in several cases, especially where administrations were weak or nascent (e.g. Bosnia, Albania, Kosovo, FYR Macedonia). Linked to this was a lack of experience within some administrations, particularly those experiencing high turnover of staff. Weak local capacities in strategic planning and financial management issues were also a common capacity failing. Furthermore, beneficiary staff involved in the delivery of CARDS assistance were seldom from senior management and as such not empowered to implement the outputs of CARDS projects without referral to the political level, which as mentioned above, often resisted putting project results into practice.

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<sup>10</sup> These issues are covered in the Country summary reports in Annex 4. Also, the OECD/SIGMA regular assessments of public administration provide detailed and candid analyses of this and other problems

<sup>11</sup> See the Ad Hoc Evaluation of CARDS Programmes in Albania chapter 2.5

As a result many CARDS initiatives were under the responsibility of (often young) staff with little project management or sectoral experience. They often deferred to external experts and were unable to work with them as true counterparts – they furthermore lacked the authority to push through the changes CARDS projects aimed to bring about.

A further factor was the *design of assistance itself*. As mentioned previously, CARDS support in IB was defined mainly by external experts linked to the EAR or EUD. In many cases the interventions aimed to deliver changes that, due to factors mentioned herein, were often unattainable. Contractors faced with such a scenario (and also required to meet pre-set deliverables) in many cases focussed on delivering outputs in the hope that the beneficiaries would be willing or able to implement them once complete. This created a predominance of generating outputs and meeting benchmarks over a focus on institutional transformation via less “tangible” types of support. This problem was noted particularly in Kosovo, Albania and to a lesser extent Bosnia and Montenegro.

*Other factors* hampering effectiveness included land ownership issues for infrastructure in Albania, lack of follow-up funding to implement action plans or strategies (such as for environmental investments in Montenegro and Albania), and wider economic factors affecting support to trade, business support and foreign investment (noted in FYR Macedonia, Albania).

***The CARDS regional programme represented a learning process that ultimately delivered some useful results.*** Overall, in terms of effectiveness the regional programme can be seen as a long learning process, for the European Commission as well as the beneficiary countries. The former acquired a deeper understanding of the regional problems and of the good contribution that beneficiary countries can provide if consulted in time. The latter understood that some problems had to be tackled regionally, and developed an adequate sense of ownership. The design of the programme by DG AIDCO was appropriate for meeting the socio-economic development objectives of the region. Transferring the CARDS programme to DG ELARG was beneficial for its regional component. This was then moved under a management philosophy that was familiar with dialogue and with regional programmes after the experience of Phare matured by DG ELARG. The increased coordination that followed played a crucial role in ensuring better effectiveness of the regional programme.

A particular strength of the programme was seen as its ability to foster regional cooperation on issues with evident regional reach. Two evident effects of this were the establishment of a number of regional agreements or memoranda of understanding and the networks that



emerged from them, which have laid the foundation for future regional cooperation on a range of key issues (see Box 8).

***Box 8: Networks underpinned by regional agreements are a positive effect of regional cooperation***

The establishment of networks underpinned by international agreements was an important effect of CARDS regional programme interventions. For example, under “General policing and fight against main crimes”, an important outcome of the project was the Joint Declaration and the Regional Strategy on tools against organised and economic crime, made in 2005, which still builds a foundation for a harmonised regional approach in the fight against organised crime.

Also, from the regional point of view, stakeholders and practitioners highlighted the strengthening of regional co-operation and networking as a major result of the project. The project “Judicial Systems & International Judicial Cooperation” led to a Memorandum of Understanding for setting up a prosecutorial network in the region. This network was later effectively continued by the 2006 regional project “Support to Prosecutors’ Network in South-Eastern Europe”.

### 3.2.3. EQ 3: Achievement of the desired/ expected impacts

At CARDS programme level, impact has been assessed against the priorities stated in the CARDS regulation. These were:

- a. *Reconstruction, aid for the return of refugees and displaced persons, and stabilisation of the region;*
- b. *The creation of an institutional and legislative framework to underpin democracy, the rule of law and human and minority rights, reconciliation and the consolidation of civil society, the independence of the media and the strengthening of legality and of measures to combat organised crime;*
- c. *Sustainable economic development and market-economy orientated economic reform;*
- d. *Social development, with particular reference to poverty reduction, gender equality, education, teaching and training, and environmental rehabilitation;*
- e. *The promotion of closer relations and regional cooperation among countries and between them, the EU and the (then) candidate countries of central Europe.*<sup>12</sup>

**Impacts were evident for reconstruction & stabilisation assistance<sup>13</sup>. Physical infrastructure for housing, education and public administration has also made an important contribution.** The evaluation found that, for the most part, assistance to the reconstruction of the CARDS countries delivered its planned impacts. The reasons for this have been discussed under Effectiveness i.e. it represented an identifiable and addressable need which enjoyed broad political support. Particularly significant impacts were noted in the energy sector in Yugoslavia's successor states. Investment support to the energy sector in Serbia and also Kosovo illustrates how well-targeted CARDS investments can deliver wider benefits for society (see Box 9).

#### **Box 9: Impact of CARDS assistance in Serbia**

Evidence shows the effects of investments into the energy sector in Serbia also were transformed into impacts. In specific terms, the power plants targeted by CARDS generate 55% of all Serbia's power. As regards efficiency of the power generation, consumption of coal by the two main plants supported (TENT A & B) was reduced by 4.2 million tons between 2003 and 2012 (a saving of roughly €M 240). Reliability of the supported plants increased from 83% in 2001 to 94% in 2010 - a level that is close to that realistically achievable. Thanks to increased performance of the sector, availability of electricity increased from 7,570 to 8,530 hours a year over the period 2001 – 2012. In real terms, this meant that CARDS facilitated the generation of over one additional year's electricity supply but at a significantly reduced cost.

<sup>12</sup> This priority is a synthesised version (taken from the CoA Report of 2007) of the 2 regional priorities stated in the CARDS regulation, which are in fact very similar to each other. These are: "The development of closer relations among recipient countries, between them and the European Union and between them and countries which are candidates for accession to the European Union, in coordination with other instruments for cross-border, transnational and regional trans-boundary cooperation with non-member countries; and "Fostering regional, transnational, cross-border and interregional cooperation among the recipient countries, between them and the European Union and between the recipient countries and other countries of the region".

<sup>13</sup> The issue of return of refugees and IDPs was, at the request of the client, not covered within the scope of this evaluation

More widely the assistance has made a significant contribution to securing Serbia's electricity needs, energy generation in the country has been stabilised and power cuts are a thing of the past. This has had a knock-on impact in contributing towards an improved business climate (a reliable energy supply being a key component of economic growth) and an overall improvement in the quality of life of the country's citizens.

Support to local and municipal investment was identified as being both a key focus of assistance in CARDS countries and also an important contributor to impact in the localities where investments were directed. This was noted in Serbia and Kosovo, where positive impacts in social, economic and environmental spheres promoted the wider decentralisation process in the country<sup>14</sup>. In FYR Macedonia the improved local infrastructure – a main focus of CARDS support - provided for better working and living conditions and contributed indirectly to diminishing inter-ethnic tensions at local level. In Kosovo post-conflict reconstruction of municipal infrastructure delivered benefits for these communities in terms of education, environment and economic development. Also the investments into the physical infrastructure of government have provided Kosovan institutions with the basis for their operations.

In Albania, available evidence suggested that impact of CARDS investments was at best localised and sectoral (justice, border management and environment).<sup>15</sup> A further example of this localised impact is the CARDS support to the General Directorate of Metrology although the existence of significant barriers (which were beyond CARDS assistance to address) diminished any wider impact (see Box 10).

***Box 10: Impact of CARDS assistance to the General Directorate of Metrology***

The General Directorate of Metrology (GDM) benefitted under CARDS 2003 and 2006. The assistance provided investments to strengthen its technical infrastructure as well as TA to develop the Directorate's staff capacity. The support delivered some promising outcomes. There was an increase in the use of the GDM's services by the private sector, although this still remains comparatively small. Likewise the capacity of the GDM to support improvements in product quality has been enhanced by the assistance (and will increase further with its move to new premises during 2013). Also, the TA support forged networks with partner institutions in EU member states which have given additional impetus to the GDM's integration into wider European networks. Thus planned impact has to some extent been achieved.

It has, however, also been handicapped by a number of other factors. Firstly, high staff turnover within the GDM has undermined the impact of capacity building support (some 80% of those employees trained have since left). Secondly, funds for the maintenance of equipment and operational costs are a concern. The GDM has only very modest budgets for these items and has been partly dependent on external donor support to cover these overheads. Given the generally poor state of public finances, this is unlikely to change in the short to medium term. Due to these factors the GDM has struggled to build on the promising effects of the CARDS support and play a more significant role in Albania's integration into the single market.

<sup>14</sup> European Commission (2009); Retrospective Evaluation of CARDS Programmes in Republic of Serbia, p 16.

<sup>15</sup> See 2008 Ad Hoc evaluation of Albania, paragraphs 77 - 80

***Stabilisation has been achieved across the CARDS region.*** The Stabilisation and Association Process (SAP) has been a key reference point for the transformation of the beneficiary countries and CARDS has played a contributory role towards its successful implementation.

However, it would be over-optimistic to attribute the bulk of this success to CARDS. Factors such as the presence of military forces and UN administration, as well as the intensive efforts of other donors, have all played a role in stabilising the countries of the region.

Nevertheless, aside from broader changes in infrastructure and governance targeted by CARDS, there are also some concrete examples of how the programme successfully supported stabilisation of communities affected by conflict<sup>16</sup> (see Box 11).

***Box 11: Impact of CARDS in stabilising minority communities in Kosovo***

This and other evaluations found that CARDS played a key role in supporting the stabilisation of the situation of minority communities in Kosovo. The CARDS support via the *Support for Stabilisation of Communities Programme* provided significant assistance to minority communities that, according to both documentary sources and interviews conducted, has stopped the departure of these groups from their homes and given them an economic base upon which they can build a decent livelihood. As such, assistance in this area contributed towards protecting minority rights, preventing their social and economic exclusion, and more generally, stabilising a hitherto unstable socio-political climate in the country.

***CARDS set up the institutional and legal framework necessary for the beneficiaries to meet their SAA/European Partnership commitments.*** A significant volume of technical and administrative expertise was created and was at the disposal of the beneficiary countries to use in this process. In many state institutions, an increased awareness of important concepts such as result-based management, strategic planning and the like have been introduced.

In several countries, CARDS played a role in the adoption of the SAA. Assistance to the internal market sector in Montenegro raised awareness among policymakers of key issues that needed to be addressed which ultimately contributed towards wider impacts in terms of adoption of the SAA for Montenegro and also its entry into the World Trade Organisation. CARDS support to Serbia improved its legislative framework in line with European standards, which facilitated positive steps forward in the country's EU integration process. In the case of FYR Macedonia, the stable institutions that benefitted from CARDS assistance not only exist but are developing further under national and IPA assistance. Macedonia's SAA has

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<sup>16</sup> See Evaluation of the assistance to Balkan countries under CARDS Regulation 2666/2000, Volume I, p. 68, also EULO 2008 assessment report "*Paths towards community stabilisation*" especially ch.12

been in force since 2004 and in the same year the country received candidate country status. Serbia's SAA was signed in 2008.

For Croatia, CARDS often directly fed into both Phare and latterly, IPA support. In combination they have made an important contribution to preparing Croatia to become an EU Member State. For example, stable institutions that have benefitted from CARDS assistance not only exist but have been developed further under Phare and IPA assistance and now are able to meet the rights and obligations of EU membership. Thus CARDS laid much of the groundwork for this.

Even in areas where results were less evident e.g. environment, state aids, the involvement in the implementation of projects that proved unsuccessful gave Montenegrin national and local administration staff valuable experience for their future work. This was reported as being evident in the performance of subsequent IPA assistance, where previous CARDS beneficiaries were more able to make efficient and effective use of support under this instrument than those who had not had the benefit of "cutting their teeth" under CARDS.

CARDS played an important role in supporting the creation of institutions and legislation that are the basis for the Kosovo state. Previous evaluations found that "*In several ways, [CARDS] has contributed significantly to the upgrading of human resources*" and that "*the most significant achievement may be the successful reinforcement of the structures dealing with European approximation*".<sup>17</sup>

**Important progress was achieved in several key sectors.** CARDS impacts are notable across sectors such as Internal Market, Justice and Home Affairs, Environment, Energy and to a lesser extent Civil Society. Support to the internal market sector raised awareness among policymakers of key issues and provided technical assistance and investments to develop both human and physical capacities. In the case of Montenegro, such assistance contributed towards wider impacts in terms of adoption of the SAA and also its entry into the World Trade Organisation (WTO). For Albania, this assistance provided the basis for a functional conformity assessment system (see Box 10 above).

In the case of home affairs, the integrated border management approach (IBM) was found to have been successful across the region as a whole. The evaluation found IBM had made important contributions to improving both the physical infrastructure (as well as the institutional capacity of the beneficiary countries. Evidence indicates that IBM assistance

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<sup>17</sup> Evaluation (EU/11/051/07) Institutional Capacity Building support (Kosovo) – executive summary, p.1

has significantly benefitted the recipient countries as CARDS assistance addressed immediate needs and acted as a catalyst for wider and deeper institutional change (see also Box 12).

**Box 12: Impacts of CARDS Assistance – Integrated Border Management**

Assistance in the area of Integrated Border Management (IBM) illustrates many of the positive aspects of CARDS assistance in terms of impact. Funding for IBM was drawn from the Regional Programme budget but allocated primarily via national APs. Support provided for both investments (upgrading border crossing points) as well as institution and capacity building measures involving both border police and other key stakeholders (customs service, veterinary inspectorate). The assistance also complemented the CARDS regional IBM programme, which provided technical support to drafting of national IBM strategies and coordination events. Support to this sector was continued under IPA. CARDS assistance provided: a network of fully functional BCPs; a cadre of trained border police, customs officials and veterinary inspectors; IBM strategies in CARDS countries adopted and under implementation; international agreements between CARDS countries on border policing cooperation.

All of these have led to impacts in terms of better trade facilitation at national borders and open but controlled and secure borders between CARDS countries and their neighbours. It also delivered better functioning institutions working in the area of border management. For example, CARDS directly promoted a multi-agency working approach among key IBM stakeholders that had previously never existed and which is now considered normal practice among them. It also created networks among IBM staff both within the beneficiary administrations themselves, and also with its neighbouring states and has fostered constructive and transparent dialogue between them. It was reported that in at least one case it has embedded the concept of strategic planning within national administrations in relation to IBM, with a specific focus on putting in place measures that will lead to the adoption of Schengen norms. Ultimately CARDS has helped prepare CARDS countries to adopt the Schengen Agreement (and in the case of Croatia, to apply it).

CARDS support 2001-2004 to the Environment sector in Croatia demonstrated the value of a consistent programming approach which helped build on previous project results and generated cumulative impacts not only in terms of infrastructure, but also institutional capacities.

In the case of civil society support evidence indicates that CARDS funding provided support to civil society organisations (CSO) at a time when the sector was in its infancy. In some countries, such as Croatia, Serbia and Bosnia, this resulted in some important changes in the sector and facilitated the professionalisation of CSOs (in terms of their internal organisation and service provision) and also integration of civil society issues into mainstream government. However, it is also important to note that it was noted that in other countries such as Albania and Kosovo, civil society was to all intents and purposes constructed by external donors and the CSOs that emerged from their support have for the most part not delivered any significant impact. Given this dependence on external funds and an absence

of indigenous resources, the weak sustainability of the CSOs supported via CARDS is a greater concern than that of its modest impact.

***However, fundamental weaknesses in the performance of the state have undermined the actual impact of CARDS assistance, especially in relation to institution building and reform.*** As with Effectiveness, a range of factors has hindered the potential of many impacts of CARDS support. Investments were to a large extent immune to this problem, although issues of maintenance of infrastructure and operational costs have appeared in some countries, most notably in Albania. However support to institutional change, strategic reform and improvements in governance has encountered serious difficulties in practice and its impact has been diminished as a result. Two major barriers to impact were observed.

Political resistance to reform and transition has played a central role in undermining impact of CARDS assistance. It was widely reported that political commitment to the SAp was in many countries not underpinned by serious action in implementing the reforms needed to move these countries forward in the process – and which in many cases were financed by CARDS.

In Bosnia, prevailing political uncertainty caused by the gridlock between the entities and central administration has effectively stalled any institutional changes generated by CARDS. This has had a wider negative impact on the country's SAp – its SAA was initialled in December 2007, and signed in June 2008. However, the political stalemate and general failure of the state to fulfil the obligations set forth in this agreement have stalled its ratification. Despite considerable investments from CARDS and other donors, PAR has delivered precious little impact there (see Box 13).

***Box 13: PAR in Bosnia and Herzegovina – Political Impasse, Little Impact***

Support to PAR in BiH has been part of the BiH commitments under the SAA (Public Administration Reform). The SAA stipulates that “cooperation in this area shall focus mainly on institution building, in line with European Partnership requirements, and will include aspects such as the development and implementation of transparent and impartial recruitment procedures, human resources management and career development for the public service, continued training, the promotion of ethics within the public administration and the strengthening of the policy making process”. Despite substantial CARDS and other donor support, PAR reforms made little progress throughout the years of implementation of CARDS and subsequent IPA assistance. This was recognised by the EC in its Progress Report, which remarked that “*Little progress was made in this area*” and “*The country's administrative structures are still not capable of responding effectively to the requirements of EU integration*”<sup>1</sup>. The 2012 EU Progress Report states that “*fragmentation and politicisation continued to hamper the establishment of a professional, accountable, transparent and efficient civil service based on merit and competence.*”



In Albania, the fundamental systemic shortcomings identified at the start of CARDS assistance there remain the defining feature of the Albanian civil service today. This state of affairs was summarised by the OECD/Sigma 2012 Assessment thus: *“Despite the number of activities carried out during the period assessed [2011-2], Albania has not made any progress in reforming its state administration or in furthering the professionalisation of its civil service or public employment in general. Personnel management, especially recruitment, in all institutions remains based on political affiliation or personal affinity with members of the ruling parties. No progress has been registered concerning the adoption of structural legislation necessary for the functioning of a democratic state ruled by law.”*<sup>18</sup>

Even in those countries with better overall prospects for impact, difficulties were noted. In Croatia, as concerns PAR and government decentralisation, progress on implementing CARDS results was reported as very slow, with limited impacts due mainly to a failure at political level to agree on the tenets of these reforms and obstruction to any changes stemming from these proposed changes.

**Analysis of EC Progress Reports indicates limited impact of PAR support.** Table 5 below provides an overview of the current state of play of PAR in the CARDS countries, based on the EC Progress Reports since 2006.<sup>19</sup> The analysis gives an interesting comparison of the state of play in the CARDS countries. Overall it tends to confirm the findings presented elsewhere in this evaluation, although two points are worthy of note – firstly that the two countries where CARDS effectiveness and impact has been perhaps best (Croatia and Montenegro) have in fact been the most consistently criticised by the EC for their failure to push forward the reform agenda.

Secondly, and more significantly, it suggests that the overall impact of CARDS support in the area of PAR has not substantially improved the overall performance of the civil services in these countries since 2006.

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<sup>18</sup> See OCED/SIGMA Assessment Albania, p. 6

<sup>19</sup> A complete overview of PAR assessments in the Progress Reports is included in Annex 4.



*Table 5: PAR progress based on analysis of EU Progress/Analytical Reports*

Country	Analysis
Albania	EU Progress Reports for Albania indicate little change in the state of public administration in the period of 2006-2012. The reports continuously recognise the issue of a lack of transparency in appointments in the public administration. The reports see the need for further efforts to enact the legislation and acts adopted, particularly towards strengthening professionalism, de-politicisation, meritocracy, transparency and accountability.
Bosnia and Herzegovina	EC reports note some progress has been visible in adoption of necessary strategic and institutional framework for PAR in 2006. The successive EU progress reports see some progress in the area, but recognise the impending challenge of organising and strengthening professionalism, de-politicisation, meritocracy, transparency and accountability of the PA within the complex and cumbersome institutional structure. Also, the reports, particularly the 2012 Report, recognise the negative effects of fragmentation and politicisation, which continue to hamper reforms of the PA in the country.
Croatia	Croatia faces on-going challenges to ensuring professionalism of the public service as evidenced by the EU Progress Reports. Limited progress was recorded from 2006 to 2012. A very low assessment of the PAR was provided in 2006, and limited advancement since then is recorded. This is in spite of the fact that Croatia is now an EU member state.
Kosovo	The Kosovo public administration has faced major challenges of limited institutional and legal framework for reforms in this area. Successive EU Progress Reports recognise the differences in service provision between national and local levels and limited capacities of the Kosovo institute for public administration. On a positive note, the 2012 Analytical Report records the improvements of the legal framework in the area of PA, which is assessed as appropriate and in line with latest approaches to PA. However, this report highlights the effects of delays in implementation of this new legislation, and the need to adopt secondary legislation to strengthen the PA.
FYR Macedonia	The PA reforms in Macedonia were viewed as progressive in 2006, despite the challenges with police reforms. Successive reports record some progress, highlighting positive developments in some areas of improvement of legislation and introduction of new approaches, such as e-government. However, the EU progress reports repeatedly highlight the need to invest additional efforts to ensure that transparency, professionalism and independence of public administration is achieved.
Montenegro	EC reports indicate that the reforms of public administration in Montenegro have been slower than expected. While there has been some upgrade of the administrative capacity throughout the period 2006-2012, still the reports highlight challenges to the reforms in the form of cumbersome and time consuming administrative procedures, corruption, and structural weaknesses.
Serbia	While the reform process in the area of public administration was underway in the period between 2006 -2008, there has been a slow-down in the reforms in the period of 2010-2012. The 2012 EU Progress report indicates that the reforms are hampered by insufficient political commitment.

As regards the energy sector in Serbia, despite the successful investment support, CARDS-funded IB efforts are reported to have been much less successful. Assistance to reform of the State Energy Generator EPS was reported as being hampered by institutional and political resistance to change, while the fragile status of regulatory agencies set up with CARDS support indicated that all impacts have not been achieved. Furthermore, the key issues of privatisation of EPS and other energy entities and the ultimate challenge of liberalising energy prices – a highly sensitive political issue - remain to be met. In this respect the wider benefits of CARDS assistance have yet to be delivered, while the objective to improve energy efficiency remains a work in progress.

Chronic staff turnover was another serious barrier to capacity building efforts generating any sustained impacts. This prevented any significant development of skills and knowledge from CARDS IB support within the beneficiary institutions. It also reduced the likelihood of experience of CARDS implementation accumulating within these bodies, which in turn hindered their ability to manage future external assistance (principally IPA) more efficiently and effectively.

Evidence from the evaluation sample suggested that this was a region-wide phenomenon, and that very few administrations were able to address it effectively. Training systems for staff were seldom institutionalised, although in those countries with functioning PA institutes (such as Montenegro) some possibilities existed for induction training and generic skills. To some extent these helped to counterbalance this problem.

***Box 14: Brain Drain in Kosovo – Planned and Unplanned Impacts***

In Kosovo, the reported brain drain from the public sector has also been a factor in reducing impact of capacity building measures. Rather than building up knowledge and experience in the civil service, CARDS assistance appears to have served as a training ground for a generation of Kosovans to develop their consultancy skills which they deploy on TA contracts once they leave their institutions. In this respect, CARDS has to some extent had a negative impact on public sector capacity, but a positive, if unexpected one on the private consultancy sector. The introduction under IPA of the “Young Cell Scheme” has acted as something of a counterbalance to this debilitating phenomenon and helped both retain and renew capacity within the civil service.

Otherwise, the persistent brain drain of staff to the private sector was a debilitating influence on many institutions, with staff turnover reported to be around 80% in one CARDS beneficiary institution since IB support had been delivered (see also Box 14 above).<sup>20</sup> In the absence of any internal training capacities, these institutions relied to a major extent on external support to renew their human and technical capacities. The introduction of

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<sup>20</sup> GDM Albania

scholarship programmes such as the one deployed in Kosovo appeared to offer another way to combat staff turnover.<sup>21</sup>

***Support to minorities and media have not delivered many substantial impacts.*** Although CARDS explicitly targeted minority rights, evidence suggests that it had little real impact on the ground. Although some individual interventions were judged a success (see stabilisation of minority groups in Kosovo above) overall improvements were modest at best. Evidence from previous evaluations supported this view. The EAR in 2008 found that “[CARDS] interventions have consistently applied minority considerations”. However it also stated that “a highly politicised context after an armed ethnic conflict, formal adherence to the rules of multi-nationalism is not enough to ensure effective contribution to their materialisation.”<sup>22</sup> i.e. that the assistance has formally recognised the need to address the rights of minorities, but has not in practice had any real impact.

An evaluation of CARDS support to minorities by Minority Rights Group International<sup>23</sup> found that “despite a commitment to addressing minority rights issues within CARDS programmes, in terms of project implementation, impact in this area was limited. The reasons for this were the “lack of capacities inherent in CSOs that helped them to meet selection criteria and related financial responsibility” and the “failure of programmes and calls for proposals to undertake a realistic assessment of what can be achieved, how and over what period of time, to ensure longer-term sustainability of outcomes.” In simple terms, the centralised implementation system of CARDS in essence did transfer the needs of the minorities into successful interventions and prevented them from properly participating in the assistance and delivering change on the ground.

Media independence was reported as being weak but evidence is limited and must be seen against the modest volume of CARDS support to this sector.

***Institutional support promoting economic development & reform delivered useful impacts.***

The structures and legislation supported under CARDS have contributed to the beneficiary countries’ economic reform processes. This in turn has led to an improvement in the business climate in these countries. Many key issues however remain only partly addressed e.g. transparent public procurement and effective state aids control. In Montenegro, CARDS support was seen as key in securing wider economic objectives such as WTO membership. In FYR Macedonia, CARDS assistance aiming at economic development and growth produced

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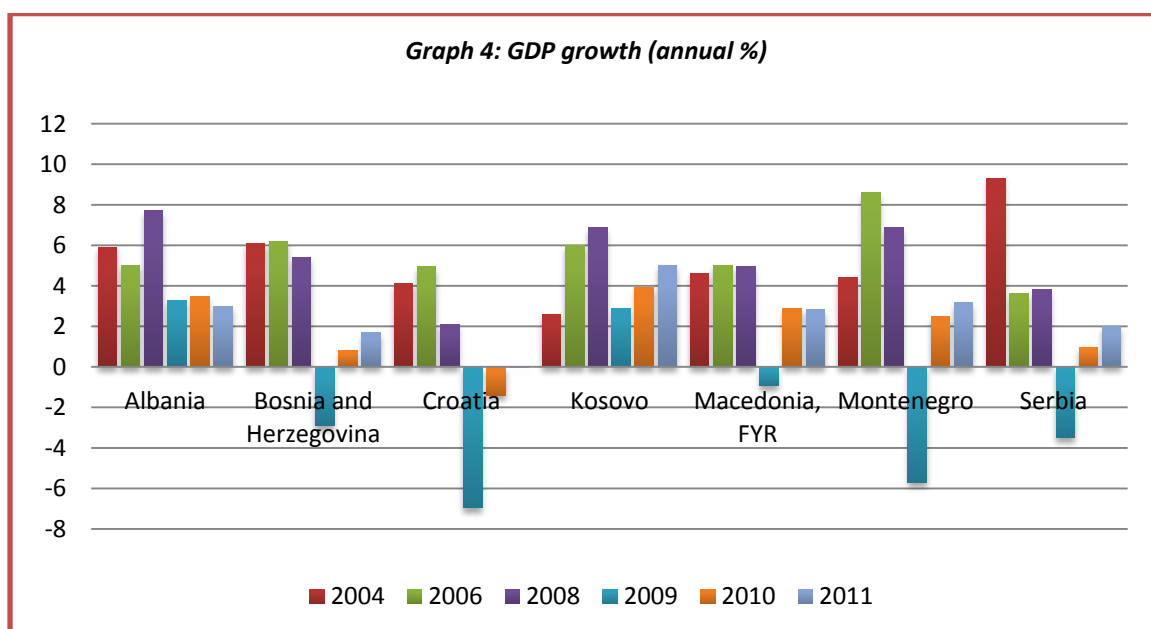
<sup>21</sup> EAR Evaluation (EU/11/051/07) Institutional Capacity Building support (Kosovo), March 2008, p.1

<sup>22</sup> Retrospective Evaluation of CARDS Programmes in Kosovo p. 28

<sup>23</sup> EU FINANCIAL ASSISTANCE TO THE WESTERN BALKANS: A MINORITY-FOCUSED REVIEW OF CARDS AND IPA, Minority Rights Group International 2010, p. 13

in the main their impacts in terms of improved institutions, capacities and structures. There was also progress in reform in the fields of market surveillance, consumer protection and product safety and other issues directly relevant to integration into the Single Market as confirmed by the various Progress Reports.

**Overall, however, CARDS probably had little significant impact on economic growth.** This is due to limited amounts of funds provided to the individual countries, the relatively short timeframe over which the assistance was delivered, the apparently weak linkage between the legal and institutional framework and economic growth as well as wider macroeconomic factors beyond the programme's control. The Graph below illustrates macroeconomic performance of the CARDS countries in the period from 2004 – 2011 i.e. the period when CARDS assistance was most likely to have exerted any notable influence on economic performance.



As can be seen from Graph 4, CARDS countries saw negative GDP growth trends in 2009, which can be explained by the effects of the global economic crisis. In the period between 2004 and 2008, Albania and Kosovo saw an increase in GDP growth. Bosnia, Macedonia, Montenegro and Croatia had a trend of increase in the period of 2004-2006, which started decreasing in 2008. Serbia had uneven and fluctuating GDP growth trends (with 9.3% in 2004, decreasing to 3.6% in 2006, increasing to 3.8% in 2008, only to fall to -3.5% in 2009). All countries show slow recovery from 2010 onwards.<sup>24</sup>

<sup>24</sup> Source: World Bank, <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG/countries>

Although the funding from CARDS was substantial, it was not in itself likely to make any significant impression in economic growth, especially in the short to medium term. Even by comparison to smaller CARDS countries the volumes of assistance for economic development were very small compared to the overall size of the economies. To put this into perspective, the total CARDS allocation for Croatia was €M 246 over the programme's lifespan. Compared with the value of Croatia's net national income for 2006 alone, which was \$Bn 40.24 (€Bn 30), it was just 0.82%.

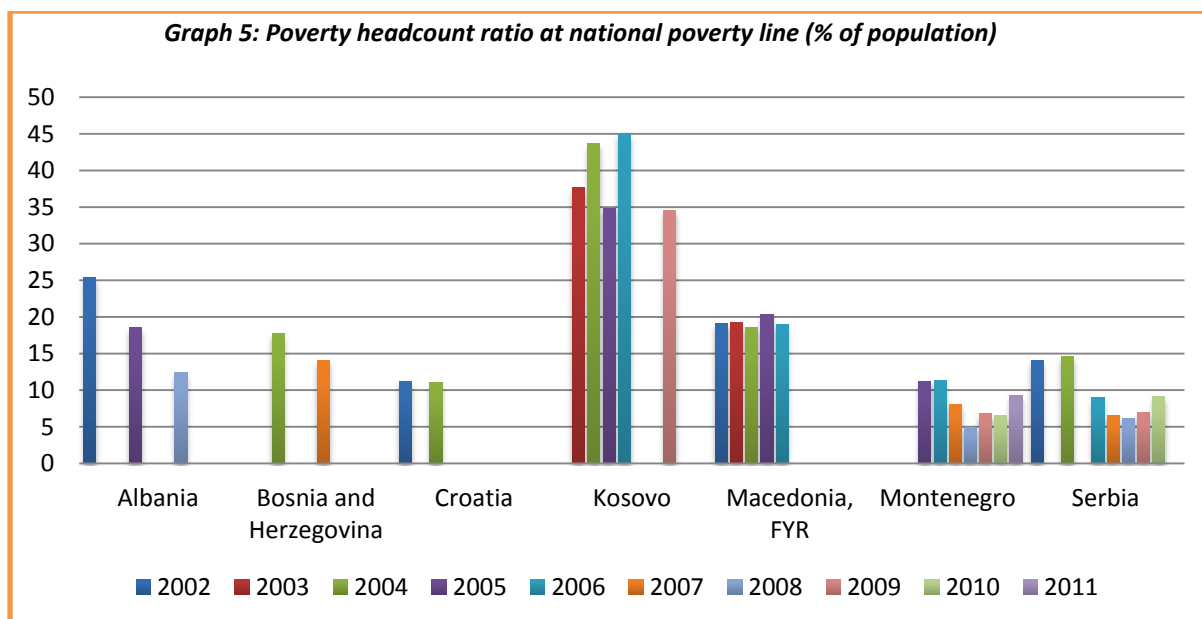
**Box 15: Albania's Economic Development – a Paradox**

CARDS support to economic development in Albania focused primarily on establishing a legal and institutional framework to boost business growth and investment. The evaluation found that this framework had been subject to significant disruption, with institutions being set up and then dissolved based on political decisions and extremely high turnover of related staff. As a result, there was little evidence that CARDS support had contributed to Albania's economic development. The 2012 EC progress report found that Albania had the basis of a functioning market economy but that many elements had to be addressed before it could be considered sufficiently robust to be integrated into European markets. The IMF in 2012 also noted that *"reforms are constrained by limited administrative capacity and low-income levels, which make the population particularly vulnerable to unemployment, price fluctuation, and other variables that negatively affect income."*

However, despite the dysfunctions, Albania's economy is one of the few in Europe to have not experienced economic recession in the wake of the global crisis. This can in part be explained by the high percentage of GDP (20%) provided by remittances.

Despite serious dysfunctionalities of the economic frameworks of Kosovo and Albania, both countries have experienced for the most part strong economic growth throughout the last decade (see Box 15). By contrast, Croatia has now gained EU membership and has the most developed business support structures in the region, yet its economic performance has been far below that of other CARDS countries in the same period. This suggests that the linkage between these two factors is not particularly strong and that economic growth is not preconditioned on government support and external assistance from donors.

***Micro level impacts were noted for poverty reduction. However at a macro level there is a lack of conclusive evidence to indicate significant impact was achieved.*** Data available is somewhat sketchy but seems to suggest that the poverty gap in the CARDS countries has narrowed somewhat (see Graph 5) but was adversely affected by the global crisis in 2008/2009.



As can be seen from the above, most countries do not have consistent data on poverty collected each year. The existing data show the highest poverty headcount ratio in Kosovo, peaking to over 40% in 2006, and slightly decreasing in 2009. The lowest poverty data can be recorded in Croatia and Serbia, even though the poverty count increased to 9.2% in 2010, from 6.9% in 2009. The data shows also that the poverty headcount ratio at national poverty line in Albania has been in steady decrease throughout the years; a similar trend can be found in Bosnia. Interestingly, in Montenegro the poverty count went significantly down in 2008 (4.9%) and started increasing again from 2009, reaching 9.3% in 2011.<sup>25</sup>

In the case of Albania, the World Bank in 2012 found that *“Albania made remarkable strides in reducing poverty. The share of individuals who consumed less than what is required to satisfy basic needs declined from 25.4 percent in 2002 to 12.4 percent in 2008. The share of those who could not afford to cover their basic nutritional needs decreased from about 5 percent in 2002 to 1.2 percent in 2008.”* It also noted that *“despite the positive trends until 2008, prolonged economic slowdown during the crisis and difficult recovery in Europe puts these poverty gains at risk.”*<sup>26</sup>

Within the evaluation sample itself, there were no projects that explicitly targeted poverty reduction, nor was this in fact a priority expressed in any of the CSPs or MIPs. This was explained as being the case because poverty reduction was seen as a secondary effect of other CARDS priorities, primarily economic development. This does not appear to have paid

<sup>25</sup> Source: World Bank, <http://data.worldbank.org/indicator/SI.POV.NAHC?page=1>

<sup>26</sup> See World Bank website: <http://www.worldbank.org/en/news/opinion/2012/06/28/what-is-happening-with-poverty-in-albania-op-ed-by-kseniya-ivovsky-world-bank-country-manager-to-daily-shqip>

off as a strategy, at least judging from what data is available.

In the main, CARDS projects have addressed gender and equal opportunities as crosscutting issues during the programming process. However, there was usually no follow-up monitoring during or after project implementation on the gender-specific effects. Therefore the existing data do not allow any justified assessment of progress-made in relation to the improvement of the situation of women across the Western Balkans, which can be attributed to CARDS.

***In the area of Education and Training some impacts are observable.*** Support to vocational education and training (VET) and participation in community programmes such as Tempus have created a solid basis for the transformation of this sector.

Evidence from the evaluation sample, whilst limited, underscored this generally observed trend. Support to establishing a functional VET system had been both effective and also had delivered observable impacts. A National VET Centre was fully operational and supported by an Innovative Employment Programme that was an outcome of CARDS support. Furthermore, the National Strategy for Employment and Human Resource Development for the period 2012-2015 was in place, which had its origins in CARDS assistance and had been subsequently followed up by IPA support.

As regards, Tempus, the impact assessment of the programme from 2009 stated that Tempus had been successful in assisting educational reform in Montenegro, and has been used to raise awareness, and to work on higher education reform and Bologna process issues.<sup>27</sup>

***In Environment, impact is also broadly positive.*** Institutions and legal provisions, combined with often extensive investments, laid the foundations of EU environmental standards in these countries. Institutional weaknesses and sustainability issues however somewhat constrain these impacts over the long term. This area was the subject of sustained support in many countries and best practice is evident. In Croatia consistent support for environmental policy and best practice accumulated impacts, which served the country well in both accessing subsequent pre-accession funds and preparing for using structural funds upon accession (see Box 16). It is worth noting that the rather flexible programming framework of CARDS facilitated this approach.

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<sup>27</sup> See [http://eacea.ec.europa.eu/tempus/participating\\_countries/impact/montenegro.pdf](http://eacea.ec.europa.eu/tempus/participating_countries/impact/montenegro.pdf)



However, impact was far from uniform. In Albania, long term systemic efforts to support environmental planning and legislation and other key areas such as monitoring, had little impact while funds to roll out results of CARDS assistance and deliver wider impacts have not been available. In Montenegro, CARDS financed the development of environmental masterplans that were not backed up with funding, which negated any potential impact.

***Box 16: Accumulated impact – A typical sequence of implemented CARDS projects - Environment Croatia***

***2001: National Waste Management Strategy – Focus on Municipal Waste***

The final report of the project was one of the starting points for preparing the Waste Management Strategy of Croatia.

***2001: Municipal Environmental Management Capacity and Infrastructure***

The project contributed to the establishment of the Bikarac Regional Waste Management Centre (Centre establishment was financed under the ISPA Programme), providing support for the construction of the input-output zone. It also provided support to the City of Šibenik related to obtaining the location permit and preparation of the main design for the construction of the Centre.

***2002: Strategy for EU Environmental Law Approximation***

The Proposal of the Strategy which determines regulatory and institutional activities, cost estimates, implementation schedule and responsibilities for the implementation of certain parts of the *acquis* was made under this project. The institutional framework for EU environmental *acquis* implementation was strengthened, knowledge was improved on the alignment process through drafting educational and information tools for identification of the legal gaps and drafting law and regulation proposals.

***2002: Waste Management in Dalmatian Counties***

By implementing the project, capacities for waste management in Dalmatia were strengthened. Within the project framework, the concept for establishment of inter-municipality and inter-city co-operation, as well as the proposal for a waste management system and establishment of new county centres was elaborated, and proposals were prepared for transport optimization and setting up of new transfer stations, as well as feasibility studies for establishment of the county centres for waste management of the Split-Dalmatia and Dubrovnik-Neretva County.

***2003: Environmental Impact Assessment – Guidelines and Training***

The main effects of the project were resulting from recommendations for amendments to the Environmental Protection Act and Regulation on environmental impact assessment, and procedures within EIA; a comprehensive Manual for conducting environmental impact assessment intended primarily for authorised bodies; guidelines for environmental impact assessment intended primarily for study developers and providing a practical overview of the identification methods and impact assessment, as well as the material for instruction and training of trainers on conducting environmental impact assessment and on methodology for drafting studies.

***2003: Environmental Assessment of Development Strategies***

Within its framework the proposal of provisions on strategic environmental assessment for the new Environmental Protection Act was adopted as well as the proposal of provisions for the Regulation on environmental impact assessment, methodological guidelines for implementation of the strategic environmental assessment, materials for training on strategic environmental assessment, institutional SWOT analysis, cross-matrix study for the selected strategies and pilot SEA.

***2004: Support for Further Approximation with the Environmental Acquis***

The project consisted of three components: Component 1 – Industrial pollution monitoring, the effect of which is strengthened capacity of authorised bodies, especially MEPPPC and of companies for implementation of the IPPC Directive 2008/1/EC on integrated pollution prevention and monitoring; Component 2 – Climate change,

the effects of which are the Plan on allocation of greenhouse gas emission quotas in Croatia and development of the National system for greenhouse gas emission allowance trading in accordance with the Kyoto; Component 3– Absorption capacity, which effected an increased national absorption capacity for investment projects in the field of waste management.

***The impact of CARDS support was diverse and dependent on the beneficiary country.***

Based on the country assessments conducted for this evaluation, the impact of CARDS assistance varied from country to country. Table 6 below summarises these. As can be seen, positive assessments are given for Serbia, Montenegro, Croatia and (to a lesser extent) FYR Macedonia. Impacts are less evident in Bosnia, Kosovo and Albania. The reasons for this mixed performance relate to the specific circumstances in each country, but the factors are in many cases common to many or all of them. To a significant extent the assessment of impact of CARDS in each country corresponds with that for effectiveness provided in the previous chapter.

***Twinning showed positive side effects.*** Apart from the various outputs and guaranteed results realised by twinning, a most valuable side-benefit achieved in the view of many beneficiaries was the establishment of personal contacts with other partner administrations and EU administrators in the same expert field. In many cases contacts set up under first twinning arrangements still continue and have thus effectively led to an informal network between EU new member state officials and administrators from previous CARDS countries.

Table 6 – Summary Assessment of Impact of CARDS in each beneficiary country

<b>Country</b>	<b>Assessment</b>
<b>Albania</b>	Impact has been limited to specific sectors or subsectors. Of the 6 MIP objectives, only two - Ensuring adequate implementation by Albania of the Stabilisation and Association Agreement, and Sustainable Economic Growth, Trade and Employment – can be said to have been to some extent achieved. Institution and capacity building efforts have largely been unsuccessful due to the systemic problems of governance, political interference and associated chronic loss of staff. Impacts from investments were at risk in the long term due to lack of national funds to either operate or maintain them. Achievements in the economic realm were reported as being mainly due to external factors. IPA support tended to repeat unsuccessful CARDS interventions rather than build on their results.
<b>Bosnia &amp; Herzegovina</b>	Impact of CARDS assistance stemmed mainly from investment support. Strategy development and institutional/capacity building support delivered many fewer impacts. IB efforts were undermined by political gridlock in the country after the 2006 elections and the resulting breakdown in policy-making. Particularly affected were all results that depended on the entity administrations' willingness to agree to the transfer of their authority to the state level. The SAA was ratified by Bosnia in 2008 but it was never implemented and currently the EU integration process is stalled.
<b>Croatia</b>	CARDS results often directly fed into both Phare and latterly, IPA support. In combination they have made an important contribution to preparing Croatia to become an EU Member State. CARDS laid much of the groundwork for this. CARDS assistance was used largely for the purposes originally intended and had impacts within sectors. Additional impacts occurred in the form of collaboration and networking among direct beneficiaries of CARDS assistance, thus enhancing institutional performance. Identifiable benefits for society or the economy are observable in some cases, as are changes in political/ administrative behaviour, procedures, and structures. Less clear are the impacts from assistance to PAR and decentralisation. Progress towards objectives stated in programming and strategic documents as well as key international agreements has been made. For example, stable institutions that have benefitted from CARDS assistance not only exist but also have been developed further under PHARE and IPA assistance and are now part of the rights and obligations of EU membership.
<b>Kosovo</b>	Post-conflict support had a positive impact, as did investments into national and municipal infrastructure. IB and strategic support was evidently less successful, with the performance of the civil service not improving noticeably. Support to the development of the economy had only modest impact. However, this has to be viewed in the context of what was achievable in the prevailing circumstances of building a new state in a post-conflict context.
<b>FYR Macedonia</b>	Many projects delivered their desired results, but these were sometimes not transferred into substantial impacts. Impacts were delivered in some areas of government policy & institutions, in key sectors such as judiciary and internal market and at municipal level via infrastructure investments. However, besides legislative and administrative impacts, actual achievement of the desired socio-economic impacts remains moderate. Some wider impact in terms of progress towards objectives stated in programming and strategic documents as well as key international agreements, has been made.
<b>Montenegro</b>	CARDS results were mostly used for the purposes originally intended, and directly contributed to impacts within their sectors. These impacts in nearly all cases correspond with the planned objectives stated in the programming documents. Identifiable benefits for society or the economy are observable in some cases, as are changes in political/administrative behaviour, procedures, and structures. CARDS has established networks within and among institutions, and encouraged inter-institutional cooperation, which hitherto hadn't existed or was a largely alien concept. Less clear are the impacts from assistance to PAR, where CARDS has not fundamentally changed its performance, although it has put in place important elements to facilitate such change. Progress towards objectives stated in programming documents as well as international agreements was made, although it is not clear to what extent this is directly attributable to CARDS.
<b>Serbia</b>	Impact of CARDS infrastructure investments was significant. institution building and capacity building of public administration catalysed reform processes that delivered some impacts, CARDS improved Serbia's legislative framework in line with European standards, while the country has made positive steps forward in its EU integration process. Support to civil society and regional policy also brought some positive impacts. Significant barriers to impact were noted in the form of political reticence to push through institutional and administrative reforms in areas such as PAR, public finances, market liberalisation.

***As regards transnational, cross-border and interregional cooperation among CARDS countries and other EU countries, impacts are notable in specific areas. Benchmarking exercises between CARDS countries, such as those done by Sigma, also promoted awareness and stimulated the direction of reforms.*** In a number of cases the regional projects provided a solid basis of achievements for further development post CARDS. Much work was successfully completed despite the politically dynamic environment evolving in the Western Balkans.

CARDS regional support strengthened the democratic stabilisation and development of civil society. The programme's support to civil society development and networking (BCSDN – Balkan Civil Society Development Network) is likely to have an impact on its wider environment. The programme delivered the potential for development of one of the few successful regional initiatives. This is mostly because this network is an indigenous phenomenon; driven by the problems, needs *and* priorities of its membership and not necessarily by those of external stakeholders, such as the EC. The network also receives policy support from various countries; it can therefore be considered a contributing element in strengthening the democratic stabilisation process. The BCSDN has currently a network of 15 civil society organisations from 10 countries and territories in South East Europe<sup>28</sup>.

In the area of justice and home affairs, the projects added valuable inputs either to on-going reforms or in stimulating new initiatives. Progress towards common regional benchmarks often developed well, and many recommendations were followed up in practice. Notable achievements were often communicated by signing of Memoranda of Understanding between beneficiary countries. An example of this has been the establishment in 2005 of the South East European Prosecutor Advisory Group that produced solid results regarding cross border prosecutions.

Cards regional assistance to integrated border management (IBM) impacted positively in terms of better understanding of EU IBM standards/practice; developing or updating national IBM systems and structures based on EU Guidelines; developing/updating detailed Action Plans; operational techniques and compatible information systems; enhancing beneficiary cooperation and networking; and building institutional capacity. Most of the assistance however, was delivered through national projects but the regional component helped to increase the impact particularly in terms of more effective co-operation and co-ordination across borders.

CARDS regional support on asylum, visa and migration contributed to the development of a better and shared understanding by the beneficiaries of the EU standards and practices, the

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<sup>28</sup> <http://www.balkancsd.net>

development by each of the concerned countries of detailed national strategies/action plans, and the fostering of cooperation between the SAp countries.

Institution building is one of the areas where the impacts of the CARDS regional programme have been most obvious. CARDS regional support strengthened institution building across the region and contributed actively to the dissemination of best practices. Institutions are a critical element for democracy to prevail, for the socio-economic development of the region and for the economic competitiveness of the region. Institution building includes a wide range of means for support – from a stricter sense of the meaning where it covers development of technical skills in the area, by knowledge transfer, introduction of EU body of law and practice to establishment of new regional infrastructures. The fact of establishing a link between the national administrations of beneficiary countries and starting a cooperative process towards the adoption of European standards and procedures is an indisputable positive success. The national administrations of the countries of the region still have to be modernised or in some cases built basically from scratch.

The feedback from the beneficiaries in the participating countries is consistently positive as concerns public administration reform initiatives such as Sigma and TAIEX. Both programmes succeeded in maintaining their brand as a quick response mechanism to the needs coming from a variety of public organisations in the participating countries. Whilst the overall public administration reform process in the region was often subject to delayed and incomplete reforms, the quick and tailor-made assistance of Sigma and TAIEX provided hands-on support to civil service shortcomings and had often positive immediate effects, notably in terms of legislative and administrative impacts.

CARDS regional activities also supported the establishment of an effective and efficient Civil Aviation Authority in the CARDS countries, capable of fulfilling the international, regional and national responsibilities of the state in civil aviation matters. This has impacted in terms of improved air safety, air traffic control and their management for the countries in the region and has facilitated the implementation of a Single European Sky Initiative.

With the help of CARDS, beneficiary countries made progress in aligning their Intellectual and Industrial Property Legislation and practice with the EU *acquis* and international requirements, and there is anecdotal evidence that also the regional projects made a contribution to this (especially via its numerous and high-quality capacity building and awareness raising activities). However, previous assessments (e.g. the EC's regular progress reports) as well as interview feedback, indicate that there was still significant outstanding work in the area of enforcement when the CARDS assistance terminated. Full alignment still often requires further support in this area (e.g. coordination between enforcement agencies) as well as additional human and operational resources for the National Intellectual and Industrial Property Offices and other relevant stakeholders.

Regarding cross-border co-operation (CBC) institution building activities, the projects' impact was considered limited by stakeholders, but the interventions were nevertheless of primary importance in building up capacities for the future IPA CBC management mechanisms.

CARDS regional support strengthened the development of regional infrastructure. There has been some added value of regional cooperation in this sector, promoting economies of scope. In the case of road transport and infrastructure they have managed to cooperate together and establish regional priorities. An example of this is the assistance provided for the establishment and operation of the South-East Europe Transport Observatory (SEETO). There has been some impact in terms of interest generated in investment projects amongst IFIs and beneficiaries within the region; increased awareness for the need to undertake effective investments in sectors such as environment, transport or energy and gradual improvements in legislative sectoral frameworks under the SAP were achieved. There appears to be a gradual improvement of economic conditions in the region. However, in the main the expected socio-economic impacts have not been achieved yet. Due to external factors, notably the adverse effects of the global financial crisis, infrastructure investments in the region remain moderate since State budgets are characterised by predominating needs to apply austerity measures, and both IFIs and EU investors remain hesitant to invest in the region, reducing also the possibility to leverage pilot investments and to scale them up at regional levels. This is a pity since regional infrastructure presents an area where impacts are generally clearly visible and countries are extremely keen to work together.

The same is true for regional support given to private sector development. Some structures and legislation supported under CARDS regional projects have contributed to the beneficiary countries' economic reform processes. However, evidence suggests that CARDS assistance did not have much significant impact on economic development. This is due to limited amounts of funds and wider macroeconomic factors beyond the programme's control.

Political instability in certain countries can be considered as the most relevant external factor that hampered the achievement of results and particularly affected impacts and sustainability of regional assistance. However, there has been general confirmation that an atmosphere of goodwill was present in almost all the steering groups and project meetings that took place at that time. This indicates that the political tensions that affected the region had hardly any impact on the workings of the programmes and projects. Consequently, despite limitations, a certain extent of co-operation was reached between national administrations even when daily political disputes affected the region. This is definitely a major achievement of the programme and in line with the Commission's strategy for the region.

***A caveat to this positive assessment is the extent to which these impacts are directly attributable to CARDS assistance.*** The actual contributions of CARDS assistance to the impacts stated above cannot reliably be established due to the general nature of the original

programming documents and limited amount of supporting documentation in the form of monitoring and evaluation reports. This is discussed in the following section.

### **EQ 3 sub-question: sufficient identification/ quantification of impact**

The evaluation found that impacts could be identified, albeit with some difficulties. As regards quantifying and verifying these impacts, the challenges were significant and in most cases it was not possible to state in precise terms the extent to which CARDS support contributed to any given programme objective.

**Impacts are identified in programming documents, but usually not quantified.** Impacts are mostly identifiable. The programming documents, where available, usually describe what types of changes the assistance is expected to make. The general quality of the programming documentation is variable, so often the intervention logic of any given programme can be either rather good or very poor. A common fault noted was that programmers were unable to tell the difference between outputs, results and objectives. However, for the most part it is possible to discern what the expected impact should have been and identify this change during the evaluation.

However, whilst the impacts themselves are described reasonably well, there is a general absence of adequately quantified indicators that would allow any impact to be measurable. At project level, this was usually sufficient to gain an idea of whether the projects in the sample had delivered their effects (see summary table in Annex 4 and the effectiveness assessments in the individual country reports for more on this). However at programme level where objectives became more general or abstract, clearly identifying and then measuring the impact was less straightforward.

**Examples of this problem were to be found in all programming documents.** Below is a small sample of the indicators provided in MIPs for the 2005-6 period (see Table 7). As can be seen, they contain a number of basic errors which hamper quantifying any identified impact.

*Table 7: Selection of MIP 2005/6 Indicators of Achievement and Comments*

<b>Indicator of Achievement at MIP level</b>	<b>Comment</b>
Strengthened social dialogue	Not clear what this strengthening should look like in practice
Adoption/amendment of media-related legislation in line with European standards	Adoption and/or amendment? How many adoptions or amendments? Which media are covered? Which European standards apply?
Increased number of concrete cases where the civil society has actively participated in the decision making process both at the central and local level	Not stated how great an increase of cases. Which decision making processes does this indicator refer to?
Simplified and more effective procedures in place for increased efficiency and quality of judiciary and its perception in public opinion	What do simplified and effective procedures look like in reality? How can the quality of the judiciary be measured?)
Increase in the execution rate of court sentences	How many? More than 1, 10, 100?
Modern procedures for selection of staff and	What do modern procedures look like? Which staff?



management	What institutions - All?
The relevant staff in the Ministries, departments and law enforcement bodies trained	Not stated what the staff should be trained in.

**Verification of indicators presented a specific challenge.** This problem was linked also to difficulties with means of verification. Reliable documentary evidence of performance in key CARDS activities was very variable. At strategic and programme level, documents were usually available to check impact against stated objectives. At project level, the availability of these documents was less than adequate, with key documentation spread across numerous locations, stored in a variety of ways (e.g. in archives in Brussels or in CARDS countries, on the hard discs of former EAR staff or in the cupboards of former beneficiaries.) or simply no longer available.

In those countries where staff turnover was relatively small, verifying identified impacts against actual changes in policy or institutional behaviour was possible by meeting with representatives of key stakeholders – this was the case in Montenegro, Serbia and Croatia. In other countries, especially Kosovo and Albania, the endemic high turnover of staff depleted any institutional memory in the beneficiary institutions (see Box 17). In these countries, there was little chance to either state with confidence that real and measurable impact occurred and if it did, whether it was attributable to CARDS, a combination of CARDS and IPA, other donor support or factors outside the scope of the CARDS programme. Assessing impact of IB assistance has therefore proven to be a major challenge.

**Box 17: Challenges in quantifying and verifying impact – an example from Kosovo**

The evaluators found themselves in the unusual situation of struggling to establish which government building had been refurbished under CARDS 2001 AP. The nominated respondent from the Ministry for Public Administration was unsure about the location of this building. The EUO initially stated that two buildings were refurbished, but later stated that it was in fact only one. It only became clear on the last day of the evaluation mission which building was in fact rehabilitated with CARDS assistance. As no project specific documentation was available to the evaluators (aside from the very general project description in the 2001 AP) it was initially not possible to identify the physical location of the building, let alone verify any technical parameters of the investment. Fortunately, the fact that the evaluators were able to conduct several meetings in the building with representatives of various ministries during the mission meant that they could state with some certainty that the investment had in fact made some impact in terms of enhancing government performance.

These factors, in combination meant that in many CARDS countries there is little chance to either state with confidence that real and measurable impact occurred and if it did, whether it was attributable to CARDS, a combination of CARDS and IPA, other donor support or factors outside the scope of the CARDS programme. Assessing impact of IB assistance has therefore proven to be a major challenge.

### 3.2.4. EQ 4: Sustainability of results and impacts

***The sustainability of CARDS assistance varies depending on the type of assistance, the sectors supported and individual countries.*** For the most part, investments were found to be sustainable. Strategies and master plans developed under CARDS have been less sustainable, as has IB support. Notable variances in sustainability are evident between different CARDS countries. These issues are discussed below and the factors influencing them are analysed in the next section of the report.

***Infrastructure investments were found to be sustainable where provisions for operation and maintenance were in place. This was usually the case.*** For example road and energy infrastructure, border crossings and public buildings all appeared to be sustainable in most countries. In Serbia the CARDS investments into the energy sector have been sustainable. EPS has an annual budget of some €M 200 to cover operational costs and maintenance of power plants and related infrastructure. This ensures that the thermal power plants can be operated until their decommissioning. Likewise in Bosnia, sustainable investments into IBM and the state broadcasting service were noted.

In Kosovo, CARDS investments into municipal infrastructure were reported as being sustainable. Site visits to two such interventions showed that the investments were operational and in relatively good condition. The government facilities constructed using CARDS were also evidently sustainable inasmuch as they were in good condition and being fully utilised when visited during the evaluation.

***Less positive examples were found in Albania and FYR Macedonia.*** In Macedonia, CARDS investments were not always sufficiently maintained after the end of interventions and their usefulness in some cases ended with the assistance. Also, several equipment projects were implemented only in selected parts of the country and not replicated throughout the overall territory, which had an adverse effect on sustainability. Due to these logical difficulties, infrastructure and equipment supply interventions had better chances to be sustainable if implemented comprehensively to establish a unified system in the country, and not just as random pilot interventions. It was also found that sufficient financial sources were often not made available by the Government or other beneficiaries such as municipalities.

Sustainability of investments in Albania was reported as being weak. The 2008 Ad Hoc Evaluation noted that *“in some sectors equipment has been delivered, but is either not used due to lack of training or funds to maintain and utilise.”*<sup>29</sup> The following examples from the sample tended to corroborate this view:

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<sup>29</sup> Ad Hoc Evaluation of CARDS Programmes in Albania 2008, p. 34

- The air quality monitoring equipment procured under CARDS was considered by the beneficiary to be too expensive to maintain.
- The metrology and standards equipments can be maintained only thanks to support from external donors.
- Concerns were raised during the evaluation field mission about the technical failings of key aspects of the Serious Crimes Court, which would need repair but which had apparently not been addressed.

It was also reported that for those major transport investments financed under CARDS, IPA funds had been programmed to pay for their repair and maintenance as their condition had deteriorated in the absence of any national funds to pay for their upkeep.

***The sustainability of environmental infrastructure was less clear cut, particularly solid waste management.*** This was reported as being on the one hand absolutely necessary for dealing with growing refuse disposal needs, but at the same time extremely expensive to operate and maintain. Water treatment plants were reported as having less problematic sustainability, although examples from Montenegro and Kosovo indicated that for smaller municipalities, even these installations were a financial burden.

***Sustainability of IB support is very mixed. In some countries, the picture was fairly positive.*** In Croatia, the majority of CARDS IB projects were sustainable. Many projects benefitted substantially from the imminence of EU membership and the dynamics of the accelerating accession process. Initial CARDS institution building provided a good foundation for future development of the supported Croatian institutions and systems via IPA. Following accession most of these institutions are to be fully integrated into the EU institutional structures which will facilitate sustainability and by the Croatian Government's commitment to the application of EU legislation and to maintaining EU standards. To a large extent, CARDS facilitated the first steps towards modernisation, but it was often the beginning of what will be almost constant institutional adjustment under Member State conditions.

In the case of Serbia, impacts of the assistance to public administration in the area of strengthening policy and institutional frameworks are also considered sustainable, as Serbia has dramatically improved its legislative and policy framework in all sectors relevant to the CARDS assistance during the period of implementation of CARDS, and also during IPA. In Montenegro, the evaluation found that legislation prepared under CARDS had not only been adopted, but was either still in place or had been enhanced, or that the institutions that CARDS had helped establish continue to exist and are fully operational.

***But even here, it was not fully secured.*** The extensive range of reforms and capacity building measures were not always taken forward as anticipated. For example, the Serbian government still has to make efforts for full implementation of the legislation and strategies. The most recent EU Progress report stated that "the government continues to lack a

consistent, structured approach to consulting stakeholders and needs to develop its monitoring of the preparation and implementation of new legislation”<sup>30</sup> In the case of Montenegro, more sensitive reforms in public finance and PAR failed, suggesting that even here change cannot easily be brought about through external assistance. Also, whilst the sustainability of CARDS-supported institutions seems assured, the influence that these bodies have on overall public administration and judicial reform efforts was limited by wider institutional and political constraints.<sup>31</sup> Even in the case of Croatia, there was evidence that where IB support fell outside the accession-related arena, beneficiary commitment fell away, especially where it crossed into territory considered ‘politically sensitive’ (see Box 18 below).

**Box 18: Poor sustainability of CARDS in Croatia**

Concerning the CARDS 2003 *Capacity Strengthening for Administrative Decentralisation* project the Ad Hoc Evaluation of CARDS (December 2007) concluded that the main benchmark for sustainability of this TA project<sup>1</sup> was adoption and implementation of the Decentralisation Strategy. Successive Commission Progress Reports during 2008, 2009 and 2010 stated that the capacity of public administration at central, regional and local levels to manage decentralisation reforms had still to be significantly strengthened and that a Decentralisation Strategy remained to be developed. However, in 2010 there was a decision that the role of the Local Democracy Academy in training local and regional government officials was to be further strengthened and this largely reflected the recommendation of the 2007 Ad Hoc Evaluation. Although the 2011 Progress Report stated that the Ministry of Public Administration continued to implement the State Administration Reform Strategy (2008-2011), that the Civil Service Human Resources Development Strategy (2010-2013) is being implemented and that a new Code of Ethics was adopted within the state administration, it was unable to report progress on a Decentralisation Strategy because there has not been any.

***In many CARDS countries, the sustainability of IB support was weak.*** Challenges to IB sustainability were evident across all CARDS countries, However, these challenges were more pronounced in Bosnia, Kosovo, Macedonia and Albania. Government commitment in Kosovo to implementing strategies and master-plans developed under the assistance, as well as reforms linked to CARDS support in areas of justice, public finance and horizontal PAR was widely cited as a barrier to their sustainability. This was linked to a wider problem termed “lack of ownership” (see below). In the case of policy support in the environment sector, extensive policy support to the relevant ministry had not been implemented due to institutional and/political resistance. In a number of cases, these areas were the subject of follow up IPA intervention, whose aim was essentially to revise and update these original plans in the hope that the beneficiary would be willing this time to enact them. Evidence from the evaluation sample indicated that CARDS in the area of institutional building and related governmental and economic reforms failed to deliver any sustainable impact and that most of the actual impacts beyond physical infrastructure are no longer evident.

Evidence from both primary research and secondary sources suggest that sustainability of

<sup>30</sup> European Commission (2012); EU Progress Report for Serbia 2012, p.9

<sup>31</sup> For more detailed analysis of the constraints on successful public administration and judicial reform, see OECD/SIGMA Montenegro Assessment of March 2012, especially pp. 4-6 and 7-13

CARDS support in Albania was weak. There is some evidence that strategies prepared by CARDS were adopted. However due to absence of evidence, their application is hard to establish. The fate of the bulk of the strategies and master plans developed under judicial reform support couldn't be established by this evaluation, which doesn't augur well for their sustainability. It was also reported that much of the strategic efforts targeting PAR had not been taken forward, thus undermining its sustainability.

In Bosnia, support to a number of state level institutions was found to lack local ownership, threatening sustainability.<sup>32</sup> Support to institution building, particularly to strengthening and/or establishment of new institutions through PAR reforms at state level, demonstrates the challenges to sustainability due to political factors. An example within the sample projects has been the support to the Economic Policy Planning Unit/Directorate for Economic Planning (see Box 19).

**Box 19: Uneven sustainability – the case of the Directorate for Economic Planning (DEP)**

Supported by CARDS, the Economic Policy Planning Unit had a strong institutional position within the Council of Ministers as the main body for economic and development policy planning. It had a strong role during the development of the MTDS/PRS and later on in conducting policy studies and macro/microeconomic projections at the national level. Later this body was transformed into the DEP independent of the Council of Ministers. Rather than boosting its sustainability, this move led to the DEP's marginalisation. Today, the DEP is reported to be dislocated from the Council of Ministers office and its work and contribution is peripheral. Whilst the institution still benefits from IPA assistance its importance as a governmental think-tank and provider of analytical strategic information for effective policy-making has been diminished due to changed political priorities within the current State government.

The sustainability of capacity building support in FYR Macedonia was found to be uneven at best. In many beneficiary institutions, administrative sustainability is still adversely affected by inadequate conditions for working and remuneration in the public service.

***Sustainability of action plans and strategies was mixed.*** Action plans, strategies and feasibility studies were common outputs of CARDS technical assistance. Evidence showed that where these outputs fitted in with indigenous reform efforts, sustainability was good. This was particularly the case in Croatia, where the linkage to accession priorities introduced a strong incentive to maximise the value of this support.

In other CARDS countries, where there was a notable absence of drive to introduce reforms required under the SAA, sustainability of these strategies was much lower. In Kosovo weak government commitment to implementing strategies and masterplans developed under the assistance, as well as reforms linked to CARDS support in areas of justice, public finance and horizontal PAR, was widely cited as a barrier to their sustainability.

<sup>32</sup> Ad-hoc Evaluation of the CARDS Assistance to Bosnia and Herzegovina, 2008; p. 10

Feasibility studies were developed across a range of sectors in the expectation that these would thereafter be used for accessing financing from other sources – so called leveraging. Some examples were found to show that this actually worked e.g. in Serbia, where a feasibility study for the Tamnava west coalfield was taken forward by the EBRD and leveraged a €M 120 investment to expand the site. However, it was reported that for the most part these studies remained unused, primarily due to lack of follow-up funds. In the evaluation sample this was the case with environmental hotspots in Albania and environmental investment strategies in Montenegro.

***Support to civil society organisations and media bodies was sustainable where existing capacities were in place.*** As was observed under the assessment of impact, CSO support in the region has for the most part been stimulated by the presence of external donors. However, in those countries where civil society had already emerged in the 1990s (in Serbia and Croatia) CARDS support had a constituency that was to a certain extent able to absorb CARDS funds and use it to develop further.

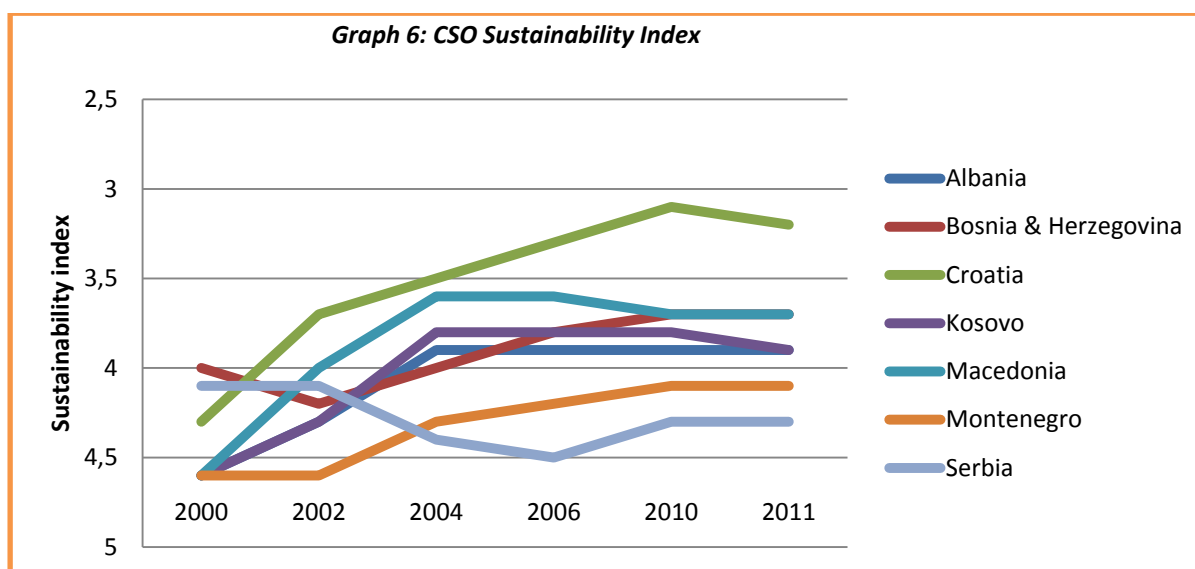
For example, in Croatia, the capacities developed under CARDS projects have enabled institutions to increase the quality of projects from the level of actions to policy development and policy implementation. This is especially visible through the implementation of the grant schemes targeting civil society organisations. For example from CARDS 2003 and 2004 Promotion of Democracy and Human Rights grant-schemes to IPA 2010 Assisting Civil Society Organisations in Developing, Implementing and Monitoring Public and Acquis Related Policies grant scheme. These schemes not only supported CSOs in their work, but also helped strengthen the capacities of the government agency for civil society there. Assistance to civil society in Serbia also yielded sustainable results (see Box 20), although this has not made much difference to the overall sustainability of the sector.

***Box 20: Civil society in Serbia and Croatia – Sustainable institution building***

In Serbia CARDS financed the creation of new models of participation for civil society in decision making processes. An important outcome of this support was to provide pre-conditions for a new institutional framework for inclusion of civil society, with the Office for Cooperation with Civil society at its heart. This body, finally established in 2011, has been integrated in the state structures and is charged inter alia with facilitating civil society participation in the governmental decision-making process. This body, reported as having an indispensable role in promoting civil society issues within the government, has been modelled according to the Office for Co-operation with Non-Governmental Organisations in Croatia. The Croatian Office was already set up in 1998 but it benefitted a lot from CARDS support, including both capacity building and grant scheme delivery. Today, the Croatian Office is also responsible for the implementation of the EC Europe for Citizens Programme in Croatia.

***However, in other cases, CARDS support to civil society went to a small community of recipients strongly dependent on external funds to finance their activities.*** This was particularly notable in Kosovo and Albania, where it was reported that CARDS grant support was concentrated in those CSOs with the organisational and financial capacities to apply for

and absorb (by local standards) large amounts of money on projects that matched the priorities defined by the external donors. Thus sustainability of the sector in these countries was predicated on a continued willingness of donors to provide finances to these entities. State involvement in civil society matters in these countries was reported as being minimal, whilst concepts of philanthropy and volunteering were wholly alien. Statistical evidence suggests that the sustainability of CSOs in the region remains fragile and that CARDS support had little tangible influence on this (see Graph 6).



Source: USAID 2011 CSO Sustainability Index for Central and Eastern Europe and Eurasia

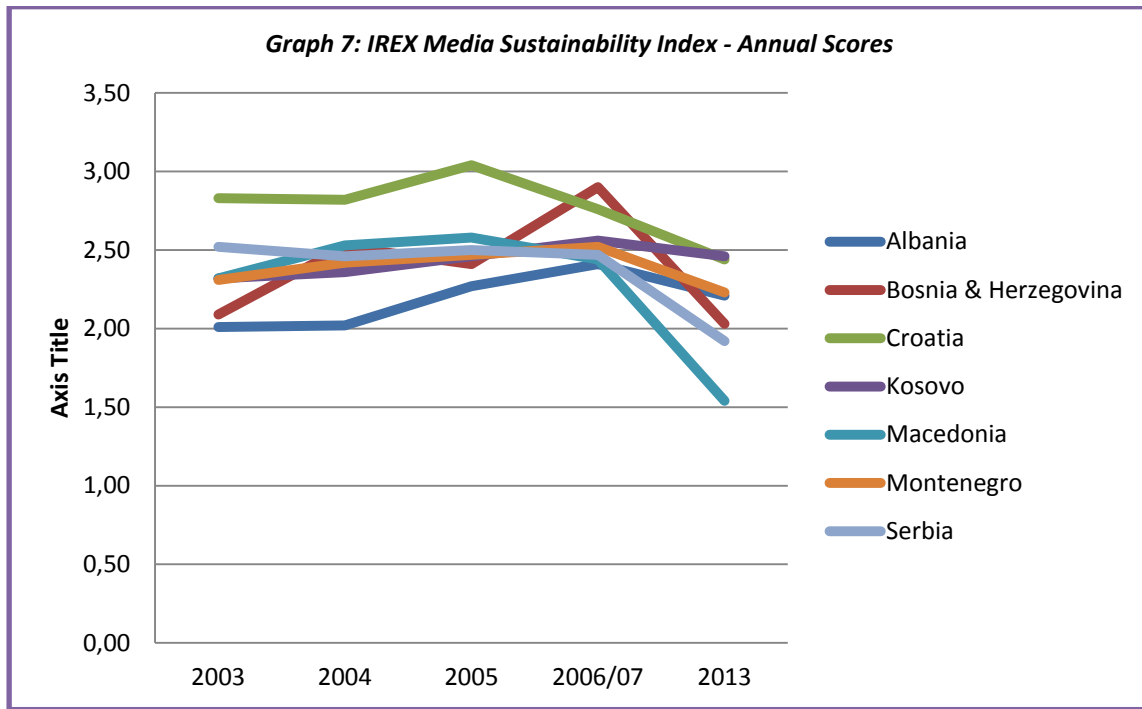
Scoring: The CSO Sustainability Index uses a 5-point scale, with 1 representing the highest and 5 the lowest level of sustainability.

The Graph indicates a concerning trend in CSO sustainability i.e. that in nearly all cases the sector in the CARDS countries are either making no headway in improving their sustainability or are in fact experiencing an erosion of it. Even the most developed CSO sector in Croatia has experienced a tail-off in sustainability since 2010 whilst the biggest country in the region, Serbia, has seen CSO sustainability fall during the period of CARDS implementation and only recover since IPA was introduced.

**Media freedom has also deteriorated in the CARDS region.** As mentioned under Impact, support to Media under CARDS was not significant in amount and its performance not subject to any substantial monitoring or evaluation. As can be seen from Graph 7, the overall trend for sustainability of media in the CARDS regions is downwards. The best scoring goes to Croatia, even though it shows that media are not yet sustainable. Other countries have generally struggled to establish independent and sustainable media, with recent developments in Macedonia, Serbia and Bosnia showing a notable deterioration of media sustainability.<sup>33</sup>

<sup>33</sup> Source: IREX (<http://www.irex.org/project/media-sustainability-index-msi-europe-eurasia>)





Scoring: Unsustainable, Anti-Free Press (0–1); Unsustainable Mixed System (1–2); Near Sustainability (2–3); Sustainable (3–4)

**Any efforts to promote economic development were highly susceptible to external factors, primarily the prevailing economic climate.** The global economic crisis evidently wiped out any modest impact that CARDS may have achieved in this area. These factors were discussed under Impact.

### 3.2.5. EQ 5: Factors influencing impact and sustainability

In the previous chapter the sustainability of the CARDS assistance was assessed. In this section the main factors influencing the sustainability of results and impacts (both positive and negative) are presented and analysed.

**Political commitment is a basic precondition for sustainability.** Although often formally stated in programming documents and at public events, political support was often found to be absent in practice when CARDS interventions targeting institutional reforms were evaluated. Horizontal PAR was the most frequent casualty of this problem, but it was also evident in support to reforms of public finances, the judiciary, decentralisation, environmental policy, social inclusion, competition policy, energy policy to name but a few. This shortcoming can be ascribed to a lack of real “ownership” of CARDS interventions at senior political level, which lay behind their reticence to implement the results of CARDS support. This issue is discussed in detail later in this chapter.

The most obvious exception to this rather pessimistic landscape is from Croatia, where political commitment stemmed from the pace of the accession process and the need to match it with the necessary administrative and legislative reforms. It also served as a starting point for using other EU funds (Phare and IPA) to build up capacities and put in place legislation required for accession (see Box 21).

#### **Box 21: Examples of Sustainability from Croatia**

**Many CARDS projects were sustainable through the implementation of follow up projects.** For instance the CARDS 2003 *National Border Management Information System – Phase 2* is continued through the IPA 2007 *National Border Management Information System – Phase III*. During the implementation of this particular CARDS project two border crossings have been equipped in the pilot phase and by the end of the project seven more. As a result of previous CARDS experience, the IPA project has succeeded in equipping 25 additional border crossings. Today in total there are 34 equipped and fully operative border crossings.

**CARDS projects stimulated inter-institutional cooperation at the national and EU levels that was a prerequisite for accession.** For example, CARDS 2003 *Preventing and Combating Money Laundering – Strengthening the Capacity of Croatian Institutions involved in the Fight against Money Laundering* improved inter-institutional co-operation between key Croatian state agencies in this field. Furthermore international co-operation with financial intelligence units and law enforcement agencies in EU and partner countries was put in place. This was part of Croatia’s efforts to meet their Acquis chapters 4 and 24 obligations.

**CARDS projects significantly influenced efficiency of the public systems.** The CARDS 2003 intervention ‘*Ongoing Support to a More Efficient, Effective and Modern Operation and Functioning Croatian Court System*’ made a significant impact on the operation and functioning of the Courts as a whole and the pre-selected Courts. Thus today Croatian courts are modernised and computerised as a result of equipment purchased and installed and meet basic EU standards. The CARDS 2003 project *Approximation of Croatian Water Management Legislation with the EU Water Acquis* - results of this project have been used subsequently as a main input for development of the new Acquis-compliant Water Act and related by-laws.

Wider political stability was also a consideration at the start of CARDS, particularly for the Regional Programme. However, it was reported that goodwill tended to prevail during multi-country events and that political tensions that affected the region had hardly any impact on the workings of the programmes and projects. Consequently, despite limitations, the co-operation achieved between national administrations remained in place. This was especially evident in IBM support. Conversely, the political tensions prevalent since 2006 in Bosnia have seriously undermined the sustainability of many CARDS interventions, especially any related to national/entity competences.

In Albania, political stability was seldom in place. Sustainability of CARDS results there was hampered by the strong tendency of successive governments to cancel or abandon the reform efforts of their predecessors. This had evidently undermined those CARDS results that had supported policy objectives of one government, only to be dropped by the new government upon its election. This failure to establish any lasting political consensus on accession-related reforms evidently prevented CARDS assistance from engendering any lasting changes in key areas.

***“Ownership” of project results was weak towards IB support. Given CARDS’ centralised implementation this should not be a surprise.*** Evaluation reports of CARDS and other pre-accession programmes are littered with statements on the importance of ‘ownership’ to the sustainability of results particularly for IB support. However, there is little appreciation of what this concept is made up from or how it is generated. Box 22 below summarises these two elements.

***Box 22: What exactly makes up ‘ownership’?***

Ownership is expressed in a number of ways, but its three primary components are the beneficiary devoting 1) time and 2) money to the programme’s success and then enacting its results via 3) an expression of political commitment. How is it generated?

As regards the first factor, this is manifest in the beneficiary’s participation in the project cycle from the preparation and implementation of an intervention through to its monitoring. In practical terms this means the beneficiary devoting staff to design the programmes or interventions, partner the expert teams working on implementation, and actively participate in the monitoring exercise, including follow up of project/programme results once the assistance is finished. Secondly the commitment of national funds to co-finance the assistance is a simple measure to ensure that the beneficiary really wants what it is getting. Should the first two elements of ownership be in place, the third element – putting the results into practice – should follow automatically, as the beneficiary has a project that directly addresses its needs and into which it has invested into own time and money.

For CARDS, the implications of this have been significant. Firstly, the centralised programming approach largely excluded beneficiaries from the preparation of the programmes and projects they were to benefit from. Interventions were mainly donor-defined and designed. At best, beneficiaries were consulted, at worst they were presented with a ready-made project or programme. Thus they were unable to devote the kind of time needed to ensure that they felt the programme or project was their own.

Secondly, it was very often the case that beneficiary institutions didn't have the capacity to participate in implementation of the assistance. This resulted in TA support focusing on delivery of outputs to ensure contractual compliance and demonstrate 'effectiveness'. Finally monitoring was carried out both internally by the EAR and/or externally via ROM. In neither case were the beneficiaries involved in any way and seldom had access to its outputs.<sup>34</sup> Furthermore, CARDS did not contain any co-financing element. Therefore it was "free assistance" which the beneficiary could accept without any real financial (and by extension political) implications for themselves. Therefore beneficiaries felt little concern in not implementing CARDS-financed reforms which they often perceived as alien and into which they had not invested any national funds themselves.

Given the set-up of CARDS, there was little chance that it could, in itself, build ownership. Indeed, it was designed in such a way to discourage ownership of results. It should therefore be no surprise to see such limited sustainability among IB interventions in countries where a driving factor like EU accession is absent. This shortcoming has been a defining factor in nearly all the CARDS IB assistance covered in the evaluation.

***Ownership was much more likely to manifest itself among investments targeting reconstruction and related infrastructure.*** Here, the evident need prevailed over any inclusive programming and implementation process and the beneficiary had their (usually tangible) need met quickly. Also, ownership was also stronger where it coincided with a strategic objective of the beneficiary government or beneficiary institution. The case study of the Serbian energy sector provides a good example of this (See Box 23). The CoA also identified this as good practice of ownership in its 2007 report on CARDS management.<sup>35</sup>

***Box 23: Sustainable CARDS support and ownership in action***

In the case of investments into the energy sector in Serbia, wider ownership of CARDS support was evident in a number of ways.

Firstly, political support for the stabilisation of energy supplies was unconditional. Secondly, the technical capacity of the beneficiaries was at a level that was compatible with the assistance provided by CARDS. The initial failure on the part of the EAR to recognise this competence led to a problematic implementation of the 2001 TENT A3 project.

Once this was overcome, the support provided by CARDS was easily absorbed by the EPS staff, with the result that the investments are now fully operational and properly maintained by EPS independent of any external assistance.

Thirdly, Serbian government funds have been used to co-finance CARDS investments e.g. Kolubara A5 rehabilitation in 2001/2 was funded with €M 18.5 from CARDS and €M 10.0 from EPS. The rehabilitation of TENT A5 unit was funded €M 58.0 from CARDS and €M 7.0 from EPS. This co-financing was not obligatory but ensured that the intervention met its goals and demonstrated the state's willingness to commit funds to this area. This is linked to the fact that CARDS assistance directly complemented government strategy devised at

<sup>34</sup> Ibid paragraph 107 p. 25

<sup>35</sup> See No 5/2007 CoA Special Report on CARDS, article 47 and box 6

the start of the 2000s. It was also followed up by further IPA support that continued to upgrade these facilities and improve their environmental performance.

However, the picture is not wholly positive. Where CARDS support attempted to reform the functioning of EPS and initiate reforms in the sector that did not coincide with political or institutional interests, these interventions met with little success and for the most part delivered few sustainable results. The objective of CARDS to bring about the liberalisation of the Serbian energy market in this respect is likely to remain unfulfilled for some time to come.

There is evidence that in Montenegro, this centralised approach to delivery of CARDS did not seriously undermine ownership, although this appears to be largely due to specific conditions prevailing there (see Box 24).

***Box 24: Better ownership of CARDS results in Montenegro***

As elsewhere, CARDS in Montenegro reduced the local beneficiaries to passive partners in the programming exercise. This may have been expected to have reduced the buy-in from local stakeholders into the individual projects themselves and thus negatively affected ownership of results. Indeed the previous country CARDS evaluation noted “mixed ownership” of the assistance that it assessed. Whilst caution is necessary in generalising findings based on the evaluation sample, evidence both from ROM reports and the evaluation field mission indicated that ownership was, for the most part, fairly strong. Aside from outputs from assistance (such as training programmes, guidelines etc.) still being used by their final beneficiaries, wider ownership at governmental level was also apparent. The reasons for this were given as primarily the good quality of expertise in the EAR office in Podgorica and the close informal links between them and their counterparts in the Montenegrin administration, which facilitated extensive informal consultations on project preparations.

***Funds for operating and maintaining investments were crucial for securing sustainability.***

As noted in the previous chapter, investments into reconstruction were for the most part found to be sustainable thanks to a range of factors, not the least of which was the willingness of beneficiaries to finance their operation and maintenance after their completion.

Nevertheless this issue posed a major challenge for many beneficiaries, especially municipalities, whose budgets are traditionally limited. This problem was observed in certain sectors such as environment and in specific countries. In Albania especially, it was evident that beneficiaries had very little money to cover the costs of running equipment purchased under CARDS (the evaluation sample contained two examples of this from metrology and environmental monitoring equipment). It was also reported that investments into transport and environmental infrastructure had not been maintained and, in the absence of national funds, IPA and other donor funds had been approached to finance their repair.

The challenge was particularly evident with major environmental investments, particularly for waste management. Whilst not directly included in the evaluation sample, it was clear that such facilities now face major challenges for sustainability. This is due to their expensive

operational and maintenance costs, the limited funds of their operators (usually municipality-owned companies) and problems related to passing these costs onto the end users. This final factor is linked to political willingness to increase the prices paid for municipal services to local residents. More often than not, this was reported to have not happened due to short-term political considerations prevailing over broader long-term benefits. This problem also noted in Montenegro with water investments and municipal infrastructure in FYR Macedonia.

In Kosovo, however, CARDS-funded local infrastructure (non-environmental) was reported as being sustainable thanks primarily to a change in legislation. Kosovo municipalities have for the last four years been able to set aside part of their annual budgets for maintenance and operational costs of investments, including those financed under CARDS and successor interventions.

***The departure of trained staff out of state institutions and the lack of effective strategies to mitigate this debilitating phenomenon was a common feature that to varying degrees undermined the sustainability of capacity building assistance.*** Staff turnover was a common feature of the civil services in CARDS countries. This problem influenced the sustainability of capacity building efforts as it reduced the effectiveness of knowledge-building interventions and prevented an accumulation of experience in the management of EU and other donor assistance.

***In some CARDS countries, staff turnover, whilst prevalent, was not a serious threat to sustainability.*** In Montenegro and Croatia, loss of staff was not perceived as a serious problem. In Montenegro evidence suggested that staff turnover, whilst a reality, had not fatally eroded the sustainability of the assistance. It was found that many of the key individuals who had been involved in CARDS were either still in post, or had moved from expert level to middle or senior management within their institutions. As a consequence, the knowledge acquired by the institutions in question under CARDS had not been lost. Indeed, it seemed as though this knowledge was being maintained and extended internally through the state public administration training centre or externally through IPA-funded institution building interventions.

In both countries (as well as in Serbia) it was observed that several key staff involved in CARDS assistance had either become senior administrators or politicians and had taken not only the skills with them and applied them to their new positions, but had also increased their awareness of the need for change and had used this to influence administrative and political behaviour. This increased political commitment boosted 'ownership' and by extension CARDS sustainability.

***In other counties, this issue was noted as being a serious threat to the sustainability of capacity building assistance.*** High levels of staff turnover have seriously undermined the

sustainability of CARDS IB assistance in Kosovo and Albania and other CARDS countries to a lesser degree. This was evidenced by the difficulties encountered during the evaluation in locating representatives of CARDS beneficiaries in these countries. In the case of Kosovo and Albania very few of the officials involved in the evaluated CARDS projects (some of which had finished only in 2010) were still in post and this loss of staff had largely erased any institutional memory within these institutions. In the case of one beneficiary, it was reported that 80% of staff had left the institution since the completion of CARDS assistance in 2009. This phenomenon was not new - the ad-hoc evaluation of CARDS in Albania, written in 2008, found that *“High staff turnover has very damaging effects on sustainability and dilutes the impact of the assistance as key outputs and knowledge may be lost or training may have no or little effect on the institution when the trained staff are no longer there”*.<sup>36</sup>

***Despite this gloomy assessment, some bright spots still were noted.*** In the beneficiary countries, this brain drain resulted in CARDS-trained public officials leaving for jobs in the private sector – reportedly often to work as consultants on other donor-funded projects. In this respect their capacity has not been lost totally and the knowledge and skills base in the CARDS countries has been boosted somewhat.

In Croatia and Kosovo, efforts to prevent the loss of skilled staff were noted as having met with some success. In both cases a programme of scholarships for young public officials to study at EU universities on the condition that they return to their home institutions seemed effective at ensuring that these public administrations had a cadre of well educated (albeit fairly inexperienced) staff at its disposal for a period of up to 5 years after the completion of study.

***Any efforts to promote economic development were highly susceptible to external factors, primarily the prevailing economic climate.*** The global economic crisis evidently wiped out any modest impact that CARDS may have achieved in this area. It also forced CARDS countries to introduce budget cuts into areas such as the public service resulting in wage cuts and layoffs as well as smaller budgets to cover maintenance and operating costs of investments. It was reported as having the additional effect of stalling any moves on the part of the government to push through any wider reforms in the area of privatisation, de-regulation and pricing of public services.

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<sup>36</sup> P. 24, paragraph 146



### 3.2.6. EQ 6: Relevance and efficiency of implementation modalities

CARDS was implemented using the de-concentrated implementation system. The national programmes were managed through either EC Delegations or European Agency for Reconstruction offices located in the beneficiary countries. The regional programme was managed centrally at EU Headquarters in Brussels. Table 8 below provides an overview of this arrangement.

Country	Implementing body
Albania	EC Delegation (devolved to two external implementing agencies via Indirect Centralised Management from 2008-9)
Bosnia	EC Delegation
Croatia	EC Delegation/Central Finance and Contracting Unit
Kosovo	European Agency for Reconstruction
FYR Macedonia	European Agency for Reconstruction
Montenegro	European Agency for Reconstruction
Serbia	European Agency for Reconstruction
Regional Programme	Central Management (Brussels)

***The CARDS implementation modality was in general both flexible and efficient in programming and implementing assistance.*** In general, CARDS was implemented very efficiently and effectively by the ECDs and the EAR.<sup>37</sup> It was particularly good at addressing the urgent need to contract assistance quickly at the start of the CARDS programme, when reconstruction and humanitarian needs in many countries were acute and speed of delivery was essential. The bulk of assistance at this time involved provision of emergency assistance, and overseeing the repair or construction of physical infrastructure. This good performance was also recognised by the CoA report of 2007.<sup>38</sup>

***The EAR played a central role in the efficient delivery of CARDS early on.*** Evidence indicates that the EAR in particular responded well to the challenge of providing rapid assistance in a fluid and unpredictable environment. Its offices were invariably well staffed and had at their disposal experts such as engineers well suited to these challenges. As a result, the period from 2001 to 2003 was reported as being a time when CARDS was delivered swiftly and largely successfully to the beneficiary countries.

***No significant differences in performance between EAR and ECD, only between the CARDS countries. However, one factor unites them – nearly all funds were contracted and***

<sup>37</sup> This finding was corroborated elsewhere. For example, the EC 2009 ANNUAL REPORT ON PHARE, TURKEY PRE-ACCESSION INSTRUMENTS, CARDS AND THE TRANSITION FACILITY found that “management performance of CARDS programmes in the beneficiaries was overall, satisfactory” (paragraph 2.1)

<sup>38</sup> See CoA “Special Report No 5/2007 on the Commission’s Management of the CARDS programme” articles 31, 34, 35

**disbursed successfully.** There were no notable differences in the performance of the two entities (ECD vs. EAR) implementing CARDS. However, there were variances in the efficiency of the implementation in the individual CARDS countries. These are outlined below:

The implementation modality used for CARDS in **Montenegro** was efficient both in programming assistance and in its implementation. As regards the contracting of assistance, there was no consistent evidence where assistance was seriously delayed due to difficulties in the contracting process.

In **Croatia** CARDS was managed by the EUD. In the main the process of both programming assistance and implementation was efficient, there were no indications that projects were seriously delayed due to contracting difficulties. Elements of the DIS were gradually introduced from CARDS 2002 onwards. This helped to prepare for the requirements for the upcoming PHARE programme and supported the development of the Central Finance and Contracting Agency of the Ministry of Finance (CFCA), which managed pre-accession support thereafter. The contracting of remaining CARDS assistance under DIS resulted in high percentages of commitment compared to the first generation of pre-accession programmes. Implementation of the CARDS projects in Croatia finished by the end of 2009.

Channelling the CARDS funds through the EAR in **Serbia** was a good and efficient approach to enable swift response to the needs of the country at the time CARDS was operational, which was also confirmed through interviews with relevant stakeholders in the country. However, the previous CARDS country evaluation found that “efficiency was moderately unsatisfactory.”<sup>39</sup> The Evaluation reveals that the “availability of inputs and resources for the analysed sectors was generally satisfying” and that the implementation started in the majority of cases on time, while there were no substantial delays in receiving EC or national funding. However, the evaluation finds that the delivery of outputs was delayed mainly due to influence of political changes in the country (national elections, government changes).

The ECD to **Bosnia and Herzegovina** led the activities for programming and implementation of the assistance, with limited inclusion of the Bosnian government until the 2005 programming year. Efficiency of the programmes was reported as good, with rates of contracting and implementation high due primarily to the minimal involvement of the national authorities in the procurement process.

In the case of **Macedonia**, the involvement of the performance of the EAR was considered beneficial. In the main, efficiency was as good as in other countries where the EAR was active. The delivery of outputs was sometimes delayed across the various sectors, despite

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<sup>39</sup> Retrospective Evaluation of CARDS Programmes in Republic of Serbia, p 2

timely delivery of inputs and no delays being noted in receiving EC or national funds<sup>40</sup>. There were sometimes long periods between the planning and implementation stage that slightly influenced the implementation of interventions in the field. There were also delayed procurement procedures caused by repeated tenders and lengthy equipment delivery caused by prolonged EAR administrative procedures. In some interventions, implementation was hampered by slow decision-taking of Macedonian stakeholders and late signing of required documents (notably tender documents), which delayed project progress. However, the professional work of the EAR usually was able to cope with all these challenges and thus ensured largely efficient operations.

CARDS was implemented in **Kosovo** primarily through the EAR. This body was reported as being efficient at contracting assistance. The EAR was evidently well suited to programming and implementing CARDS support to a post-conflict society (especially the renewal of infrastructure). The absence of local counterparts on the Kosovo side – due to the national administration’s nascent character – justified this approach.

In **Albania** CARDS assistance was under the EC (now EU) Delegation using the de-concentrated implementation regime. Prior to this the assistance programme under Phare was fully centralised. The process of de-concentration of the programme to the ECD in the early years of CARDS was lengthy and resulted in a substantial backlog of projects stuck in the contracting phase.<sup>41</sup> This in turn delayed the actual implementation of the individual interventions, eroded their original relevance and necessitated their updating at the start of (and in some reported cases in the course of) implementation.<sup>42</sup> This was a persistent characteristic of CARDS implementation in Albania and dogged the delivery of nearly all the assistance. This persistent inefficiency was ultimately resolved in 2008/9 by outsourcing the contracting of assistance to an external implementing agency via the so-called Indirect Centralised Management (ICM) procedure.<sup>43</sup> This cleared the backlog of un-contracted assistance and improved the efficiency of the contracting process. Ultimately this ensured that the bulk of CARDS funds were contracted and disbursed in line with original allocations, albeit with significant delay.

**Statistical evidence backs up these assessments.** The evaluation gathered figures from the most consistent and up-to-date source available i.e. the European Commission’s 2010 Annual Report on Phare, Turkey Pre-Accession Instruments, CARDS and the Transition Facility to assess whether feedback from documentary sources and the field corresponded with hard facts. As can be seen from the Tables below, this is the case.

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<sup>40</sup> See Retrospective Evaluation FYR Macedonia

<sup>41</sup> See synthesis report of “Evaluation of the assistance to Balkan countries under CARDS Regulation 2666/2000”, p. 19

<sup>42</sup> See Ad Hoc Evaluation of CARDS Programmes in Albania, pp. 12-14

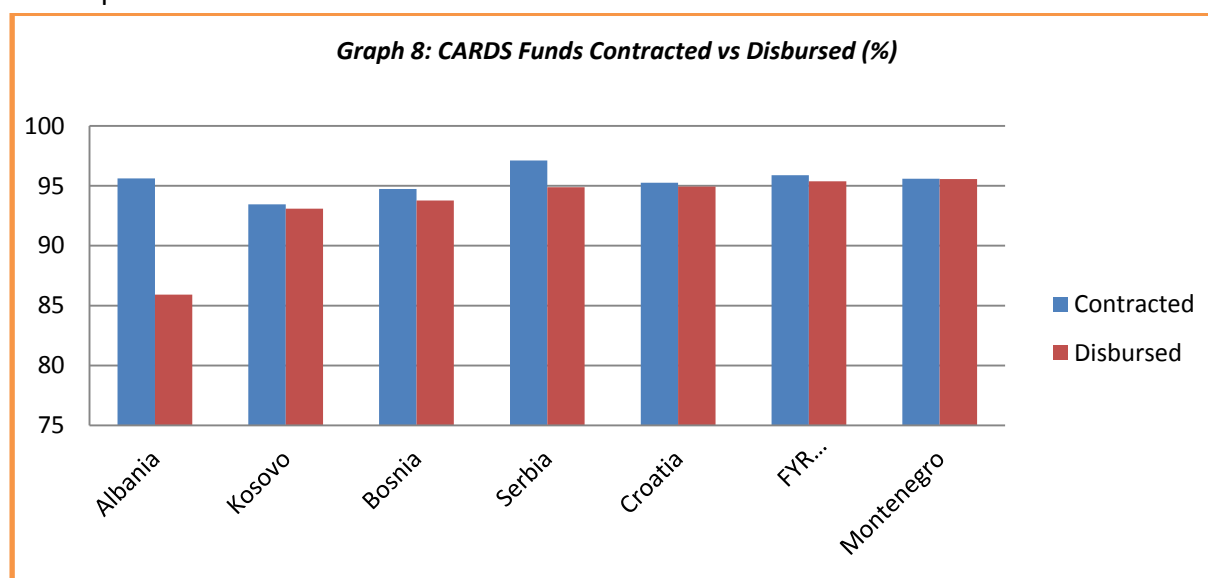
<sup>43</sup> the EUD ‘cedes’ the management and implementation of part of the IPA intervention to a member state

Country/Year	2001	2002	2003	2004	2005	2006	Total
Albania	97.55	96.48	98.26	91.08	94.48	95.84	<b>95.62</b>
Bosnia	93.24	93.44	91.09	96.86	97.25	96.58	<b>94.74</b>
Croatia	97.44	92.82	96.07	94.96	95.51	94.74	<b>95.26</b>
Kosovo	99.65	80.78	93.38	95.44	95.15	96.32	<b>93.45</b>
FYR Macedonia	97.95	98.55	96.18	95.43	94.72	92.52	<b>95.89</b>
Montenegro	100.00	95.83	99.08	97.49	87.46	93.67	<b>95.59</b>
Serbia	100.00	96.65	97.16	99.17	97.89	91.50	<b>97.12</b>

The Table 9 above shows that contracting rates of CARDS assistance were universally high, irrespective of whether the programme was managed by the EAR or ECD (EAR countries are shaded). Serbia performed best overall, with Kosovo the “worst”. These differences are not of great significance given the volumes of funds managed and complexity of the implementation approach.

Country/Year	2001	2002	2003	2004	2005	2006	Total
Albania	94.60	95.34	97.14	84.18	80.12	64.12	<b>85.92</b>
Bosnia	93.24	93.44	91.05	96.55	95.34	92.97	<b>93.77</b>
Croatia	97.44	92.73	96.07	94.96	95.51	92.91	<b>94.94</b>
Kosovo	99.65	80.78	92.81	95.39	94.59	95.29	<b>93.09</b>
FYR Macedonia	97.95	98.55	96.18	95.33	94.56	89.69	<b>95.38</b>
Montenegro	100.00	95.83	99.08	97.49	87.28	93.67	<b>95.56</b>
Serbia	100.00	96.65	97.11	98.13	95.26	82.10	<b>94.88</b>

Disbursal rates are also for the most part high, although here the figures are not the same across the board (see Table 10). For example, Albania has by some distance the lowest total rate of disbursement (86%) whilst Montenegro has the highest (95.56%), which is a 10% better performance.

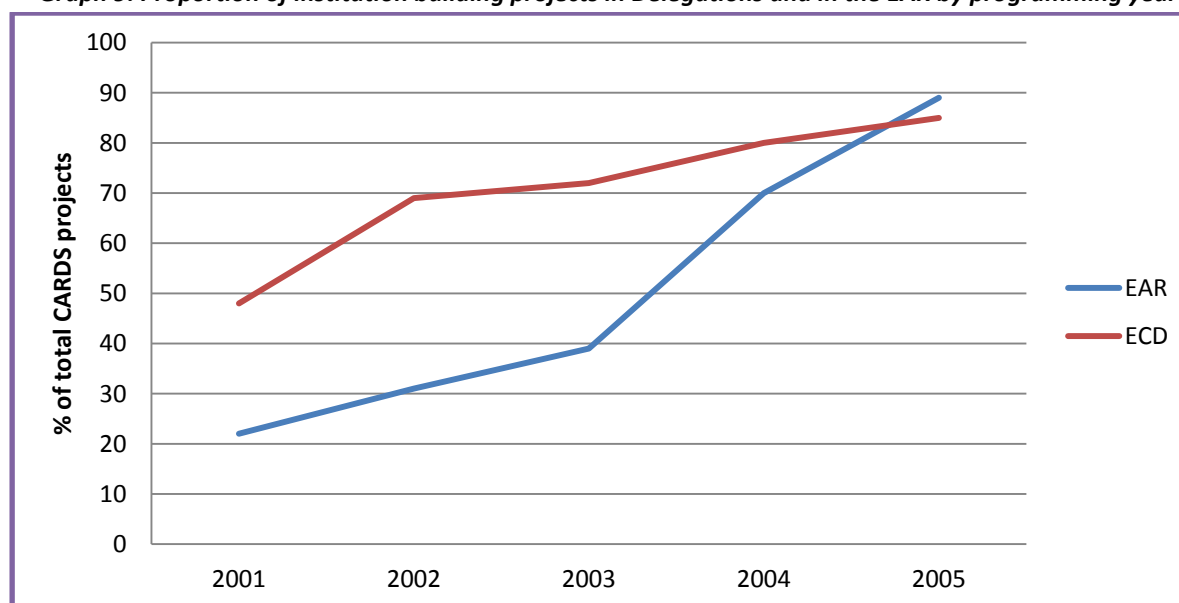


To illustrate this variance, Graph 8 above gives a comparison of overall contracting and disbursement rates. It shows that there is a notable performance gap in Albania and to lesser extents in Kosovo, Bosnia and even Serbia.

***The centralised approach was relevant in the early years of CARDS, but failed to match changing needs as assistance moved towards institution building.*** This modality was well suited to the earlier years of the CARDS programme, as the needs on the ground were evident and immediate and there was often an absence of capacity in counterpart institutions. There was, however, an evident trade-off between efficiency and inclusivity. With the move away from emergency relief and reconstruction towards institution building, such a modality became less appropriate, as there was an increased need for a more participative and inclusive approach that encouraged the beneficiary side to take a more active role in decision making over the assistance.

This posed a challenge in particular for EAR – it was established to primarily ensure the physical reconstruction of the target countries and had limited experience of institution building and the types of assistance used to deliver it, especially twinning. This transformation of assistance and the change in the nature of CARDS support for the EAR is highlighted in the graph below. Although this change didn't have any significant impact on the efficiency of the contracting process, it was reported that it did influence the way in which assistance was prepared.

**Graph 9: Proportion of institution building projects in Delegations and in the EAR by programming year<sup>44</sup>**



A key element was how needs assessments were conducted in the preparatory phase of projects where it was reported that these were often conducted only superficially. In the early period of CARDS the humanitarian and reconstruction needs were evident and the programmed assistance for the most part successfully targeted these. Once the shift moved away from these investments, the need for more rigorous needs assessments of the conditions to properly absorb the institution-building (IB) and other forms of 'soft' assistance

<sup>44</sup> Source: CoA "Special Report No 5/2007 on the Commission's Management of the CARDS programme"

grew (see Graph 9). However, this was evidently not done to the extent required. Previous evaluations (both external and EAR's own internal) as well as primary sources confirmed this.<sup>45</sup>

***With the change of focus to institution building, the appropriateness of the CARDS implementation system reduced.*** While it had its positive sides in responding to urgent needs, the centralised implementation approach used for CARDS diminished the potential as a learning tool and for building ownership of results of beneficiary governments. The role of beneficiary institutions tended to be consultative or passive, and the government was not systematically included in programming and monitoring of the assistance. Their involvement was invariably limited to being consulted on programming priorities and cooperating with implementing agencies in the process of implementation of projects. As noted in the 2004 CARDS evaluation *“Government stakeholders, contractors and EU Member State representatives indicate that beneficiaries had too little influence on programme design and project development.”*<sup>46</sup>

Furthermore, beneficiaries had no involvement in or access to the monitoring function. This seriously restricted their chances to accumulate knowledge from learning by doing and deprived them of the chance to develop their own programming, contracting and monitoring capacities. Furthermore, the tendency to provide beneficiaries with ready-made solutions to their perceived problems often led to a troubled implementation of interventions and, to varying degrees, affected their ownership over results.

In some cases, the situation improved with the programming of 2005/06 assistance, whereby the governments were included more systematically into the process. While these measures came rather late in the CARDS programme, still they were beneficial in preparing to some extent the governments for IPA programming. However, this was not a common feature for all countries.

***Participation in the implementation of CARDS assistance provided beneficiaries with the opportunity to acquire skills in management of projects.*** Once CARDS interventions entered the phase of implementation, beneficiaries had the opportunity to participate directly in the delivery of the assistance. Evidence from ROM reports and from direct interviews with former CARDS beneficiaries indicates that this aspect of CARDS was highly beneficial from a number of perspectives. It encouraged their planning and strategic thinking, posed practical challenges in implementing the assistance and also in making the best use of the project outputs. Thus it provided skills and experience that would serve the CARDS beneficiaries well for their own work as well as for making use of future EU assistance. It was reported to the evaluators that as a result of CARDS assistance, the transfer from EAR to IPA implementation

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<sup>45</sup> See for example EAR evaluation (EU/11/051/07) on Institutional Capacity Building support (Kosovo), March 2008 p. 26

<sup>46</sup> CARDS evaluation Synthesis Report: Volume I, June 2004 p. 27

was not as difficult as expected, as the beneficiaries in a number of countries had evidently learnt valuable lessons from CARDS implementation. This benefit was noted both within the direct beneficiaries of the assistance (such as ministries, agencies and municipalities) and among those bodies coordinating external assistance.

***However this only occurred where institutional capacity within these bodies was of adequate quality and relatively stable.*** This positive benefit of experiential learning was only possible where there was sufficient capacity on the side of the beneficiaries to absorb the skills on offer and to retain these skills (in the form of trained staff). The evaluation identified these inhibiting factors primarily in Kosovo and Albania.

In the case of Kosovo, the shortage of experienced staff, a public administration in its infancy and a country lacking human capacities in all fields, reduced the absorption capacity of beneficiaries to a bare minimum. This would have been possible if the cadre of staff training in project management had remained stable. However, this was not the case and meant that benefits of implementation were not felt to any great extent.

In Albania severely limited capacity within beneficiaries was observed both during this evaluation and in previous ones,<sup>47</sup> both in terms of programme coordination and management. Although Albania had potentially better absorption capacity, this was seriously undermined by the endemic staff turnover within the Albanian civil service and the lack of consistent policy focus at governmental level. Just to illustrate this problem, it was reported by ECD staff that, on average, SPOs held this position for roughly 12 months before being replaced.

***The regional programme had a specific implementation regime with specific challenges.*** As with other regional or multi-beneficiary programmes, the CARDS regional programmes, with some exceptions, were managed directly by the Commission via centralised direct management. During most of their implementation, the regional programmes were managed jointly by DG RELEX and DG AIDCO. In the beginning of 2005, DG ELARG took over responsibility for the management of the programmes from the other two Directorates-General. In order to manage the CARDS regional programmes, the Commission consulted regularly with the governments of the CARDS countries, civil society and other stakeholders and donors (Council of Europe, United Nations, Organisation for Security and Co-operation in Europe, bilateral donors, IFIs, Stability Pact later Regional Co-operation Council).

***Limited beneficiary involvement in the design of the programme was evident.*** The fact that beneficiaries were not sufficiently involved in the design of the priorities of the programme has been confirmed by various evaluations and stakeholders. This was due to the lack of a mechanism of consultation, but was introduced later on by DG ELARG. In the first years of

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<sup>47</sup> See Ad Hoc Evaluation of CARDS Programmes in Albania 2008, pp. 6, 14, 18 for examples of this.



CARDS the EAR was perceived as the main point of reference for the regional programme in the countries under the EAR mandate, although in practice their actual involvement was limited. This was pointed out by the CARDS Evaluation carried out in 2004. The level of involvement of the EC Delegations in designing the regional programme was very low or non-existent. The situation improved somewhat when DG ELARG took over the CARDS programme from DG AIDCO in 2005. From 2007 onwards National Aid Coordinators (NACs) and (later National IPA Coordinators - NIPACs) were more involved in the process and took part in regular coordination meetings organised by the regional programmes' unit of DG ELARG.

***A high degree of centralisation of the CARDS regional programme was a key weakness of the programme.*** The CARDS regional programmes are perceived as having been too centralistic and it did not facilitate “buy-in” from beneficiaries, particularly due to the lack of consultation that characterised the programme in the early days. It is worth noting that in the course of the current evaluation it was evident that although the current IPA regional programme is also a centralised programme, the stakeholders stated that they felt more involved.

***Otherwise, the efficiency of the programme can be considered acceptable.*** As confirmed by various ROM reports at that time, the results and outputs delivered by the regional projects were normally produced at a reasonable cost, considering the peculiar aspects of the regional projects. A comparison with national project cost structure would be misleading since the particularities of regional projects make them more expensive owing to high travel and logistics costs and other coordination costs (translations etc.). When delays occurred they were caused by procurement procedures lengthier than expected or by contractors that sometimes struggled to hire the human resources needed for the project or meet deadlines agreed with the Commission.

### 3.2.7. EQ 7: Coherence and complementarity with other donor/ national assistance

**CARDS assistance was largely complementary to other donor assistance where coordinated by the EU.** In particular during the first years of CARDS, donor co-ordination was particularly challenging in the Western Balkans because of the high number of donors and the existence of two agendas: the accession agenda of the EU; and the development, poverty reduction agenda of the World Bank, UN and an increasing number of agencies of EU Member States. Complementarity of CARDS national programmes was usually ensured by the European Commission Headquarters and EUDs in the recipient countries. This has been observed particularly in the early years of the programme where strong donors and weak beneficiaries were the norm and donors for the most part managed the coordination process themselves.

In those CARDS countries operated by the EAR the presence of the EAR Operational Centres played a constructive role in donor co-ordination and in general ensured that a high degree of complementarity and coherence was achieved in the delivery of CARDS assistance. Often the EAR local branch was the starting point for discussing complementarity and synergies with other donors.

**Notable differences in effective donor co-ordination by beneficiaries are evident.** In 2007 the CoA Special Report found in the various CARDS countries almost no evidence of leadership by the recipient countries or of any actions by donors to encourage beneficiary country leadership. The only initiative at that time was visible in Albania. Albania, through its donor coordination mechanism based at the Department of Strategies and Donor Coordination at the Council of Ministers, had been able to effectively coordinate the inputs of external donors. Albania had a strong interest in an indigenous donor coordination mechanism which proved rather effective.

On the other hand, coordination of external assistance programmes in Kosovo including the CARDS programme was almost wholly donor-led. This was inevitable at the start of the programme, with UNMIK running the national administration. Kosovo remained de facto in the hands of large influential donors which had a tendency to compete rather than complement one another. Other CARDS countries had certain donor coordination mechanisms but these did not always work satisfactorily, mostly due to prevailing internal political arrangements.

**The picture became more complex as beneficiaries strengthened their own coordination efforts and the donor landscape streamlined, with many donors withdrawing from CARDS countries.** Over time the EU called for more intense efforts from the beneficiary countries to better coordinate their policies with other donors active in the same sector or liaising with the same government counterpart. In most countries the donor co-ordination process prevailing at the beginning of the first generation of IPA implementation has been found

better organised and the donor dialogue more structured compared to the early days of CARDS. However, with the phasing out of many donors from the Western Balkans the achieved progress in donor coordination might become largely redundant in the view of beneficiary countries.

***In the main the regional projects were complementary and coherent with national CARDS projects.*** The prevailing strong centralised approach ensured that the Commission Headquarters could safeguard a strong degree of coherence and complementarity both of national and regional programmes in the target region. Following the transfer of management responsibilities to DG ELARG, the Commission made significant efforts to enhance coordination and cooperation with IFIs operating in the region. Within this context, in March 2007 an IFI Advisory Group was created focusing on South Eastern Europe, which later on received technical support under IPA (IFI Coordination Office in Brussels). Most of these activities in the longer run positively impact on the quality of investment policies and support programmes for the Western Balkans. Increased coordination and cooperation of EC and IFIs will also allow for a more efficient use of public funds being delegated to the target regions.

### 3.3. CONCLUSIONS AND LESSONS LEARNT

#### 3.3.1. On CARDS implementation

***A centralised and directive approach to programming, contracting and monitoring is an effective and efficient approach under specific circumstances, such as emergency assistance and reconstruction.*** The programme was well suited to responding to the urgent needs of countries in a post-conflict setting. However, there has been also some downside. The lack of inclusion of beneficiary governments in these key aspects of programme management reduced the potential for building their ownership over results and also diminished the potential for learning by doing. The centralised nature of the programme, whilst essential in its very early years, should have been changed once the main humanitarian and reconstruction challenges had been met.

#### 3.3.2. On strengths and weaknesses of the assistance

***The main strengths of the assistance have been threefold.*** Firstly, the efficiency of the EAR in programming and delivering support was clear. This was very much the case in the earlier stages of CARDS especially with infrastructure, but was also evident in later programme years. Although it did this at the expense of greater beneficiary participation, the evidence indicates that not only did the EAR do its job efficiently, but it also developed interventions that in the earlier years of the programme addressed real needs and delivered sustainable results.

Secondly, CARDS for the most part delivered good quality results and has left much behind that is still in place. This is related to good quality programming, where actual needs on the ground were identified and translated into largely effective assistance.

Thirdly, CARDS made a contribution to raising awareness among beneficiary officials and policy makers of new concepts and establishing them in practice. These include inter-institutional cooperation among departments, ministries and in the case of certain sectors such as IBM, national administrations; making these institutions aware of issues that they themselves were unable to fully perceive or conceptualise; and establishing basic concepts of planning and strategic thinking that had been hitherto absent.

***The main weaknesses of the assistance have been also threefold.*** A lack of involvement of the beneficiary institutions in the programming, monitoring and evaluation of CARDS was a major failing. They were thus unable to develop their own capacities in these areas ahead of IPA, which demanded of them much greater participation (especially in programming). Partly

as a result of this, the capacity of beneficiary institutions to programme IPA assistance remains weak to this day.

CARDS often programmed over-ambitious IB interventions that had objectives which were more aspirational than realistic. There was also a heavy focus on outputs and benchmarks, where less ‘tangible’ but more effective and sustainable approaches would have been appropriate.

The lack of a co-financing element in IB represented a missed opportunity to promote “ownership” and thus sustainability. On a case-by case basis, obligatory co-financing, based on realistic financial possibilities and the nature or the characteristics of the assistance provided could have helped to develop a stronger-buy by those institutions benefitting from IB support.

### **3.3.3. On better alignment of assistance with reforms**

#### ***The CARDS programme took a pragmatic approach to align the assistance with reforms.***

CARDS was developed and implemented in a rapidly evolving political and institutional environment, where beneficiary institutions were often either non-existent or starting to emerge. Thus the programme in its early years could not wait for a reform agenda to emerge. Once it did, the programme changed in character towards institution building, which was both logical and appropriate, given the changing needs of the beneficiary side. Later programmes and projects contained more realistic objectives that reflected the reality on the ground. Evidence from this evaluation tends to suggest that CARDS assistance was fairly successful at supporting reform processes within the various national administrations. The extent to which it was successful in this refocusing varies by country, sector and even individual beneficiary.

### **3.3.4. On assistance that achieved the most sustainable results**

***Infrastructure rehabilitation and/or construction has achieved the most sustainable results.*** This is because the needs were evident and acute, and required a fast and well organised response from the programme. Assistance to infrastructure brought quick, tangible and sustainable results that were very much needed at the time of assistance. The institutions to a large extent show (even today) an ability to maintain and upgrade the infrastructure. This is particularly evident in the energy sector. However, even more fragile IB support often appears to have delivered surprisingly durable results. Those IB projects supporting politically sensitive issues (such as public administration reform) seem to have encountered greatest difficulties and it can perhaps be said that CARDS did least well here.

### 3.3.5. Lessons relevant for future IPA implementation

***A programming framework simple and stable throughout the duration of the assistance programme underpins effective and flexible programming of assistance.*** A simple and stable programming framework facilitates the development of assistance programmes that can react flexibly to a rapidly changing external environment and also allow for the development of successive interventions based on the performance of previous assistance.

***Setting realistic objectives and designing appropriate interventions to deliver them would have potentially ensured more robust impact – especially for IB assistance.*** It is essential to take into account the fragile environment in which assistance is being implemented and the limited capacities of the counterparts. Linked to this, the design of assistance should not be too ambitious or fail to take account of the realities in which the interventions are going to be implemented. This is particularly important in countries with particularly weak or unstable public administrations, where limited administrative capacity and high staff turnover appear as endemic problems.

Programmes should be built on individual interventions that focus on a clear and achievable change that may only to a limited extent contribute to meeting the wider objectives of the programme. By implication this means that, if necessary, project objectives need to be modest in both scale and budget, and set against longer timeframes for both the delivery of assistance and the manifestation of effects/impacts.

***As discussed extensively within the report, a notable characteristic of CARDS IB assistance was a focus on delivering outputs and meeting benchmarks at the expense of engendering real results or effects. Future programming efforts need to take this issue into account, particularly in countries where absorption capacity of assistance is likely to be low.*** For example, standard forms of expert-driven technical assistance should be counterbalanced by support focused on directly supporting decision makers via coaching, mentoring, peer-to-peer support and the like. This is particularly appropriate where beneficiaries are weak or the environment in which the assistance is being delivered is susceptible to risks. Twinning assistance has demonstrated that it offers significant potential for the provision of support of this kind.

Furthermore, a couple of related factors are also worthy of consideration. Firstly, limiting interventions that target multiple beneficiaries (due to weak coordination mechanisms and entrenched institutional competition) would reduce the risk of assistance being bogged down in coordination difficulties and help strengthen ownership; the beneficiary would better identify with the desired change addressed by the intervention and thanks to the more participatory nature of IPA programming, the beneficiary would have much greater opportunity to build ownership of results as the intervention moves through the project cycle.

Secondly, making maximum use of feedback provided from monitoring and evaluation exercises when preparing such interventions/programmes would further reduce the risk of low impact and sustainability. E.g. the EAR evaluation of IB in Kosovo clearly stated that EU assistance to the country should be more developmental and long term in nature, and less input/output focussed, which in turn would increase the chances of larger visible impact.

The evaluators recognise that in the intervening period since the end of CARDS assistance, much has changed in the beneficiary countries as well as in terms of how EU assistance – primarily IPA - is structured. Also, the sectoral focus of IPA II makes some of the above proposals challenging to implement in practice. Nevertheless the volume of evidence from this and other evaluations suggests that these points are worthy of serious consideration when formulating sectoral programmes or specific interventions for IPA support.

***Future assistance should recognise the components of ownership and actively incorporate them in its design.*** The programming and implementation approach used for CARDS reduced the local beneficiaries to passive partners. The tendency to provide beneficiaries with ready-made solutions to their perceived problems often led to a troubled implementation of interventions and, to varying degrees, affected their ownership over results. Design of future similar programmes should strongly consider the need to ensure an adequate buy-in from local stakeholders and thus avoid poor ownership.

***Timeframes for the delivery of support should have been tailored to the challenges being tackled and local circumstances.*** In practice this would have meant often longer periods for the delivery of assistance. Project implementation, like overall development processes, hardly follows linear trends but is characterised by uncertainty and temporary instability. Building up trust and understanding takes time particularly in complex reform processes.

***Programming frameworks need to be accompanied by an adequate framework for performance measurement, monitoring and evaluation.*** Better quality programme and project documentation is a prerequisite for good quality monitoring and evaluation. Often poor programming documentation (sectoral and project fiches) made it difficult to measure the planned effects and impacts of assistance even at project level. Performance and result-orientation of the programme should be objectively assessed on the basis of a proper system of indicators of achievement.

***Twinning projects have been praised as a good modality to truly assist the government institutions in their work.*** CARDS introduced successfully the twinning instrument to a number of countries and administrations. Twinning is a preferred option to Technical Assistance as it entails true exchange of experiences and models, and demands more beneficiary commitment during preparation and delivery.



## 4. Annexes

## Annex 1: Terms of Reference

### 1. BACKGROUND

In order to meet respective priorities, during the period between 2000 and 2006 the assistance programmes supporting the beneficiary countries in Western Balkans (Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia) have been mainly financed under the CARDS Council regulation No 2666/2000 (Community Assistance for Reconstruction, Development and Stabilisation).

European Union assistance in Albania, Bosnia and Herzegovina and Croatia was managed by the Delegations in those countries. The European Agency for Reconstruction (Council regulation No 2667/2000-05/12/2000) was responsible for assistance in Serbia and Montenegro, including Kosovo, under United Nations Security Council Resolution 1244/99 of 10 June 1999, and the former Yugoslav Republic of Macedonia.

The Agency had its headquarters in Thessaloniki, and operational EU centres in Pristina, Belgrade, Podgorica and Skopje. The Agency continued its mandate until 31/12/2008. During the transitional period 2007-2008, it continued to implement on-going CARDS programmes while Commission headquarters and Delegations remained responsible for programming and managing interventions under IPA (which has replaced CARDS as of the 1st of January 2007), with the Agency providing the necessary support.

The CARDS programme followed 5-year Country Strategy Papers (CSPs) and 3-year Multi-Annual Indicative Programmes (MIPs), which set out the overall priority sectors and areas for the countries in the region. These priorities varied slightly from country to country as the circumstances and the needs differed. This was reflected in the annual action programmes prepared by the Agency for each country in order to detail the context, strategic framework and key sectors. The objectives of EU-funded programmes managed by the EAR were: (i) to support good governance, institution building and the rule of law, (ii) continue supporting the development of a market economy while investing further in critical physical infrastructure and environmental actions and (iii) to support social development and the strengthening of civil society.

The total sum of EC assistance managed by the Agency across its four operational centres amounted to € 2.8 billion at the end of 2007. The EAR had an evaluation unit as part of its Programming and Quality Assurance Division. Since its establishment in 2001, the evaluation unit completed more than 60 evaluations, focusing on some of the key areas for sustainable development, accession and integration into European structures. In addition, the CARDS programmes were subject to Result-Oriented Monitoring. Lessons learned from the evaluations for each country were synthesised by EAR, especially with regard to evaluations covering Good Governance, SME-Development and Civil Society. The contractor is advised to take into account the outcome of the EAR evaluations and the subsequent activities in the inception report. CARDS programmes in the countries covered by the Agency were last externally evaluated in 2004 (see references). The evaluation covered both national and

regional programmes in all Western Balkan countries concerned. The Court of Auditors also audited the Commission's management of the CARDS programmes. The Court found that devolved (by Delegations) and indirect centralisation (by the EAR) ensured the most efficient delivery of aid.

In December 2007, DG ELARG completed an ad-hoc evaluation of CARDS in Croatia and later on completed ad-hoc evaluations of CARDS programmes in Albania and Bosnia & Herzegovina. In parallel to this evaluation, DG ELARG also launched retrospective evaluations of CARDS programmes in Montenegro and Kosovo as well as Serbia and fYRoM. In 2008, ad hoc evaluations of CARDS regional programmes were also undertaken. The contractor for this evaluation shall take into account the results of the other evaluations of CARDS.

In order to ensure the accountability with respect to the value for money and the use of EU funds and to draw relevant lessons learned for decision making on improvements of pre-accession aid, an ex-post evaluation of CARDS (Council regulation No 2666/2000) is essential at this stage. As foreseen in the budgetary remark linked to the budget line 22.02.07.02, evaluations are planned for pre-IPA assistance as well as IPA. The ex-post evaluation is an important instrument to inform national and regional authorities, the general public, the European Parliament and other stakeholders. The evaluation will establish the impact of CARDS, assess the effectiveness and efficiency, and identify the added value and where applicable lesson for the future.

## 2. DESCRIPTION OF THE ASSIGNMENT

The beneficiaries of this evaluation are the EU and Western Balkans (Albania, Bosnia and Herzegovina, Croatia, Serbia, Montenegro, Kosovo, and the former Yugoslav Republic of Macedonia, which at the time of CARDS were referred as Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia). It is expected that findings and recommendations of this evaluation will provide lessons learned where relevant.

### 2.1 Global objective

The purpose of the *ex post* evaluation is to provide: (a) **accountability** with respect to the value for money and the use of funds; by reporting the findings and conclusions of the evaluation to the institutions of the European Union and to the relevant interest groups of the public at large in all member states (summative evaluation), and (b) **lessons learned** on financial assistance where relevant.

### 2.2 Specific objective(s)

The specific objectives of this evaluation are to:

1. Assess the impact and sustainability of CARDS funded interventions.
2. Provide lessons learned and recommendations for decision-making on improvements of future financial assistance where relevant.

## 2.3 Requested services

With regard to specific objective 1, the evaluation will cover EU financial assistance provided to the Western Balkan countries under CARDS (Albania, Bosnia and Herzegovina, Croatia, Serbia, Montenegro, Kosovo, and the Former Yugoslav Republic of Macedonia). The evaluators will focus particularly on effectiveness, impact and sustainability of financial assistance.

With regard to specific objectives 2, the experts will focus on support provided by the EU in order to gain a full understanding of EU interventions, and particularly where and why they have worked well, and where and why they have worked less well. On that basis, the evaluation will provide relevant recommendations to improve the design, programming and implementation of EU interventions, with the view to improving their relevance, efficiency, effectiveness, impact and sustainability.

The detailed content and focus of the report will be agreed upon with the Reference Group in the inception phase.

### 2.3.1 Evaluation questions

The evaluation will include a focus on the following questions categorised on the basis of objectives Impact and sustainability of CARDS funded interventions:

- How effectively had priorities/needs of the countries in the region been translated into programming of assistance based on the priorities identified in country strategy and programming documents?
- To what extent had financial assistance been effective in achieving results, and what possibly hampered its achievement?
- Had the immediate and intermediate results delivered by the evaluated assistance translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities linked to reconstruction and reconciliation? Can impacts be sufficiently identified /quantified?
- Were the results achieved sustainable and if not why?
- What was the impact of this assistance? Were there any additional/unexpected impacts? (negative or positive)
- Were the identified impacts sustainable?
- Were there any elements which could hamper the impact and/or sustainability of assistance?
- To what extent were the EC's chosen implementation modalities relevant and efficient?
- To what extent was the support provided by the EC instruments coherent and complementary?

Lessons learnt and recommendations to an extent relevant and applicable:

- Which lessons can be learned from the implementation of assistance?
- What had been the weaknesses and strengths of assistance?

- Could financial assistance have been better coordinated/ aligned with reforms to improve effectiveness, impact and sustainability?
- Which type of assistance and reforms achieved the most sustainable results under CARDS and the reasons behind that?
- What are the main lessons to draw in terms of implementation modalities and institutional setting that could be taken into account in the implementation of IPA?

The final version of the Evaluation questions will be agreed with the reference group at the end of the inception phase.

For each evaluation question there should be at least one appropriate judgement criterion, and for each such criterion the appropriate quantitative and qualitative indicators should be identified and specified. This, in turn, will determine the appropriate scope and methods of data collection. Besides specific answers, the evaluation questions should also lead the experts to produce an overall assessment of the EU's support on CARDS.

### **2.3.2 Suggested Methodology**

DG ELARG's Evaluation guide (attached) and DG Budget's guide "Evaluating EU activities – a practical guide for the Commission Services" provide guidance on good practices concerning conducting an evaluation (attached). In general, the evaluation should follow the steps described below:

#### **1) Desk Phase**

- Identification of a sample of relevant projects to look at;
- Collection and analysis of relevant documentation;
- Completion of the evaluation approach and methodology;
- Establish a list of contacts and sources of data for the field phase;
- Conduct preliminary interviews with the Delegations in countries concerned;
- Prepare and submit a draft inception report, which:
  - summarises the objectives, scope and outputs of the evaluation;
  - provides the final draft of the evaluation questions;
  - describes the methodological approach, including the judgement criteria;
  - presents a work plan for the field and reporting phases.

#### **2) Field Phase**

In this phase, the team will work in the region, and (non-exhaustive list of actions):

- Conduct interviews with selected stakeholders (Delegations, governmental and non-governmental beneficiary institutions) according to the workplan.
- Collect and/or generate data, as agreed in the assessment methodology.
- At the end of the field work, a de-briefing meeting will be organized in Brussels and in one of the countries to present preliminary findings, conclusions and recommendations stemming from the field and desk phase and getting relevant feedback.

### 3) Synthesis Phase

This phase is mainly devoted to the preparation of the evaluation report based on the work done during the desk and field phases, and the outcomes of the briefing meetings held at the end of the field work.

The experts will make sure that their assessment is objective and balanced. The findings should be verifiable and substantiated, and should be presented with the recommendations following a logical cause-effect linkage. When formulating conclusions, the experts should describe the facts assessed, the judgement criteria applied, and how this led to the findings and recommendations.

Recommendations should address the weaknesses and strengths identified and reported. Recommendations should be operational and realistic, in the sense of providing clear, feasible and relevant input for decision making. They should not be general but should address the specific weaknesses identified, clearly indicating the measures to be undertaken. Recommendations for action will be addressed to the Commission. However, where appropriate, the experts should specify the role of any actor other than the Commission, including beneficiary institutions, in implementing the recommendations.

#### 2.3.3 Reference Group

The experts will work in close cooperation with the members of an advisory Reference Group. The Reference Group will have the following main responsibilities:

- Guiding the experts during the planning and implementation of the evaluation;
- Assisting the evaluation manager (DG ELARG A3, Inter-institutional relations,
- Planning, Reporting and Evaluation Unit) on the evaluation activities;
- Providing an assessment of the quality of the work of the consultant, including endorsement of the Inception Report, and the final evaluation report.

The Reference Group will include representatives from DIR B, C and D of DG Enlargement.

#### 2.4 Required outputs

The outputs of the evaluation are:

A **final Evaluation Report**. The evaluation report should specifically answer each of the evaluation questions agreed in the Inception phase, and meet all the specific objectives and requested services. The report will include: an executive summary, main section, conclusions and recommendations and annexes. The draft final report will be discussed both in Brussels and in the field, in one country to be decided, and the final report will be presented in Brussels to a wider audience.

The final Evaluation Report should specifically answer each of the evaluation questions as per section 2.3.1.

The experts should ensure an internal quality control during the implementing and reporting phase of the evaluation. The quality control should ensure that the Final evaluation report complies with the requirements in the methodology section above before its submission to

the Reference Group. The outputs of this evaluation will be presented in the English language.

### **Reporting**

The draft Inception and the draft Evaluation Report will be submitted to the DG ELARG project manager in electronic form by e-mail. Upon their revision and acceptance, 3 hard copies of each report will be delivered to the EC.

The draft Inception Report will be submitted at the beginning of March, 2013. The DG ELARG will take two weeks to comment on the report and the contractor is expected to submit the final revised version of the Inception Report at the end of March, 2013. The draft Evaluation Report will be submitted to ELARG at the end of July 2013. The DG ELARG will take two weeks to comment and the contractor is expected to submit the final revised version of the Evaluation Report in September 2013. The draft Evaluation report shall undergo two external reviews: the first draft shall be reviewed by the Reference Group which will assess whether the draft report meets the quality requirements as explained in the methodology. Only provided that the draft report is endorsed by the Reference Group, it will be further distributed for comments.

The final (second) drafts shall be reviewed by DG Enlargement's Evaluation Team (A3), supported by the Reference Group as appropriate, to make sure that it meets the expected quality expectations and that it fairly takes into account the views of the stakeholders. Once this process is completed, the Evaluation Team (A3), in cooperation with the Reference Group, will endorse the final version of the report for distribution to stakeholders and later presentation by the experts.

The Activity Report (in 3 hard copies and in electronic version) should bear record about the assignment as a whole. It should describe in a concise and structured way how the above described "required services" have been fulfilled (max 8 pages). In an annex, it will include all requested information and analysis as necessary.

All electronic versions have to be submitted in a format compatible with MS Office software.

The EU reserves the right to request additional revisions of the reports, if this is deemed necessary in order to reach an appropriate outcome and quality control requirements.



## **Annex 2: Scope of the Evaluation and Methodology Used**

### ***Methodology – Main Components***

The Inception Report of this contract outlined the main components of the evaluation methodology. Its main elements were:

- Framework for answering the evaluation questions
- Inception stage methodology
- Field stage methodology
- Synthesis stage methodology and outputs

This was underpinned by an evaluation matrix that was prepared specifically for this evaluation and is presented below.

During the synthesis phase the evaluators introduced an additional analytical tool to assess the effectiveness of the individual projects in the evaluation sample. This is described in the relevant section of the evaluation main report.

**Evaluation Matrix**

EVALUATION QUESTIONS (EQ)	JUDGEMENT CRITERIA (JC)	JUDGEMENT INDICATORS	SOURCES OF INFORMATION (SOI)	EQ SPECIFIC METHODOLOGY
<p><b>EQ 1:</b> What was the strategic framework and how effectively had priorities/ needs of the countries in the region been translated into programming of assistance, based on the priorities identified in country strategy and programming documents?</p>	<p>Existence of needs assessments within beneficiary countries and sectors.</p> <p>Integration of needs assessments into relevant country and sector strategies and programmes (NP, RP)</p> <p>Consistency of CARDS programme objectives with Western Balkans country and sector strategies</p>	<ul style="list-style-type: none"> <li>Needs assessments have been produced as part of the programming process in CARDS countries and at regional level</li> <li>Country strategies and programmes reflect/make reference to outcomes of needs assessments prepared as part of the programming process</li> <li>Objectives of CARDS programme as stated in the CARDS Regulation are identifiable in country and regional strategies i.e. a hierarchy of objectives is discernible from regulation through to country programmes</li> </ul>	<p>CARDS regulation; framework agreements; IPA national programming guides, IPA multi-beneficiary programming guide<sup>48</sup>. Administrative data from DG ELARG, EUDs and national authorities (if available). Enlargement Progress Reports, Cards Progress Reports, Monitoring and Evaluation Reports. Audit Reports.</p>	<ul style="list-style-type: none"> <li>Review the relevant strategic documentation (SAAs, CARDS regulation, any other strategic documents).</li> <li>Review the regional and national CARDS programmes and identify the priorities and individual projects funded under them.</li> <li>Examine any needs assessments conducted as part of the programming process.</li> <li>Compare the extent to which the priorities and projects at country/regional level correspond with the strategic objectives outlined in the main programme documentation.</li> <li>Draw conclusions based on the outcomes of the above analysis.</li> </ul>

<sup>48</sup> If the programming guides are good they should also take account of previous CARDS experience, this should ensure that the quality of programming is good (to some extent) and that the objectives defined in the programming are consistent with wider strategies etc.

**Evaluation Matrix**

EVALUATION QUESTIONS (EQ)	JUDGEMENT CRITERIA (JC)	JUDGEMENT INDICATORS	SOURCES OF INFORMATION (SOI)	EQ SPECIFIC METHODOLOGY
<p><b>EQ 2:</b> To what extent had financial assistance been effective in achieving results? What was the quality of the outcomes? What possibly hampered its achievement? Had there been any factors (financial, social, political, human factor) which prevented beneficiary countries accessing the results?</p>	<p>Contribution of CARDS financial assistance to achieving reconciliation, stabilisation of democracy, rule of law, human rights in the Western Balkans</p> <p>Contribution of CARDS financial assistance to improvements in institutional capacity, physical infrastructure, business environment and civil society engagement in the Western Balkans.</p> <p>Fulfilment of assumptions or materialisation of identified risks at result-purpose level.</p> <p>Performance of implementation structures</p>	<ul style="list-style-type: none"> <li>• Reduction in conflicts in region</li> <li>• Reduction in human rights incidents numbers</li> <li>• Evidence of democratic transformation (free and fair elections, transfer of powers)</li> <li>• Extent to which outputs have been delivered as planned</li> <li>• Qualitative progress on strengthening of Structures (legislation, co-operation, management)</li> <li>• Qualitative progress on strengthening Human Resources (competencies, staffing, resources)</li> <li>• Qualitative progress on strengthening Systems and Tools (ICT, finance, M&amp;E)</li> <li>• Existence of a risk-monitoring system</li> <li>• Extent to which risks were identified and measures put in place to address or mitigate them</li> <li>• Extent to which outputs were delivered, as defined in</li> </ul>	<p>CARDS regulation; framework agreements; IPA national programming guides, IPA multi-beneficiary programming guide. Administrative data from DG ELARG, EUDs and national authorities (if available).</p> <p>Enlargement Progress Reports, Cards Progress Reports, Monitoring and Evaluation Reports. Structured interviews with DG ELARG, EUDs, national authorities, programming and implementing actors, and beneficiaries of CARDS financial assistance to the Western Balkans. Audit Reports.</p>	<ul style="list-style-type: none"> <li>• Map expected results and outcomes in the MIPs and assess them for validity and usefulness.</li> <li>• If necessary, draw on the expected results and outcomes stated in Annual Programmes (AP) to gain a more detailed insight.</li> <li>• Link expected results and outcomes to projects in the selected sample to ensure that the sample takes into account all the expected results. Thus sufficient evidence from the field will be available to make a judgment on the delivery of the results and outcomes.</li> <li>• Hypothesise likely factors that would have hampered the delivery of planned results/outcomes.</li> <li>• Desk review of evaluations and relevant reports from the period when CARDS was under implementation to gather evidence.</li> <li>• Conduct interviews with representatives from respective CARDS programmes and from the projects in the sample to assess the extent to which the assistance delivered results and outcomes and</li> </ul>

**Evaluation Matrix**

EVALUATION QUESTIONS (EQ)	JUDGEMENT CRITERIA (JC)	JUDGEMENT INDICATORS	SOURCES OF INFORMATION (SOI)	EQ SPECIFIC METHODOLOGY
		programming and contract documents		what factors hampered it (in particular specific financial, social political or human factors)
<p><b>EQ 3:</b> Have the results delivered by the evaluated assistance translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities stated in the relevant programme documents?</p>	<p><i>Immediate –</i></p> <ul style="list-style-type: none"> <li>• Contribution of results to overall programme objectives (at sector/country level).</li> <li>• Consistency between the results and the desired impacts</li> </ul> <p><i>Intermediate –</i></p> <ul style="list-style-type: none"> <li>• Identifiable benefits for society or the economy stemming from delivery of results.</li> <li>• Prevailing observed changes in political/administrative behaviour, procedures, structures</li> </ul> <p><i>Wider –</i> Evidence of progress towards objectives stated in programming and strategic documents, international agreements</p>	<ul style="list-style-type: none"> <li>• Existence of planned results</li> <li>• Evidence of their usage for the purpose intended</li> <li>• Extent to which impacts can be attributed to these results</li> <li>• Strength of relationship between planned results, purpose/immediate objectives and wider/overall objectives</li> <li>• Existence of social and economic indicators in the target sectors</li> <li>• Changes to these indicators that are directly or indirectly attributable to CARDS assistance</li> <li>• Evidence of democratic transformation (free and fair elections, transfer of powers)</li> <li>• Existence of stable institutions that have benefitted from CARDS assistance</li> <li>• Existence of legislation that is</li> </ul>	<p>CARDS regulation; framework agreements; IPA national programming guides, IPA multi-beneficiary programming guide. Administrative data from DG ELARG, EUDs and national authorities (if available). Enlargement Progress Reports, Cards Progress Reports, Monitoring and Evaluation Reports. Structured interviews with DG ELARG, EUDs, national authorities, programming and implementing actors, and beneficiaries of CARDS financial assistance to the Western Balkans; Audit Reports.</p>	<ul style="list-style-type: none"> <li>• Map the objectives and priorities in each relevant programme document (country and regional CSP, MIPs for 2002-4, 2005-6).</li> <li>• Assess the validity of these objectives – were they properly defined? Does their achievement represent the desired ‘Impact’?</li> <li>• Compare the objectives with the indicators (see question 3). Check to see that the indicators of achievement are adequate. Refine them using judgement criteria as necessary.</li> <li>• Desk review of evaluations and relevant reports from the period when CARDS was under implementation to gather evidence.</li> <li>• Conduct interviews with representatives from respective CARDS programmes and from the projects in the sample to assess whether the expected impacts materialised or not.</li> <li>• Provide insights into why these</li> </ul>

**Evaluation Matrix**

EVALUATION QUESTIONS (EQ)	JUDGEMENT CRITERIA (JC)	JUDGEMENT INDICATORS	SOURCES OF INFORMATION (SOI)	EQ SPECIFIC METHODOLOGY
<p><i>Sub Question:</i> Were there any additional/unexpected impacts (negative or positive)?</p>	<p>Existence of additional or unexpected impacts</p>	<p>in line with CARDS objectives</p> <ul style="list-style-type: none"> <li>• Extent of progress on meeting milestones in the SAA (where applicable)</li> <li>• Decision of EU to commence negotiations on SAA with beneficiary country</li> <li>• Decision to EU to commence accession negotiations with beneficiary country</li> </ul> <ul style="list-style-type: none"> <li>• Extent to which the observed impacts were anticipated in the programme/project documentation</li> </ul>		<p>impacts did/did not materialise</p> <ul style="list-style-type: none"> <li>• Refer to any <b>additional or unexpected</b> impacts (positive or negative) that manifested themselves.</li> </ul> <p><b>Impacts identifiable/quantifiable?</b></p> <ul style="list-style-type: none"> <li>• Review programme documentation for indicators or achievement.</li> <li>• Provide analysis of evidence.</li> </ul>

**Evaluation Matrix**

EVALUATION QUESTIONS (EQ)	JUDGEMENT CRITERIA (JC)	JUDGEMENT INDICATORS	SOURCES OF INFORMATION (SOI)	EQ SPECIFIC METHODOLOGY
<p><i>Sub Question:</i> Can impacts be sufficiently identified /quantified?</p>	<p>CARDS support had an identifiable impact on the stabilisation and reconciliation of the Western Balkans</p> <p>CARDS support had an identifiable impact on the Western Balkans priority sectors</p>	<ul style="list-style-type: none"> <li>• Existence of measurable indicators of achievement</li> <li>• Existence of programme document containing information that could be used for defining indicators of achievement</li> </ul>		<ul style="list-style-type: none"> <li>• Link outcomes of this analysis to first part of evaluation question.</li> </ul>
<p><b>EQ 4:</b> Were the identified results and impacts sustainable?</p>	<p>Institutional strategies (at governmental, ministerial, agency level) supporting project outcomes are in place.</p> <p>Availability of financial and human resources for continuation of activities and further improvements, or their maintenance.</p> <ul style="list-style-type: none"> <li>• Usage of the project's results</li> <li>• Institutional memory exists.</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional strategies are in use by beneficiaries</li> <li>• Supporting legislation (especially secondary legislation) in place</li> <li>• State budgets in place for hiring staff and maintaining investments</li> <li>• Staffing plans exist and there is evidence of their application in practice</li> <li>• Evidence of usage of project results for the purpose intended</li> <li>• Staff turnover minimised</li> </ul>	<p>CARDS regulation; framework agreements; IPA national programming guides, IPA multi-beneficiary programming guide. Administrative data from DG ELARG, EUDs and national authorities (if available). Enlargement Progress Reports, Cards Progress Reports, Monitoring and Evaluation Reports. Structured interviews with DG ELARG, EUDs, national authorities, programming and implementing actors, and beneficiaries of CARDS financial assistance to the Western Balkans. Audit Reports.</p>	<ul style="list-style-type: none"> <li>• Review available documentation, in particular any evaluations conducted on the programme and identify key factors influencing sustainability.</li> <li>• Conduct interviews with key stakeholders to gain both their own impressions of programme sustainability and specific examples that they can give of how CARDS assistance proved to be sustainable, or not. This will be for both individual interventions (projects) i.e. results and also impacts (programmes).</li> <li>• Analyse the interventions in the project sample to establish whether the results of the assistance remain in place, or have been taken forward as</li> </ul>

**Evaluation Matrix**

EVALUATION QUESTIONS (EQ)	JUDGEMENT CRITERIA (JC)	JUDGEMENT INDICATORS	SOURCES OF INFORMATION (SOI)	EQ SPECIFIC METHODOLOGY
	<ul style="list-style-type: none"> <li>• Staff continuity (in terms of numbers, competence and quality).</li> <li>• CARDS impacts are identifiable and continue to contribute to Country development</li> <li>• Political support in place to support sustainability of assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Investments/infrastructure physically in place and in use</li> <li>• Government policies towards the relevant sectors remain consistent over time</li> </ul>		<p>intended.</p> <ul style="list-style-type: none"> <li>• If there is conclusive evidence that in more than half the interventions results are in place or have been taken forward, the assessment will be that results have been sustainable. If there is conclusive evidence that at least half the impacts identified in the evaluation are still in some way evident, the assistance will be considered as sustainable.</li> </ul>
<p><b>EQ 5:</b> Were there any elements which could hamper the impact and/or sustainability of assistance?</p>	<p>Factors that contributed to achieving/non-achieving impact and sustainability.</p> <p>CARDS impacts not original planned by programming</p> <p>External factors and (unrealistic) assumptions that influenced impacts</p>	<ul style="list-style-type: none"> <li>• Manifestation of risks identified in programming stage or which appeared later in project cycle</li> <li>• Manifestation of risks to the assistance that were not anticipated in the programme documentation</li> <li>• Extent to which these risks influenced the impact of the assistance</li> <li>• Extent to which these risks undermined sustainability</li> </ul>	<p>CARDS regulation; framework agreements; IPA national programming guides, IPA multi-beneficiary programming guide. Administrative data from DG ELARG, EUDs and national authorities (if available). Enlargement Progress Reports, Cards Progress Reports, Monitoring and Evaluation Reports. Structured interviews with DG ELARG, EUDs, national authorities, programming and implementing actors, and beneficiaries of CARDS financial assistance to the Western Balkans.</p>	<ul style="list-style-type: none"> <li>• Review available documentation, in particular any evaluations conducted on the programme and identify key factors influencing sustainability – in this case, those that negatively influence it.</li> <li>• Conduct interviews with key stakeholders to gain both their own impressions of programme sustainability and specific examples that they can give of the barriers to sustainability. This will be for both individual interventions (projects) i.e. results and also impacts (programmes).</li> <li>• Analyse the interventions in the</li> </ul>



**Evaluation Matrix**

EVALUATION QUESTIONS (EQ)	JUDGEMENT CRITERIA (JC)	JUDGEMENT INDICATORS	SOURCES OF INFORMATION (SOI)	EQ SPECIFIC METHODOLOGY
			Audit Reports.	project sample to establish whether their sustainability has been negatively hampered, and if so, what were the factors causing this.
<p><b>EQ 6:</b> To what extent were the EC's chosen implementation modalities relevant and efficient?</p> <p>To what extent have the beneficiary countries been actively involved in decision-making concerning CARDS Assistance orientation and implementation?</p>	<p>CARDS implementation modalities ensured relevant and efficient delivery of assistance in line with national and EU strategic objectives.</p> <p>Representatives of beneficiary countries involved in the programming and implementation process</p>	<ul style="list-style-type: none"> <li>• Timeliness of contracting of assistance</li> <li>• Failure rates for contracting assistance</li> <li>• Existence of monitoring systems to track implementation performance</li> <li>• Evidence of beneficiary representatives on decision making and coordinating bodies within CARDS countries.</li> </ul>	<p>CARDS regulation; framework agreements; IPA national programming guides, IPA multi-beneficiary programming guide.</p> <p>Administrative data from DG ELARG, EUDs and national authorities (if available).</p> <p>Enlargement Progress Reports, Cards Progress Reports, Monitoring and Evaluation Reports.</p> <p>Structured interviews with DG ELARG, EUDs, national authorities, programming and implementing actors, and beneficiaries of CARDS financial assistance to the Western Balkans.</p> <p>Audit Reports.</p>	<ul style="list-style-type: none"> <li>• Map the administrative and organisational structures at central, regional and national level</li> <li>• Conduct a desk study of internal and external information sources, especially ROM and other evaluation reports.</li> <li>• Review (where possible) the composition of decision making and coordinating bodies within CARDS to identify the involvement of beneficiary countries in them.</li> <li>• Conduct interviews and focus groups to assess the relevance and efficiency of these structures and the extent to which CARDS beneficiaries were active in them.</li> <li>• Compare the relative performance of the CARDS programme by implementation modality (centralised, de-concentrated, de-centralised).</li> <li>• Assess efficiency in terms of speed of</li> </ul>

**Evaluation Matrix**

EVALUATION QUESTIONS (EQ)	JUDGEMENT CRITERIA (JC)	JUDGEMENT INDICATORS	SOURCES OF INFORMATION (SOI)	EQ SPECIFIC METHODOLOGY
				delivery of assistance (contracting rates) and individual project performance
<p><b>EQ 7:</b> To what extent was the support provided by the EC instruments coherent and complementary with national and other donor assistance?</p>	<p>Linkage of EC support to programming documents and sectoral/country/ CARDS programme strategies.</p> <p>Existence of donor coordination for programming, implementation (at sectoral, national, international level) of CARDS.</p> <p>Existence and use of strategies ensuring coherence and complementarity between EU, national and other donor funds.</p>	<ul style="list-style-type: none"> <li>• An effective aid co-ordination structure is in place to ensure no overlap and facilitate collaborative financing</li> <li>• Duplication of funding with other sources has been avoided</li> <li>• Resources have been leveraged with other donors/beneficiary budgets where possible</li> </ul>	<p>CARDS regulation; framework agreements; IPA national programming guides, IPA multi-beneficiary programming guide; other donor programmes in the region.</p> <p>Administrative data from DG ELARG, EUDs and national authorities (if available).</p> <p>Enlargement Progress Reports, Cards Progress Reports, Monitoring and Evaluation Reports.</p> <p>Structured interviews with DG ELARG, EUDs, national authorities, programming and implementing actors, and beneficiaries of CARDS financial assistance to the Western Balkans, Audit Reports.</p>	<ul style="list-style-type: none"> <li>• Review any other donor programmes in the region and identify areas that are covered by CARDS or where there is potential overlap with it.</li> <li>• Review documentation related to donor co-ordination at regional and national level (mandates of coordination forums, minutes or reports from these forums).</li> <li>• Review other ROM or evaluation reports.</li> <li>• Conduct interviews with key stakeholders in country.</li> <li>• Provide a judgement of whether any donor coordination existed and if so, whether it ensured coherence and complementarity.</li> </ul>

### ***Scope of the Evaluation***

A key element of the evaluation was the sample that was used to gain more detailed insights into the performance and sustainability of the CARDS programme. This was drawn from both the regional and national CARDS programmes. Annex 5 of the inception report provided a detailed overview of the projects that have been funded from CARDS national and regional programmes. According to our calculations, a total of 953 projects have been funded from CARDS in the period 2001 – 2006. These fall into the following sectors (based on categorisations used in CARDS programming documentation):

- Justice and Home affairs
- Administrative Capacity Building
- Economic and Social Development
- Democratic Stabilisation
- Good governance and Institution Building
- Infrastructure
- Environment and Energy
- Other

This “long list” of projects was refined by the evaluation team to a short list of interventions that will serve as the sample for this evaluation. The methodology for deriving this sample consists of three steps and is based on three criteria:

- Step 1: A set of projects will be selected by elimination of projects, which are not relevant/or less relevant, such as projects cancelled or contracts less than 1,000 000 EUR. This first step brings the total to 681 projects.
- Step 2: Selection from the universe of projects based on the criteria: 1) Diversity of sectors (variety), 2) Size of budget (impact), 3) Contract name (subject), 5) Action location (distribution). This methodology does not take into account the year of the contract, although effort has been made to have a variety of programme years represented.
- Step 3: Final selection of the sample with the focus on target countries/regional programme.

These criteria have been applied to the universe of projects to narrow down the list of projects for final selection. The final selection itself is made on a random basis with no priority given to any project. It is proposed that the final sample is composed of five projects per country and five regional projects. This was increased to six per country plus regional programme in the inception phase at the request of DG Enlargement.

The evaluation team received feedback from EUDs in respective countries during the inception phase regarding the scope and preferred sectors to be looked at. For example, the Serbia EUD and NIPAC office highlighted the Public Administration Reform (PAR) and Energy sectors as relevant, whilst the Albania EUD identified judicial reform as being pertinent. The Serbia EUD informed the team that there is an evaluation of supplies, grants and works being conducted at the moment, which covers CARDS assistance as well, so the team should pay attention not to overlap with the sample taken for that evaluation. As per guidelines from the EC, projects referring to internally displaced persons and refugees have not been included in the sample.

Thereafter, the sample was subject to minor adjustments and several additions during the field phase as additional information sources became available or it became apparent that the evaluation sample would benefit from further strengthening. In the end a total of 56 projects were included in the evaluation sample, which is presented in the table below.

### **Final Evaluation Sample of CARDS Projects Selected for Detailed Assessment**

Project Title	Size €M	Sector	Year	Type of Assistance <sup>49</sup>
<b>Montenegro (8 projects)</b>				
Sewerage & Wastewater treatment	1.67	Environment	2002	IB/Investments
Support to Judicial Reform	1.00	Justice and Home Affairs	2003	IB
Capacity Building HR Management Agency & Line Ministries (PARIM CB)	2.40	Administrative Capacity Building	2005	IB
Integrated Border Management	1.50	Good Governance & Institution Building	2006	Investments
EU approximation in trade and single market policies	2.07	Economic and Social Development	2006	IB
Labour Market Reform and Workplace Development	1.50	Economic and Social Development	2006	IB
Public administration reform: support to central government (PARIM)	1.00	Good governance & institution building	2004	IB
Implementation of Budgeting and Salary System Reforms	1.66	Good Governance & Institution Building	2006	IB
<b>Croatia (7 projects)</b>				
IBM - Enhancing of Inter-agency Cooperation - Works and equipment	6.00	Justice & Home Affairs	2001	Investments
Civil society - Social service delivery	1.50	Democratic Stabilisation	2002	IB
Investment Climate - Support to the cadastre and land registry reform - Multi-purpose Spatial Information System equipment	3.00	Economic & Social Development	2002	Investments
Environmental Law Approximation	1.20	Environment	2002	IB
Support to the Croatian Court System - Computerised Court and Case Mgmt.	2.50	Justice & Home Affairs	2003	Investments
Support to Implementation of the Civil Service Reform Programme	2.00	Good Governance & Institution Building/	2003	IB

<sup>49</sup> IB = institution building (via projects providing technical assistance, twinning or similar), TA = technical assistance

Project Title	Size €M	Sector	Year	Type of Assistance <sup>49</sup>
Strengthening the Public Internal Financial Control Structure	1.35	Good Governance & Institution Building/	2004	IB
<b>Serbia (9 projects)</b>				
Public administration reform/Public Finance: National Investment Planning	1.50	Administrative Capacity Building	2006	IB
Local/Municipal Government and Regional Economic Development: Exchange II Joint support to LSG	3.50	Economic and Social Development	2006	IB/Grant
Exchange II - Operating Grant to SCTM	1.00			
Civil Society	4.50	Democratic Stabilisation	2006	IB
Electric power generation	44.90	Energy	2001	Investments TA
Rehabilitation/Overhaul of Nikola Tesla TPP Unit A3	63.10		2002	Investments TA
Major Rehabilitation and Overhaul of Thermal Power Plants	67.30		2003	Investments, TA
Reducing pollution of coal fired power plants	28.00		2004	Investments , TA
<b>Bosnia and Herzegovina (6 projects)</b>				
Support to the reform of Public Broadcasting Service	1.50	Democratic Stabilisation	2002	Investments
Water Quality management - Investments	2.50	Environment and Natural Resources	2003	Investments
Integrated Border Management - Construction of Border Crossings	6.00	Justice and Home Affairs	2003	Investments
Public Administration Reform - Unit for Economic Policy Planning	1.30	Good Governance & Institution Building	2006	IB
CARDS/2006/119-289 EU Fiscal Policy Support in BiH	1.90	Good Governance & Institution Building	2006	IB
CARDS/2004/092-052 Vocational education and training	2.20	Economic and Social Affairs	2004	IB
<b>Kosovo (6 projects)</b>				
Development of Kosovo's irrigation system II	2.20	Economic and Social Development - agriculture	2003	IB
Premises for the new Provincial Administration	9.00	Administrative Capacity Building	2001	Investments
Municipal and Local Investment Fund I	3.00	Economic and Social Development	2001	Investments /TA
Municipal and Local Investment Fund II	3.50	Economic and Social Development	2002	Investments /TA
Development of Measuring, Standardisation, Testing & Quality	1.48	Economic and Social Development	2006	IB
Institutional Support to the Ministry of Environment & Spatial Planning/Rivers Authority	1.90	Environment	2006	IB
<b>Albania (8 projects)</b>				
Metrology	1.30	Economic and social development	2003	IB/Investments
Construction of a serious crimes court	5.00	Support to Judiciary	2003	TA/Investments
Support to Albanian Public Administration	2.00	Administrative Capacity Building	2004	IB/Investments
Treatment of environmental 'hot spots'	3.00	Environment	2005	IB/investments
Support to judicial reform in Albania: EURALIUS II	4.50	Good Governance & Institution Building	2006	IB
Enhancing Role of Civil Society & Media in Integration Process	2.40	Democratic Stabilisation	2005	TA/Grants
Support to Investment Climate and Trade (Quality infrastructure component)	5.9 (0.375)	Economic and social development	2006	Investments
Strengthening of Environmental Monitoring System	2.50	Environment and Natural Resources	2004	IB/ Investments
<b>FYR Macedonia (7 projects)</b>				

Project Title	Size €M	Sector	Year	Type of Assistance <sup>49</sup>
Pollution - Air quality monitoring stations	1.20	Environment	2001	Investments
Local Infrastructure	17.40	Economic/Social Development	2002	Investments
IBM - Control of the Green Border	2.80	Justice & Home Affairs	2003	IB
Integrated Water Resources Mgmt. - Improvement of Mgmt. of Trans-boundary Water Resources	1.00	Environment	2003	Investments
Support to decentralisation process	2.00	Good Governance & Institution Building/	2005	IB
Improvement of the Investment Climate	3.98	Economic/ Social Development	2006	IB
Development of Local Infrastructure Phase II	6.70	Economic/ Social Development	2005	Investments
<b>Regional Programme (6 projects)</b>				
General policing and fight against main crimes	4.00	Justice and Home affairs/ Policing and Organised Crime	2002	IB
Judicial Systems & International Judicial Cooperation	5.00	Justice and Home affairs	2003	IB
Water Resource Mgmt. - Pilot river basin plan for Sava River Basin	2.30	Environment and Natural Resources	2003	TA
Infrastructure Project Preparation Facility	7.00	Infrastructure Development	2005	TA
Public Administration Reform (SIGMA) and Regional School of Public Administration (ReSPA)	3.39	Institution Building	2006	IB
Support to the Energy Community Secretariat	2.42	Infrastructure Development	2006	N/A

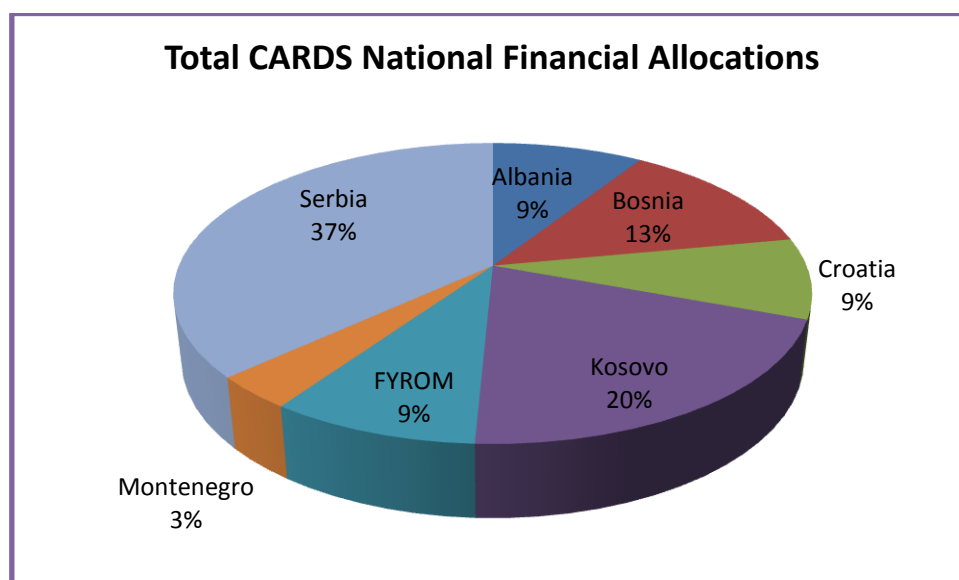
### Annex 3: Summary Tables

#### CARDS Financial Allocations per Country (M€)

Country/Year	2001	2002	2003	2004	2005	2006	Total
Albania	33.50	42.90	38.50	62.00	40.20	42.50	<b>259.60</b>
Bosnia	105.23	60.50	50.60	62.10	44.00	43.80	<b>366.23</b>
Croatia	54.00	56.00	59.00	77.00	-	-	<b>246.00</b>
Kosovo	155.50	162.54	62.28	72.60	72.50	46.5	<b>571.92</b>
FYR Macedonia	65.40	34.50	33.50	51.00	37.50	32.50	<b>254.40</b>
Montenegro	16.30	12.00	12.00	16.76	23.12	20.71	<b>100.89</b>
Serbia	143.50	170.70	220.00	207.13	147.17	157.46	<b>1045.96</b>
<b>Total</b>	<b>573.43</b>	<b>539.14</b>	<b>475.88</b>	<b>548.49</b>	<b>364.49</b>	<b>343.47</b>	<b>2845.00</b>

#### Regional Programme Budget

Year	2001	2002	2003	2004	2005	2006	Total
<b>Amount €M</b>	14.0	45.0	35.0	0	43.0	42.0	179.0



#### Notes:

- Figures include only Annual Action Programmes, while not including other programmes managed centrally, such as Customs and Taxation, or the running costs for the European Agency for Reconstruction.
- Croatia was a recipient of CARDS funding only till 2004.

#### Source:

European Commission 2010 Annual Report on Phare Turkey Pre-Accession Instruments, CARDS and the Transition Facility



### Assessment of Effectiveness of CARDS Projects in the Evaluation Sample

Title	Type of assistance	Year	Assessment
<b>Montenegro</b>			
Sewerage & Wastewater treatment	IB/Investments	2002	Partly effective
Support to Judicial Reform	IB	2003	Effective
Public administration reform: support to central government	IB	2004	Highly Effective
Capacity Building HR Management Agency & Line Ministries	IB	2005	Highly Effective
Integrated Border Management	Investments	2006	Effective
EU approximation in trade and single market policies	IB	2006	Highly Effective
Labour Market Reform and Workplace Development	IB	2006	Effective
Implementation of Budgeting and Salary System Reforms	IB	2006	Ineffective
<b>Croatia</b>			
IBM - Enhancing of Inter-agency Cooperation	Investments	2001	Effective
Civil society - Social service delivery	IB	2002	Effective
Support to the cadastre and land registry reform - Multi-purpose Spatial Information System equipment	Investments	2002	Effective
Environmental Law Approximation	IB	2002	Partly effective
Support to Implementation of the Civil Service Reform Programme	IB	2003	Partly effective
Support to Court System - Computerised Court and Case Mgmt.	Investments	2003	Effective
Strengthening the Public Internal Financial Control Structure	IB	2004	Effective
<b>Serbia</b>			
Public Finance: National Investment Planning Project	IB	2006	Effective
Local/Municipal Government and Regional Economic Development: Exchange II Joint support to LSG	IB	2006	Partly Effective
Local/Municipal Government and Regional Economic Development: Exchange II Operating Grant to SCTM	Grant	2006	Effective
Civil Society	IB	2006	Effective
Electric power generation	Investments/TA	2001	Highly Effective
Rehabilitation/Overhaul of Nikola Tesla TPP Unit A3	Investments/TA	2002	Highly Effective
Rehabilitation/Overhaul of Thermal Power Plants	Investments/TA	2003	Highly Effective
Reducing pollution of coal fired power plants	Investments/TA	2004	Highly Effective
<b>Bosnia and Herzegovina</b>			
Support to the reform of Public Broadcasting Service	Investments	2002	Effective
Water Quality management - Investments	Investments	2003	Partly Effective
Integrated Border Management - Construction of Border Crossings	Investments	2003	Effective
PAR - Unit for Economic Policy Planning	IB	2006	Partly Effective
EU Fiscal Policy Support	IB	2006	Partly Effective
Vocational education and training	IB	2004	Partly Effective
<b>Kosovo</b>			
Municipal and Local Investment Fund I	Investments/TA	2001	Effective
Municipal and Local Investment Fund II	Investments/TA	2002	Partly Effective
Development of Kosovo's irrigation system II	IB	2003	Ineffective
Premises for the new Provincial Administration	Investments	2001	Highly Effective
Institutional Support to Ministry of Environment & Spatial Planning	IB	2006	Partly Effective

Development of Measuring, Standardisation, Testing & Quality	IB	2006	Ineffective
Title	Type of assistance	Year	Assessment
<b>Albania</b>			
Metrology	IB/Investments	2003	Effective
Construction of a serious crimes court	Investments	2003	Effective
Support to Albanian Public Administration	IB/Investments	2004	Ineffective
Treatment of environmental 'hot spots'	TA/Investments	2005	Effective
Support to judicial reform in Albania: EURALIUS II	IB	2006	Ineffective
Enhancing Role of Civil Society & Media in the Integration Process	TA/Grants	2005	Partly Effective
Support to Investment Climate and Trade (Quality infrastructure component)	Investments	2006	Partly Effective
Strengthening of Environmental Monitoring System	IB/Investments	2004	Ineffective
<b>FYR Macedonia</b>			
Pollution - Air quality monitoring stations	Investments	2001	Effective
Local Infrastructure	Investments	2002	Partly effective
IBM - Control of the Green Border	IB	2003	Effective
Integrated Water Resources Mgmt. - Improvement of Mgmt. of Trans-boundary Water Resources	Investments	2003	Partly effective
Support to decentralisation process	IB	2005	Partly effective
Improvement of the Investment Climate	IB	2006	Partly effective
Development of Local Infrastructure Phase II	Investments	2005	Partly effective
<b>Regional Programme</b>			
General policing and fight against main crimes	IB	2002	Effective
Judicial Systems & International Judicial Cooperation	IB	2003	Effective
Water Resource Management - Pilot river basin plan for Sava River Basin	IB	2003	Effective
Public Administration Reform (SIGMA) and Regional School of Public Administration (ReSPA)	Investments	2006	Partly Effective
Support to the Energy Community Secretariat	IB	2006	Effective
Regional Statistical Cooperation	IB	2003	Effective

### **Impact of Public Administration Reform in CARDS Countries – Analysis of EU/EC Progress and Analytical Reports from 2006 - 2012**

Country	2006	2008	2010	2012	Analysis
Albania	<p><b>EU Progress Report (p. 7-8):</b> The new government has made significant changes to the public administration. Substantial staff changes have been made to address corruption, in particular in the customs and tax administrations. Administrative acts have been signed by temporary replacements who had not been not officially appointed. Both developments have to some extent undermined the legal certainty introduced by the Civil Service Law. The introduction of new structures and staff has led to a transitional reduction in capacity in many areas of the public administration. Albania now needs to build upon the changes to strengthen public administration effectiveness. The capacity of the Department of Public Administration to set common management strategies across the public administration remains</p>	<p><b>EU Progress Report (p. 8):</b> The public administration is continuing to stabilise, but the lack of transparency and accountability in appointments is endangering its independence. What is now needed is to further strengthen public sector governance by enhancing the impartiality of public administration, a key European Partnership priority. Further progress is needed to establish an independent, merit-based, professional civil service.</p>	<p><b>Analytical Report 2010 (p. 17):</b> The general administrative law framework and the civil service system are mostly in line with European principles and standards, although some gaps exist. Proper implementation of the legal framework remains a concern as does the lack of transparency and accountability in appointments and the politicisation of the public administration. Political will and strong efforts are necessary for the full implementation of the civil service law and progress with the public administration reform strategy, which are necessary for the establishment of a civil service that is independent, professional and based on merit.</p>	<p><b>EU Progress Report (p. 11):</b> There has been progress in public administration reform (a key priority of the Opinion) mainly through the adoption of the Laws on Administrative Courts and on the Organisation and Functioning of Public Administration as well as through the appointment of the Ombudsman. It is now essential to adopt the amendments to the Civil Service Law. Further efforts are needed to implement the adopted legislation and administrative acts. The legislative and institutional framework for public administration is still marked by deficiencies that need to be addressed with a view to strengthening professionalism, de-politicisation, meritocracy, transparency and accountability.</p>	<p>As can be seen from the citations of the EU Progress Reports for Albania, little change in the state of public administration is evident in the period of 2006-2012. EU progress reports continuously recognise the issue of continued lack of transparency in appointments in the public administration. The reports see the need for further efforts to enact the legislation and acts adopted, particularly towards strengthening professionalism, de-politicisation, meritocracy, transparency and accountability.</p>

Country	2006	2008	2010	2012	Analysis
	limited. Career structures, career planning, salaries and performance management in the civil service and other public services remain poor. Political appointment of higher civil servants remains prevalent, restricting the growth of a professional senior civil service level.				
Bosnia and Herzegovina	<p><b>EU Progress Report (p. 9):</b> Bosnia and Herzegovina has made some progress in this area. The National Strategy for the Reform of the Public Administration was finally adopted. Support staff for the Public Administration Reform Coordination Office (PARCO) has also been appointed. The Bosnia and Herzegovina Civil Service Agency has been more effective in recruiting staff for the various administrations. Coordination between the State and Entity level Civil Service Agencies has improved. It needs now to be further formalised. However, further efforts are indispensable. Bosnia and Herzegovina remains affected by</p>	<p><b>EU Progress Report (p. 12):</b> There has been some progress in the area of public administration. However, Bosnia and Herzegovina is still in an early phase of the public administration reform, which needs to be accelerated. The country's complex and cumbersome institutional structure continues to undermine efficiency. Significant further efforts towards an efficient, professional, stable, accountable and transparent civil service are needed at all levels of government.</p>	<p><b>EU Progress Report (p. 12):</b> Little progress was achieved in the area of public administration reform. A State-level Ombudsman is now operational. Significant further efforts are needed towards developing a professional, accountable, transparent and efficient civil service based on merit and competence at all levels of government. The country's complex and cumbersome institutional structure continues to undermine efficiency.</p>	<p><b>EU Progress Report (p. 12):</b> Little progress was made in the area of public administration reform. The Action Plan under the PAR Strategy was revised, providing a framework for reforms over the next five years. The coordinating structures at Entity and Cantonal level remain insufficient. The cut in budgetary resources hampered the functioning of the Ombudsman. Fragmentation and politicisation continued to hamper the establishment of a professional, accountable, transparent and efficient civil service based on merit and competence.</p>	<p>The analysis of the state of Public administration reforms as recorded by the EU Progress reports show positive results of efforts in this sector visible in adoption of necessary strategic and institutional framework for PAR in 2006. The successive EU progress reports see some progress in the area, but recognise the impending challenge of organising and strengthening professionalism, de-politicisation, meritocracy, transparency and accountability of the PA within the complex and cumbersome institutional structure. Also, the reports, particularly the 2012 Report, recognise the</p>

Country	2006	2008	2010	2012	Analysis
	cumbersome administrative structures. Human and budgetary resources allocated to the Public Administration Reform Coordination Office (PARCO) are still insufficient.				negative effects of fragmentation and politicisation, which continue to hamper reforms of the PA in the country.
Croatia	<b>EU Progress Report (p. 7-8):</b> The issue of public administration reform continues to represent a major challenge for Croatia. It will require sustained serious attention from the authorities if Croatia is to eventually enjoy the professional, efficient, accountable, transparent and independent public administration it needs at central and local level. Such efforts are also needed to provide an important basis for the successful implementation of the acquis.	<b>EU Progress Report (p. 8):</b> Some progress has been achieved in the area of public administration reform. However, public administration remains weak and the required reforms continue to represent a major challenge for Croatia. A clear political commitment and further sustained efforts are needed.	<b>EU Progress Report (p. 8):</b> Limited progress can be reported on the public administration reform. In order to achieve tangible results, stronger political commitment and closer coordination between the key stakeholders at central, regional and local levels are required. Considerable further efforts are needed to finalise the legal framework and to implement it efficiently across the board.	<b>EU Monitoring Report (p. 3):</b> In the field of public administration, further efforts are needed to improve the professionalism of the public service. Completion and efficient implementation of the relevant legal framework is necessary in order to build a modern, reliable, transparent and citizen-oriented public service. In view of the recent substantial restructuring of the public administration, and taking into account the additional responsibilities related to EU membership, Croatia should address without delay the administrative capacity constraints identified in the Comprehensive Monitoring Report and ensure that the completion of preparations for EU membership is not affected	Croatia faces ongoing challenges to ensuring professionalism of the public service as evidenced by the EU Progress Reports. Limited progress was recorded from 2006 to 2012. Very low assessment of the PAR was provided in 2006, and limited advancement since then is recorded.
Kosovo	<b>EU Progress Report (p. 8):</b>	<b>EU Progress Report (p. 12):</b>	<b>EU Progress Report (p. 9):</b>	<b>EU Analytical Report (p. 7):</b>	The Kosovo public

Country	2006	2008	2010	2012	Analysis
	<p>The provisional institutions have set up an inter-governmental working group to develop a new public administration reform strategy to come into effect as of 2007. The provisional institutions have committed to cutting civil service staff by 10% over the next three years.</p> <p>The capacities of the Kosovo institute of public administration have been further enhanced.</p> <p>Kosovo's local governance structures continue to be weak and continued progress is needed to reform Kosovo's public administration.</p>	<p>Despite some progress related to the adoption of an action plan and some legislation, public administration reform still needs to be implemented.</p> <p>The most important legal acts remain to be adopted. Public administration and the coordination capacity of public bodies in Kosovo continue to be weak. Ensuring the delivery of public services to all people in Kosovo and establishing a professional, accountable, accessible and representative public administration is a key priority in the European Partnership for Kosovo.</p>	<p>Public administration reform in Kosovo remains a major challenge. Establishing a professional, accountable, accessible, representative public administration and ensuring delivery of public services to all in Kosovo needs to be addressed as a matter of high political urgency. This is a key European Partnership priority. The capacity of Kosovo's public administration remains weak.</p>	<p>The existing legal framework in the area of public administration is appropriate. The legislation is inspired by the latest approaches to public administration. The laws on civil service and on salaries in the civil service provide the legal conditions for a stable, unified and professional civil service. The legal framework needs to be completed, notably by adopting some important implementing regulations.</p> <p>Delays in applying the new legislation undermine the establishment of a professional public administration and create the conditions for a legal vacuum that is detrimental to the reform process. In the short term, Kosovo needs to adopt all secondary legislation for the laws on civil service and salaries for the civil service.</p>	<p>administration has faced important challenges of limited institutional and legal framework for reforms in this area. Successive EU Progress Reports recognise the differences in service provision between national and local levels and limited capacities of the Kosovo institute for public administration. On a positive note, the 2012 Analytical Report records the improvements of the legal framework in the area of PA, which is assessed as appropriate and in line with latest approaches to PA. However, this report highlights the effects of delays in implementation this new legislation, and the need to adopt secondary legislation to strengthen the PA.</p>
FRY Macedonia	<p><b>EU Progress Report (p. 9):</b> Reforms in the organisation of the public administration are taking place progressively and aim to improve management and increase transparency.</p>	<p><b>EU Progress Report (p. 12):</b> Some progress has been made in reforming public administration, which is a key priority of the Accession Partnership. However, greater priority needs to be given to</p>	<p><b>EU Analytical Report (p. 11):</b> Here was some progress as regards reform of public administration, notably through the adoption of the Law on public servants. However, significant further efforts are</p>	<p><b>EU Progress Report (p. 10):</b> There was some progress as regards public administration. Services to citizens were improved and e-government has been gradually introduced. Steps on</p>	<p>The PA reforms in Macedonia were viewed as progressive in 2006, despite the challenges with police reforms. Successive reports record some progress, highlighting positive</p>

Country	2006	2008	2010	2012	Analysis
		<p>establishing a public administration, which is transparent, professional and free of political interference. In this area the country is at an early stage. Progress was made in implementing the law on police, which is a key priority of the Accession Partnership. Nonetheless, the politicisation of senior police officers is a serious concern. In this area the country partially meets its priorities.</p>	<p>needed to ensure the transparency, professionalism and independence of public administration. Respect of the legal framework needs to be ensured in practice, in particular as regards staff recruitment. The process of converting a large number of temporary posts into permanent ones in many cases did not provide for competitive and merit-based recruitments. Police reform has made further progress. The new Law on internal affairs entered into force and most necessary implementing legislation has been adopted.</p>	<p>fundamental reforms of the administrative framework and public and civil service have been launched. Additional efforts are needed to guarantee the transparency, professionalism and independence of the public administration. In particular, respect for the principle of merit-based recruitment together with the principle of equitable representation needs to be ensured.</p>	<p>developments in some areas of improvement of legislation and introduction of new approaches, such as the e-government. However, the EU progress reports repeatedly highlight the need to invest additional efforts to ensure that transparency, professionalism and independence of PA is achieved.</p>
Montenegro	<p><b>EU Progress Report (p. 9):</b> Efforts have been made on the side of the Government to upgrade the administrative capacity of Montenegro. But much remains to be done, notably in the areas of transparency and accountability, financial control, public procurement and budget management as well as management of public assets and licensing procedures. Appropriate resources need to be</p>	<p><b>EU Progress Report (p. 10):</b> Progress has been made in strengthening the legislative framework for the public administration. Some progress has been made in human resources management and local government reform. However, lack of human and financial resources combined with structural weaknesses and corruption continue to hamper the overall effectiveness of the public</p>	<p><b>EU Analytical Report (p. 16):</b> The public administration remains weak and highly politicised. The general administrative framework, including the Law on general administrative procedure and the Law on civil servants and state employees needs to be reviewed and adapted to European standards and principles. Administrative procedures are cumbersome and time-consuming and must be simplified. Transparency</p>	<p><b>EU Progress Report (p. 9):</b> Montenegro has taken further steps to address the challenges of public administration reform. The legislative framework and the implementation of the recent legislation need to be improved, in a financially sustainable manner and with adequate verification mechanisms.</p>	<p>The EC reports indicate that the reforms of the PA in Montenegro have been slower than expected. While there have been some upgrade of the administrative capacity throughout the period 2006-2012, still the reports highlight challenges to the reforms in form of cumbersome and time consuming administrative procedures, corruption, and structural weaknesses.</p>



Country	2006	2008	2010	2012	Analysis
	<p>allocated to match the ambitions of Montenegro in this area. For the successful implementation of the SAA, Montenegro needs to upgrade its administrative capacity in the areas covered by the agreement. Particular attention should be paid to enhancing administrative capacity and law enforcement in the area of justice and home affairs, in particular concerning the fight against corruption and organised crime, as well as the protection of personal data.</p>	<p>administration and, as a whole, administrative capacity remains limited.</p>	<p>needs to be improved by facilitating access to public information including on economic governance and allocation of public assets.</p>		
<p>Serbia</p>	<p><b>EU Progress Report (p. 8):</b> There has been further progress in setting the legal framework for the civil service, which is now in line with general European standards. Serbia has a good administrative capacity in a number of areas. This capacity needs to be further developed throughout the administration, including at local level.</p>	<p><b>EU Progress Report (p. 10-11):</b> Serbia continues to have good capacity in the area of public administration. However, there was a slowdown in public administration reform during the reporting period. Further efforts need to be made to fully implement the 2005 Law on Civil Servants to improve the recruitment system and strengthen professionalism and accountability throughout the civil service. Independent and regulatory bodies performed</p>	<p><b>EU Progress Report (p. 9):</b> The capacity of the public administration is good but reform in this area is advancing at a slow and uneven pace. Further improvement of the legislative framework and a stronger commitment to respect the mandate of independent regulatory bodies and provide them with adequate resources are needed.</p>	<p><b>EU Progress Report (p. 9):</b> Public administration reform is proceeding at a slow pace and is hampered by insufficient political commitment. The legislative framework needs to be completed and fully aligned with international standards. Implementation of the existing laws and strategy needs to be improved. Merit-based recruitment and promotion systems should be developed and implemented.</p>	<p>While the reform process in the area of public administration was geared in the period between 2006-2008, there has been a slowdown in the reforms in the period of 2010-2012. The 2012 EU Progress report indicates that the reforms are hampered by insufficient political commitment.</p>

Country	2006	2008	2010	2012	Analysis
		well under difficult conditions. Greater determination needs to be shown by the Serbian authorities to empower regulatory and independent bodies and to ensure that they operate effectively.			

## Annex 4: Detailed evaluation findings from CARDS countries & Regional Programme

### CARDS Country summary report

**Country: Montenegro**

**Mission date: 22<sup>nd</sup> to 26<sup>th</sup> April 2013**

**Evaluator: Steven O'Connor**

#### 1. Overview of CARDS assistance to Montenegro

##### Political overview

Since the start of the CARDS programme, Montenegro has passed through a fundamental political and institutional transformation. Till 2002 it was a republic within the Federal Republic of Yugoslavia. In 2003 it became a partner state in the state union of Serbia and Montenegro. Finally, Montenegro declared itself an independent country in 2006.

##### Accession process

Since the launch of the EU's Stabilisation and Association Process for the western Balkan countries in 1999, Montenegro has made steady progress towards EU accession. The first European Partnership for Montenegro was published in 2007. The same year the Stabilisation and Association Agreement (SAA) between Montenegro and the EU was signed and entered into force in 2010. Montenegro applied for EU membership in 2008. Candidate status was granted in 2010 and accession negotiations commenced in 2012.<sup>50</sup>

##### Economy

Montenegro is one of the smallest countries in Europe with a population of 640,000. In the decade since CARDS was introduced the economy experienced marked growth till 2008, but fell into recession in 2009. Since then it has made a modest recovery since then (see table below)<sup>51</sup>

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
% GDP growth on year	1.1	1.9	2.5	4.4	4.2	8.6	10.7	6.9	-5.7	2.5	3.2

##### Strategic framework

EU assistance to Montenegro via the CARDS instrument has been framed by the following strategic documents:

- CARDS Council 2001 Regulation (EC) No.2666/2000
- Country Strategy Paper (CSP) 2002-2006 for the Federal Republic of Yugoslavia
- Multi-annual Indicative Programmes (MIP) 2002-2004 and 2005/6
- Annual Country Programmes (AP) 2001 - 2006

<sup>50</sup> Source: European Commission [http://europa.eu/rapid/press-release\\_MEMO-12-769\\_en.htm](http://europa.eu/rapid/press-release_MEMO-12-769_en.htm)

<sup>51</sup> Source: World Bank 2013

**CARDS Programming Priorities<sup>52</sup>**

Within each of the strategic documents, a series of priority areas were identified for receiving CARDS funding. These were outlined in the CSP for 2002-2006 and broken down further in each of the MIPs issued in that period. The 2001 programme, which preceded the CSP, was given its own one-off set of priorities. These are listed below:

**CARDS Programming Priorities Montenegro 2001 – 2006**

MIP/AP	2001 AP	2002 – 2004 MIP	2005-2006 MIP
Priority	No wider areas of support	<b>Good governance and institution building</b>	
	State institutions	Public administration reform	Public Administration Reform
	Public finance		Public Administration Reform
	Customs & taxation	Customs and taxation	Customs and taxation reform
	No comparable priority	Justice and home affairs	Justice and home affairs
	No comparable priority	No comparable priority	Integrated border management
	No wider areas of support	<b>Economic recovery, regeneration and reform/ Economic and social development</b>	
	Transport	Transport	Transport and Communications
	No comparable priority	Energy	Energy
		Environment	Environment
		Economic development	Investment Climate
	Education	University education, enhancing regional co-operation, vocational education & training and HRD	Trade
			Education and employment
			Higher education
	No wider areas of support	Social development and civil society	VET and labour market
			Democratic stabilisation
			Civil society
	No comparable priority	Civil society strengthening	Civil society
		No comparable priority	Media
	No comparable priority	No comparable priority	Minority rights & refugee return
<b>Other non-sector specific priorities</b>			
Other (ATA)	No comparable priority	No comparable priority	

<sup>52</sup> Source: EAR website <http://ec.europa.eu/enlargement/archives/ear/montenegro/montenegro.htm>

	No comparable priority	General technical assistance & programme reserve	<ul style="list-style-type: none"> <li>• Community programmes</li> <li>• General Technical Assistance Facility (GTAF)</li> <li>• EAR running costs</li> </ul>

### CARDS Funding to Montenegro

The EU provided funding to Montenegro via the CARDS programme via 6 annual allocations starting in 2001. The funding amounts are presented below.<sup>53</sup>

Year	2001	2002	2003	2004	2005	2006	Total
Amount €M	16.30	12.00	12.00	16.76	23.12	20.71	100.89

### CARDS evaluation sample

The evaluation of the CARDS programme was based on the sample of projects listed in the table below. These projects were selected for detailed analysis and also provided the evaluators with a starting point to explore wider themes and characteristics of the CARDS programme in Montenegro. The original sample of 6 projects was enlarged by two i.e. Public Administration Reform in Montenegro and Implementation of Budgeting and Salary System Reforms, as linkages were evident between these interventions and the PARIM CB project from the 2005 annual programme and additional information about these interventions became available to the evaluators at the time of the evaluation e.g. additional documentation and access to former staff of European Agency for Reconstruction (EAR) and officials of the Montenegrin public service.

Title	Size €M	Sector	Year	Type of Assistance
Sewerage & Wastewater treatment	1.67	Environment	2002	TA/Works
Support to Judicial Reform	1.00	Justice and Home Affairs	2003	IB (TA)
Capacity Building HR Management Agency & Line Ministries (PARIM CB)	2.40	Administrative Capacity Building	2005	IB (TA)
Integrated Border Management	1.50	Good Governance & Institution Building	2006	Works
EU approximation in trade and single market policies	2.07	Economic and Social Development	2006	IB (TA)
Labour Market Reform and Workplace Development	1.50	Economic and Social Development	2006	IB (TA)
<b>Additional projects included in the sample</b>				
Public administration reform: support to central government (PARIM)	0.90	Good governance & institution building	2004	IB (TA)

<sup>53</sup> Source: European Commission 2010 ANNUAL REPORT ON PHARE, TURKEY PRE-ACCESSION INSTRUMENTS, CARDS AND THE TRANSITION FACILITY. Figures include only Annual Action Programmes, while not including other programmes managed centrally, such as Customs and Taxation, or the running costs for the European Agency for Reconstruction

Implementation of Budgeting and Salary System Reforms	1.66	Good Governance & Institution Building	2006	IB
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### Implementation of assistance

CARDS in Montenegro was managed by the European Agency for Reconstruction until its closure in 2008. All assistance was programmed by the EAR. Those projects that were still active after the EAR's closure (projects from the 2006 programme) were taken over by the EU Delegation, which was opened in 2007. This oversaw the contracting and implementation of these remaining interventions.

## 2. Response to Evaluation Questions

*What was the strategic framework and how effectively had priorities/ needs of the countries in the region been translated into programming of assistance, based on the priorities identified in country strategy and programming documents?*

The linkages between CARDS national priorities, sectoral priorities and individual projects are clear and consistent. There is an evident logical relationship in the evaluation sample between the objectives of the projects and the sectoral priorities stated in APs and MIPs.

The strategic framework for CARDS assistance is described in section 1.5. As can be seen from the table therein, the priorities expressed within this framework remained largely stable over the duration of the programme. Indeed no single priority was removed throughout the whole duration of the programme's existence. This framework of broad sectoral priorities that changed little over time provided a stable programming environment for the planning of individual project interventions. It therefore gave the opportunity to plan assistance to key areas without the risk of a priority being dropped in the next programming year.

The rather loose but stable programming framework gave the necessary flexibility to design and deliver assistance in the context of a rapidly changing political and institutional environment (MNE moved from being a federal unit of Yugoslavia to a partner state, and then an independent state in the period of CARDS existence).

A consistent approach to programming is evident in key areas such as public administration reform (PAR), where CARDS funded interventions from its 2002, 2004, 2005 and 2006 APs. This facilitated the build-up of capacity within target institutions over an extended period, which despite some setbacks, remains largely in place.

Evidence from the project sample indicates that the strategic framework for CARDS assistance to a large extent allowed the programming of projects that corresponded to local needs. This was particularly evident in the case of support to internal market and vocational education sectors, but was to varying degrees manifest across all other sectors.

*For example, the assistance to the environment sector in Montenegro has responded to the needs and priorities of the country. Due to many factors, including the fact that MNE was part of the State Union of Serbia and Montenegro, it had a very weak or non-existent strategic framework relating to all developing areas including environment. The CARDS assistance responded to the recognised need to invest in building capacities for strategic planning and evidence base (through feasibility studies, plans, etc.) on what approaches would be feasible to take in investment planning.*

A shift in the focus of CARDS assistance is evident. The earlier years of CARDS channelled investments into transport, environment, energy and municipal sectors, and the development of strategies to facilitate such investments. From 2004 onwards, these were largely displaced by interventions targeting institution-building within the Montenegrin national administration. This had implications for the appropriateness of the programming approach used by the EAR.

*To what extent had financial assistance been effective in achieving results? What possibly hampered its achievement? What was the quality of the outcomes? Had there been any factors (financial, social, political, human factor) which prevented beneficiary countries accessing the results?*

Evidence gathered from this evaluation indicates that assistance was generally effective. It resulted in the building of physical infrastructure, the adoption of legislation, implementation of strategies, the training of a large number of state and municipal officials and creation of institutions that for the most part remain in place to this day. The evaluation sample provided extensive evidence to substantiate this. Of the eight projects assessed, six were clearly effective or highly effective, one was partly effective and one experienced such difficulties as it could be considered ineffective. Likewise, the quality of outcomes from the evaluated assistance is similarly good. The table below gives an analysis of effectiveness of the assistance and outcomes, drawing on secondary sources as well as feedback gathered directly from interviews with key stakeholders. There are numerous examples of successful results of CARDS in Montenegro as listed below.

The establishment of the Human Resources Management Authority (HRMA): This institution is currently fully operational, with some 40 staff members, and running a range of training and networking activities for municipal and state officials (some 8000 users of their services were registered in 2012). This was supported from the CARDS 2004 and 2005 programmes.

Legislative and institutional improvements in the area of internal market: New legislation was adopted in the areas of state aids, public procurement, consumer protection and market surveillance. Thanks to CARDS support key bodies were set up such as the State Aids Unit at the Ministry of Economy and the Public Procurement Authority. This intervention not only laid the ground for IPA assistance in individual subsectors such as state aids, public procurement and market surveillance, but also achieved its anticipated impacts (see box below).

**Box: Montenegro – from results to impacts**  
**Legal and Institutional Reform of Internal Market and Trade**

The project's objective was to accelerate legal and regulatory reforms and strengthen the capacity of relevant government structures of Montenegro in the area of trade and single market in compliance with WTO and SAA requirements. It focused on 4 key internal market areas – trade, competition, state aid and consumer protection. It had planned results as follows: EU and WTO compliant legal framework and administrative procedures established in the areas of trade; competition, state aid and consumer protection as far as required and applicable to Montenegro's status' Underlying concepts are understood and endorsed by administrators, law enforcement personnel, private sector actors and the public at large; An institutional development plan for bodies administering the new legal framework is available, agreed and implemented by the Government

The project was responsible for the drafting of legislation in all 4 areas, especially in the areas of product safety, state aids and competition. This legislation (with some amendments) remains in place and represents a cornerstone of Montenegrin legal base in the area of internal market issues. It was also instrumental in the creation of agencies responsible for state aids and competition as well as the foundations for the government body dealing with market surveillance and consumer protection. All of these institutions are still in place and fully operational. Also, a cadre of administrators and policymakers were made aware of key issues to be addressed in order to meet SAA and WTO standards. Finally, based on this intervention, several of the beneficiary institutions have developed their own IPA funded projects.

This assistance directly contributed to the following wider impacts: Montenegro was able to sign the SAA in 2008 (it entered into force in 2010) and is able to meet many of its obligations stemming from it. The project also made a contribution to Montenegro being in a position to join the WTO in 2012.

Support to integrated border management efforts: The 2006 intervention established one functional international BCP. However it fitted into a concerted effort by the EU and Montenegro, funded by CARDS and thereafter IPA, to bring Montenegro towards EU standards in IBM.

In addition to the above direct effects, it was noted by interviewees that CARDS IB assistance laid the groundwork for IPA assistance in a number of areas. As such, it established the basis for more complex IPA funded interventions that aimed at deeper and more ambitious reforms in key sectors such as internal market, PAR and judicial reform. Furthermore, it provided an opportunity to prepare Montenegrin institutions for using EU assistance in the future.

The assistance to institutionalisation of judicial training was very effective. The Judicial Training Centre – the principal beneficiary - received their permanent premises and the Law on education of judiciary was adopted in 2006, by the end of the project duration. The trainings provided within the Centre and with support by CARDS were at times the first instances for judges and prosecutors to get acquainted with EU standards and practice in the area and to exchange experiences with European experts. This was also important measure for raising awareness and capacities of the sector to align their work to EU standards.



Less positive examples of effectiveness could be found in the environment and public finance sectors, which give highlight the factors that hampered the achievement of results and beneficiaries accessing them.

In the case of the environment, CARDS generated a series of feasibility studies which were not used as fully intended. They were not programmed to link with planned investments with the result that they remained merely figures on paper that became obsolete over time and, in at least one case (Bar Municipality) needed to be updated before being usable as the basis for the design of a wastewater project.<sup>54</sup> Also, the isolated investments into the water sector (two localised WWTPs in rural areas) didn't fit into any wider strategy for rolling out such a model nationally so these remained locally based investments with at best only limited effectiveness.

As regards public finances, the circumstances surrounding the problems of *"Implementation of Budgeting and Salary System Reforms"* are outlined in the chapter above. The failure of a part of the intervention highlights the challenges of introducing politically sensitive changes in a volatile political environment. Evidence from the sample indicated that this was not a problem across the board, suggesting that political interference in CARDS assistance was not endemic.

The following table provides a summary of the effectiveness for the individual sample projects:

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<sup>54</sup> A new sewerage system for Bar is under tender at present using a design based on studies funded from German bilateral assistance in 2010. This investment was reported to be funded from national funds.

Title	Year	Expected results	Actual results at end of intervention <sup>55</sup>	Observed status as at April 2013/Observed outcomes	Assessment
Sewerage & Wastewater treatment	2002	<ul style="list-style-type: none"> <li>1 WWTP</li> <li>Feasibility studies for future investments in coastal region</li> </ul>	<ul style="list-style-type: none"> <li>1 WWTP built (Virpazar)</li> <li>Feasibility studies prepared – actual number not known</li> </ul>	<ul style="list-style-type: none"> <li>1 WWTP in operation</li> <li>Original outputs from feasibility studies used as supporting data for development of further feasibility study in 2009</li> </ul>	Partly effective
Support to Judicial Reform	2003	<ul style="list-style-type: none"> <li>Establishment of a functional Judicial Training Centre</li> <li>Training capacity at the JTC.</li> <li>IT systems for the courts</li> </ul>	<ul style="list-style-type: none"> <li>JTC established and functional</li> <li>Selected courts functional with improved IT capacity</li> </ul>	<ul style="list-style-type: none"> <li>JTC a well-established national centre for training the Montenegrin judiciary</li> <li>IT equipment not identifiable (although likely to be already obsolete)</li> </ul>	Effective
Public administration reform: support to central government (PARIM)	2004	<ul style="list-style-type: none"> <li>Adoption of a new administrative legal framework;</li> <li>Establishment of the HRM Agency and setting up of HRM Units in all administrative bodies;</li> <li>Staff of the HRM Agency and of the HRM Units trained in recruitment tools, performance appraisal, career planning, etc.;</li> <li>A training needs analyses carried out and appropriate training programmes developed for civil servants and public employees;</li> <li>Provision of facilities and equipment.</li> </ul>	<ul style="list-style-type: none"> <li>Inputs to the draft of law on public servants – law not established</li> <li>HRMA and staff capacity in place, with necessary facilities and equipment</li> </ul>	<ul style="list-style-type: none"> <li>Law on Civil Servants and State Employees passed by Parliament in July 2011</li> <li>Legislation enabling the obligatory training of state and municipal employees in place;</li> <li>HRMA fully operational with sufficient staff capacity;</li> <li>HRMA providing training programmes to all levels of public administration, both national and municipal.</li> <li>HRMA runs bi-annual TNA exercise for central and local government administrations</li> <li>PIS reported as being in place</li> </ul>	Highly effective
Capacity Building HR Management Agency & Line Ministries (PARIM CB)	2005	<ul style="list-style-type: none"> <li>civil service normative framework improved</li> <li>HRM and HRD policies developed and applied</li> <li>HRM Agency staff capabilities strengthened</li> </ul>	<ul style="list-style-type: none"> <li>The new normative framework applied and efficient and accountable civil service system in place. Still relevant shortcomings in the legislation;</li> <li>HRM and HRD policies</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation between HRMA and other government institutions in place</li> <li>International cooperation in HRM established between Montenegro and other regional bodies (HRMAs in other SE European states, Regional School for</li> </ul>	

<sup>55</sup> Means of verification include previous evaluation reports, relevant ROM reports, project final reports, interviews with stakeholders

Title	Year	Expected results	Actual results at end of intervention <sup>55</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		<ul style="list-style-type: none"> <li>• PIS developed and operational</li> <li>• inter-ministerial coordination strengthened on EU issues</li> <li>• specific legislation harmonised with the EU economic system</li> <li>• EU communication strategy agreed and implemented</li> <li>• project management skills enhanced</li> <li>• participation to EC programmes ensured</li> </ul>	<p>implemented in HRMA and line ministries;</p> <ul style="list-style-type: none"> <li>• Training programmes for civil servants in place;</li> <li>• Training of HRMA staff completed, skills improved and HR sustainability ensured.</li> <li>• Personnel Information System established and operational.</li> <li>• Co-ordination structures on EU affairs established and inter-ministerial co-ordination improved.</li> <li>• EC programmes are opened to Montenegro, IPA, CBC and some Community programmes are accessible to Montenegro authorities.</li> </ul>	<p>Administration) and international bodies e.g. OECD.</p>	
Integrated Border Management	2006	<ul style="list-style-type: none"> <li>• Construction of improved and fully-equipped facilities at selected priority international border crossing points, including access infrastructure.</li> <li>• Supply of relevant equipment to international BCPs</li> </ul>	<ul style="list-style-type: none"> <li>• 1 BCP constructed and equipped (Božaj)</li> </ul>	<ul style="list-style-type: none"> <li>• Božaj BCP operational and part of the network of international BCPs</li> </ul>	Effective
EU approximation in trade and single market policies	2006	<ul style="list-style-type: none"> <li>• EU and WTO compliant legal framework and administrative procedures established in the areas of trade, competition, state aid and consumer protection as far as required and applicable to Montenegro's status</li> </ul>	<ul style="list-style-type: none"> <li>• All main results were reported as being delivered</li> </ul>	<ul style="list-style-type: none"> <li>• Montenegro SAA in force since 2010</li> <li>• Montenegro a member of WTO since 2012</li> <li>• Law on State Aids adopted and updated</li> <li>• Primary and secondary legislation in the area of consumer protection and market surveillance in place</li> </ul>	Highly Effective

Title	Year	Expected results	Actual results at end of intervention <sup>55</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		<ul style="list-style-type: none"> <li>Underlying concepts are understood and endorsed by administrators, law enforcement personnel, private sector actors and the public at large</li> <li>An institutional development plan for bodies administering the new legal framework is available, agreed and implemented by the Government</li> </ul>		<ul style="list-style-type: none"> <li>State Aids Unit at Ministry of Economy established and functional</li> <li>Public Procurement Authority established and functional</li> <li>State Control Agency established and functional</li> </ul>	
Labour Market Reform and Workplace Development	2006	<ul style="list-style-type: none"> <li>development and modernisation of policy and executive responsibilities; alignment of labour legislation to EU Directives; reinforcing social dialogue capacity and social partnership in the area of labour market reform and workforce development</li> <li>development of a National Action Plan for Employment</li> <li>operational arrangements and funding implications for an 'employment fund'</li> <li>technical support to develop labour market and employment statistics and information systems,</li> <li>establishing a national partnership for innovation in the learning system</li> </ul>	<ul style="list-style-type: none"> <li>All results reported as being delivered</li> </ul>	<ul style="list-style-type: none"> <li>National VET Centre fully operational</li> <li>Innovative Employment Programme active</li> <li>National Strategy for Employment and HRD 2012-2015 in place</li> </ul>	Effective

Title	Year	Expected results	Actual results at end of intervention <sup>55</sup>	Observed status as at April 2013/Observed outcomes	Assessment
Implementation of Budgeting and Salary System Reforms	2006	<ul style="list-style-type: none"> <li>• Improved budgeting system and processes.</li> <li>• Developing the medium-term horizon in the budgeting process</li> <li>• Expanding the treasury information system for the support of the budget process and the Medium-Term Budget Framework</li> <li>• Enhancing the analytical capacities and tools for a comprehensive salary system</li> <li>• Evaluating the implementation of and improving the new legislation on Salaries</li> <li>• Reviewing, evaluating and improving the coordination structures, tools and processes for the implementation of the salary system.</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved</li> <li>• Achieved</li> <li>• Not achieved</li> <li>• Partly achieved</li> <li>• Partly achieved</li> <li>• Not achieved</li> </ul>	<ul style="list-style-type: none"> <li>• Budgetary system functional</li> <li>• MTBF not introduced<sup>56</sup></li> <li>• Revised salary system not in place</li> </ul>	Ineffective

<sup>56</sup> As reported in 2012 by OECD in "Kraan, Dirk-Jan, et al. (2012), "Budgeting in Montenegro", OECD Journal on Budgeting, Vol. 12/1."

*Have the results delivered by the evaluated assistance translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities stated in the relevant programme documents? Were there any additional/unexpected impacts (negative or positive)?*

Immediate impacts are evident throughout the evaluation sample. Based on the judgement criteria and associated indicators contained in the evaluation matrix, it can be stated that in most cases the assistance has delivered the planned results. Furthermore, there is substantial evidence of their use for the purposes originally intended, and that they are directly contributing to impacts within their sectors. These impacts in nearly all cases correspond with the planned objectives stated in the programming documents.

As regards intermediate impacts, identifiable benefits for society or the economy are observable in some cases, as are changes in political/ administrative behaviour, procedures, and structures. Examples of the former impacts are the existence of legislation and functioning institutions for market surveillance and consumer protection as well as integrated border management mainstreamed into Montenegrin state structure. As regards the latter, CARDS has established networks within and among institutions, and encouraged inter-institutional cooperation, which hitherto had not existed or was a largely alien concept. Cases involving government action against state aids has been documented, as have proceedings against dangerous products introduced to the Montenegrin market.

Less clear are the impacts from assistance to public administration reform, where evidence suggests that, despite good effectiveness, CARDS assistance has not fundamentally changed the performance of public administration, although it has put in place important elements to facilitate such change.<sup>57</sup> In this respect, caution needs to be exercised in giving a fully positive assessment of overall CARDS impact as PAR is central to successful institution-building.

For wider impacts there is substantial evidence, based on the indicators in the evaluation matrix, to suggest that progress towards objectives stated in programming and strategic documents as well as key international agreements has been made. For example, Montenegro has been able to undergo a democratic transformation (in the form of free and fair elections and transfer of powers). Stable institutions that have benefitted from CARDS assistance not only exist but are developing further under national and IPA assistance. A raft of key legislation is in place that is in line with CARDS objectives. Montenegro's SAA has been in force since 2010 and negotiations for EU accession on-going since 2012. A caveat to this positive assessment is the extent to which these impacts are directly attributable to CARDS assistance, which cannot reliably be established due to the general

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<sup>57</sup> See OECD/Sigma Governance and Management Assessment for Montenegro, and UNDP 's Functional review of the HR function and management capacities in Montenegrin municipal administrations for more details.  
[http://www.oecd.org/site/sigma/publicationsdocuments/Montenegro\\_Assess\\_2012.pdf](http://www.oecd.org/site/sigma/publicationsdocuments/Montenegro_Assess_2012.pdf)

nature of the original programming documents and limited amount of supporting documentation in the form of monitoring and evaluation reports.

Nevertheless, this positive assessment can be illustrated from the evaluation sample. Areas like integrated border management (IBM) have benefitted enormously as CARDS assistance addressed immediate needs and acted as a catalyst for wider and deeper institutional change (see text box). Likewise, in the internal market sector, CARDS assistance raised awareness among policymakers of key issues that needed to be addressed (see text box). This particular intervention contributed towards wider impacts in terms of adoption of the SAA for Montenegro and also its entry into the World Trade Organisation.

Even in areas where results were less evident e.g. environment, state aids, the involvement in the implementation of projects that proved unsuccessful gave Montenegrin national and local administration staff valuable experience for their future work. This was reported as being evident in the performance of subsequent IPA assistance, where previous CARDS beneficiaries were more able to make efficient and effective use of support under this instrument than those who had not had the benefit of “cutting their teeth” under CARDS.

**Box: Effects & Impacts of CARDS Assistance – Integrated Border Management**

Assistance to the area of Integrated Border Management (IBM) illustrates many of the positive aspects of CARDS assistance in terms of effectiveness and impact.

Funding for IBM was provided under CARDS 2003, 2004 and 2006 annual programmes. This support provided for the upgrading of prioritised border crossing points (BCP) and the training of border police and staff of other key stakeholders (such as customs service, veterinary inspectorate) in IBM best practice. The assistance also complemented the CARDS regional IBM programme, which provided technical support to the drafting of the national IBM strategy. Support to this sector was continued under IPA. CARDS assistance provided the following:

- A network of fully functional BCPs at Montenegro’s international borders;
- A cadre of trained border police, customs officials and veterinary inspectors;
- Montenegro’s IBM strategy adopted and under implementation;
- The Inter-ministerial committee for the delivery of IBM was set up and is operational;
- International agreements with all of Montenegro’s neighbouring states on border policing cooperation;
- Coordinated joint patrols with neighbouring border police forces.

In terms of results, aside from the physical infrastructure needed to manage the country’s borders, CARDS directly promoted a multi-agency working approach among key IBM stakeholders that had previously never existed and which is now considered normal practice among them. It also created networks among IBM staff both within Montenegro and also with its neighbouring states and has fostered constructive and transparent dialogue between them. It has embedded the concept of strategic planning within the Ministry of Interior in relation to IBM, with a specific focus on putting in place measures that will lead to the adoption of Schengen norms.

All of these results have led to the following impacts:

- Better trade facilitation at Montenegrin borders;
- Open but controlled and secure borders between Montenegro and its neighbours. :
- Better functioning institutions working in the area of border management;
- Montenegro better prepared to adopt the Schengen Agreement

*Can impacts be sufficiently identified /quantified?*

As mentioned above, impacts are identifiable. However, due to the varied quality and detail of programming documentation, there is a general absence of indicators that would allow indicators to be measurable or quantified. That said, results within the evaluation sample have been identifiable, which in turn indicates the achievement of planned objectives and thus impacts. Nevertheless, it is much easier to answer the question “did the assistance have the desired impact?” (mostly yes) than the question “how much impact did the assistance have?”.

*Were the identified results and impacts sustainable?*

The evaluation sample, plus secondary sources indicate that CARDS results and impacts are likely to have been sustained, although constraints were also evident.

As mentioned in section above, the programming approach used for CARDS in Montenegro reduced the local beneficiaries to passive partners in the exercise. This may have been expected to have reduced the buy-in from local stakeholders into the individual projects themselves and thus negatively affected ownership of results. Indeed the previous country CARDS evaluation noted “mixed ownership” of the assistance that it assessed.

Whilst caution is necessary in generalising findings based on the evaluation sample, evidence both from ROM reports and the evaluation field mission indicated that ownership was, for the most part, fairly strong. Aside from outputs from assistance (such as training programmes, guideline etc.) still being used by their final beneficiaries, wider ownership at governmental level as also apparent. This was manifest in the fact that for legislation prepared under CARDS had not only been adopted, but is either still in place or had been enhanced, or that the institutions that CARDS had helped establish (HRMA, JTC, PPA, State Aids Unit) continue to exist and are fully operational. However, one intervention (Budget and Salary Reforms) showed that without sustained high-level political support, more sensitive reforms cannot be brought about through external assistance. Also, whilst the sustainability of institutions such as the HRMA and JTC seems assured, the influence that these bodies have on overall public administration and judicial reform efforts is limited by wider institutional and political constraints.<sup>58</sup>

The previous CARDS country evaluation found that lack of staff and budget allocations was a key impediment to the sustainability of capacity building projects. In the course of this evaluation, the issue of staff turnover was sometimes mentioned as a factor undermining institutional capacity.

However, within the evaluation sample, evidence was that staff turnover, whilst a reality, had not fatally eroded the sustainability of the assistance. It was found that many of the key individuals who

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<sup>58</sup> For more detailed analysis of the constraints on successful public administration and judicial reform, see OECD/SIGMA Montenegro Assessment of March 2012, especially pp. 4-6 and 7-13



had been involved in CARDS were either still in post, or had moved from expert level to middle or senior management within their institutions. As a consequence, the knowledge acquired by the institutions in question under CARDS had not been lost. Indeed, it seemed as though this knowledge was being maintained and extended internally through in-house training or via courses offered by the HRMA, or externally through IPA-funded institution building interventions.

More widely, in several cases it was reported that staff involved in CARDS assistance had either become senior administrators or politicians and had taken not only the skills with them and applied them to their new positions, but had also taken their awareness of the need for change and had used this to influence administrative and political behaviour.

Sustainability of investments was not noted as being a problem. The infrastructure investments included in the sample (BCP Božaj and waste water treatment plant in Virpazar) are currently operational. Some concerns remain about the ability of the owner of WWTP's ability to maintain the facility due to lack of municipal funds, although the site visit found the facility to be in good working order. Whilst not included in the sample, transport infrastructure funded from CARDS was also reported to have been adequately maintained.

As regards weaknesses in the sustainability, the absence of funds for the implementation of environmental was a shortcoming that can ultimately attributed to a failure of design to incorporate either an investment component into the project scope, or to introduce a conditionality related to matching financing for the realisation of the proposed projects from other sources (e.g. EIB/EBRD). That said, the feasibility studies covered by this sample did lay the basis for attracting further funding in the form of support from 16.5 million EUR of funds from KfW relating to water supply in the coastal region.

*To what extent were the EC's chosen implementation modalities relevant and efficient? To what extent have the beneficiary countries been actively involved in decision-making concerning CARDS Assistance orientation and implementation?*

The implementation modality used for CARDS in Montenegro i.e. indirect centralised management by the EAR appears to have been efficient both in programming assistance and in its implementation. The previous CARDS country evaluation found that "efficiency was generally good"<sup>59</sup> and available ROM reports for the interventions in the evaluation sample broadly support this assessment. As regards the contracting of assistance, interviews with ex-CARDS staff indicated that there were no cases where assistance was seriously delayed due to difficulties in the contracting process. Indeed, there was evidence from at least one sector (Environment), where savings from the contracting of other assistance was used to fund an additional intervention.

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<sup>59</sup> Retrospective Evaluation of CARDS Programmes in Montenegro, p 20

Needs assessments were carried out for sectors and projects by the EAR. The extent to which these were adequate or were integrated into the final design seems to vary from sector to sector, and project to project, although evidence indicates that they were generally of good quality. ROM reports related to the evaluation sample state that needs assessments were conducted for the projects in question. This is also largely corroborated by previous evaluations, although their quality was reported as varying depending on the sector in question.<sup>60</sup> There appears to have been very few or no such assessments conducted by or available from the Montenegrin side, which appears to be primarily a result of the fragmented and volatile institutional environment prevailing at the time. This fact further re-enforced the donor-led approach to the programming approach. Interview feedback suggested that the EAR consulted with the future beneficiary institutions during the programming phase (although again, this was not a uniform characteristic and varied notably from sector to sector)<sup>61</sup>. Furthermore, these assessments were for the most part sufficiently thorough to have successfully identified beneficiary needs and laid the basis for the delivery of sustainable results. Where this process was in addition more consultative, there is evidence that it improved the prospects of increased ownership.<sup>62</sup>

The EAR programming approach can therefore be described as consultative rather than participative. This meant that projects could be designed and contracted quickly, and thereafter assistance was (in most cases) effectively translated into results. Evidence from the evaluation sample corroborates this to a great extent. This modality was well suited to the earlier years of the CARDS programme, as the needs on the ground were evident and immediate and there was an absence of capacity in counterpart institutions. There was, however, an evident trade-off between efficiency and inclusivity. With the move away from emergency relief and reconstruction towards institution building, such a modality became less appropriate, as there was an increased need for a more participative and inclusive approach that encouraged the Montenegrin side to take a more active role in decision making over the assistance.

The involvement of Montenegrin authorities in the decision-making around the orientation of CARDS assistance was limited to formal approval of CARDS strategic documents. As a result, they had little direct say in the specific orientation of the assistance. As the CARDS evaluation from June 2004 noted *“Government stakeholders, contractors and EU Member State representatives indicate that beneficiaries had too little influence on programme design and project development.”*<sup>63</sup> This overall approach evidently did not change until the introduction of IPA in 2008. This was to some extent counterbalanced by the consultative approach adopted by the EAR during the preparation of

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<sup>60</sup> See “Retrospective Evaluation of CARDS Programmes in Montenegro”, COWI/DG Enlargement pp. 16, 20,27

<sup>61</sup> For example, interviews from the PAR sector suggested that the first two CARDS projects developed for the sector were developed exclusively by the EAR without any involvement of the prospective beneficiaries. By contrast, interventions to the vocational education sector were reported as being prepared in close collaboration with the Montenegrin side.

<sup>62</sup> This consultative approach was reported by Montenegrin beneficiaries of CARDS 2006 projects “Labour Market Reform and Workplace Development” and “Integrated Border Management”. By contrast, the beneficiaries of CARDS projects “PARIM and PARIM CB” stated that these projects were given to them as a readymade package without any prior consultation.

<sup>63</sup> CARDS Evaluation Synthesis Report: Volume I, June 2004 p. 27

individual interventions, although this could not fully compensate for the one-sided decision making process at strategic level. Also, as regards the monitoring and evaluation of assistance, this was handled either internally by the EAR (with its outputs not always shared with the Montenegrin side) or externally via the ROM instrument.

Once interventions entered implementation, Montenegrin beneficiaries had the opportunity to participate directly in the delivery of the assistance. Evidence both ROM reports and direct interviews with former CARDS beneficiaries indicate that this aspect of CARDS was highly beneficial from a number of perspectives. It encouraged planning and strategic thinking from them, posed practical challenges in implementing the assistance and also in making the best use of the project outputs. Thus it provided skills and experience that would serve the CARDS beneficiaries well for their own work as well as for making use of future EU assistance. It was reported to the evaluators that as a result of CARDS assistance, the transfer from EAR to IPA implementation was not as difficult as expected, as the beneficiaries evidently learnt valuable lessons from CARDS implementation.

Overall, the implementation modality largely excluded Montenegrin institutions from the programming, monitoring and evaluation of CARDS assistance. It did, however, play an important role in developing these institutions' appreciation of the use of EU funds, and equipped them with the capacity to implement CARDS interventions and utilise their outputs. A legacy of this approach is that while Montenegrin institutions are reported as being competent users of IPA assistance, their capacity to adequately programme and monitor IPA remains much lower than might be expected. Whilst this weakness cannot be wholly attributed to CARDS, interviewees clearly expressed the view that this problem (along with donor coordination) was a weak spot in the CARDS approach.

Two other points are worthy of note. The first relates to the mandate of the EAR in Montenegro. As the EU Delegation was based in Belgrade, the EAR in Montenegro, based in Podgorica had a purely operational function. It lacked the political mandate of the Delegation and in cases where interventions experienced implementation difficulties resulting from political circumstances, it was not empowered to intervene at ministerial level to address these problems. This constraint was highlighted in the project *"Implementation of Budgeting and Salary System Reforms"* where the departure of the project's "champion" (a deputy minister) from his position led to a key component of the project (salary reform) stalling. Given the sensitive nature of the intervention, high level political support from the side of the EU was needed to ensure that the Montenegrin government maintained its commitment to the project and its results. However, in the absence of such a political presence and the EAR mandated only to oversee the operational aspects of CARDS, this aspect of the project failed to deliver any meaningful results and the opportunity to overhaul state salaries was lost.<sup>64</sup>

The second relates to ownership of results. A consequence of programming being driven by the EAR might be expected to be a lack of ownership of project results on the part of the Montenegrin

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<sup>64</sup> See also "Retrospective Evaluation of CARDS Programmes in Montenegro", COWI/DG Enlargement pp. 9-11

beneficiaries. This was reported as being a problem for some interventions in the previous CARDS Country evaluation.<sup>65</sup> However, this was clearly evident in only one case for this evaluation,<sup>66</sup> otherwise beneficiaries were able to identify the results of their projects and appeared to be working with them, or benefiting from their effects. Indeed, the beneficiaries consulted as part of this evaluation were positive in their assessment of the performance of the EAR and compared it, and its working approach favourably vis-a-vis IPA.

*To what extent was the support provided by the EC instruments coherent and complementary with national and other donor assistance?*

CARDS assistance was coordinated almost exclusively by the EAR itself. This was initially due to the absence of a counterpart institution on the Montenegrin side. It was reported that this fitted into a wider donor-led approach to coordination of aid/assistance, with the Montenegrin side (once the responsibility had been designated to the Prime Ministers' Office) playing a passive role. Given the very small number of donors in Montenegro apart from the EU, coherence and complementarity with other assistance programmes was reported to not be a major issue.<sup>67</sup>

The assistance provided by CARDS was complementary to national funding inasmuch as for the most part it covered areas where national funds were not present. However, in key areas such as PAR and IBM, there is evidence that national funds and CARDS funds were coordinated closely by the EAR and its counterparts – Ministry of Interior. However, this area is not particularly well documented and current evidence is based on distant recollections of individuals who were not closely involved in the process. Therefore it is difficult to come to any definitive assessment of this area.

The only relevant issue noted in this evaluation of assistance paradoxically related to the weak complementarity of CARDS regional and national funds, specifically CARDS national PAR assistance and its dovetailing with the CARDS regional project "Regional School for Administration". It would seem logical that both the Montenegrin side and the EC would have closely coordinated their efforts to ensure that national PAR efforts would be supported by the Regional School for Public Administration (ReSPA), especially given its location on the outskirts of Podgorica. However, this evidently did not happen to any meaningful extent. The Montenegrin side established its own HRMA, which is understandable given the absence of any training capacity in the country at the time. Less understandable is the EU approach of funding the establishment and development of the HRMA (via both CARDS and IPA national programmes) whilst at the same time creating ReSPA via the CARDS regional programme to ostensibly provide the same or similar services. As a result, the HRMA now has a strong appreciation of national and local PAR training needs and is delivering training to meet these needs (using both national and donor funds to do this). By contrast, ReSPA is still looking for a niche which it can now fit into, 10 years since its first funding. The only complementarity evident in

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<sup>65</sup> Retrospective Evaluation of CARDS Programmes in Montenegro, p 13

<sup>66</sup> Ibid p. 9

<sup>67</sup> See Retrospective Evaluation of CARDS Programmes in Montenegro, p 25

this example is that HRMA makes use of the luxurious training facilities available at ReSPA as its own facilities are often insufficient for the training courses it runs.

## CARDS Country summary report

**Country: Croatia**

**Mission date: 22-26 April 2013**

**Evaluator: Dietmar Aigner**

### 1. Overview of CARDS assistance to Croatia

#### Political overview

In January 1992, Croatia gained diplomatic recognition by the European Economic Community members, and subsequently the United Nations. Under its 1990 constitution, Croatia operated a semi-presidential system until 2000 when it switched to a parliamentary system. Since the start of the CARDS programme, Croatia became the lead candidate in the region for further enlargement of the EU.

#### Accession process

Croatia applied for EU membership in 2003 and the European Commission recommended making it an official candidate in early 2004. Candidate country status was granted to Croatia by the European Council in mid-2004. The entry negotiations began in October that year together with the screening process. Croatia finished accession negotiations on 30 June 2011<sup>[2]</sup> and on 9 December 2011 signed the Treaty of Accession to become the EU's 28th member. Entry into force and accession of Croatia to the EU is expected to take place on 1 July 2013.

#### Economy

Though still one of the wealthiest of the former Yugoslav republics, Croatia's economy suffered badly during the 1991-95 war. Between 2000 and 2007, however, Croatia's economic fortunes began to improve slowly with moderate but steady GDP growth led by a rebound in tourism and credit-driven consumer spending. Croatia experienced an abrupt slowdown in the economy in 2008 and has yet to recover. Difficult problems still remain, including a stubbornly high unemployment rate, a growing trade deficit, uneven regional development, and a challenging investment climate. Croatia is facing significant pressure as a result of the global financial crisis, due to reduced exports and capital inflows (see table below)<sup>68</sup>.

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
% GDP growth on year	3.8	5.4	5.0	4.3	4.2	4.7	5.5	2.2	-6.0	-1.2	0.0

#### Strategic framework

EU assistance to Croatia via the CARDS instrument has been framed by the following strategic documents:

- CARDS Council 2001 Regulation (EC) No.2666/2000
- Country Strategy Paper (CSP) 2002-2006 for the Republic of Croatia
- Multi-annual Indicative Programme (MIP) 2002-2004

<sup>68</sup> Source: World Bank 2013

- Annual Country Programmes (AP) 2001 - 2004

### CARDS Programming Priorities

Within each of the strategic documents, a series of priority areas were identified for receiving CARDS funding. These were outlined in the CSP for 2002-2006 and broken down further in the MIP issued for Croatia. The 2001 programme, which preceded the CSP, was given its own one-off set of priorities. These are listed below:

#### CARDS Programming Priorities Croatia 2001 – 2004

MIP/AP	2001 AP	2002 – 2004 MIP
Priority	<b>Initial Support Programme</b>	<b>Democratic stabilisation</b>
	Return of refugees and internally displaced persons	Return of refugees and internally displaced persons
	Civil society	Civil society
	<b>Economic Development</b>	<b>Economic and social development</b>
	EU industrial standards	Trade
	No comparable priority	Investment climate
	Human capital: labour market restructuring	Social cohesion
	Human capital: vocational education and training	
	Human capital: TEMPUS	
	Energy infrastructure rehabilitation	No comparable priority
	<b>SAA obligations</b>	<b>Justice and Home Affairs</b>
	Justice and Home Affairs: reform of the judiciary	Modernisation of justice
	Justice and Home Affairs: reform of asylum policy	
	No comparable priority	Policing and organised crime
	Integrated border management	Integrated border management
	<b>SAA obligations</b>	<b>Administrative capacity building</b>
	Public Administration Reform	Public administration reform
	Intellectual property Competition policy Statistics	National, regional and local development
	No comparable priority	Public finance
	<b>No wider areas of support</b>	<b>Environment and natural resources</b>
No comparable priority	Environment	

### CARDS Funding to Croatia

The EU provided funding to Croatia via the CARDS programme via 4 annual allocations starting in 2001. The funding amounts are presented below.<sup>69</sup>

Year	2001	2002	2003	2004	Total
Amount €M <sup>70</sup>	54.00	56.00	59.00	77.00	246.0

### Implementation of assistance

CARDS in Croatia was managed under the centralised implementation system by the European Commission Delegation. All assistance was programmed by the EC. In February 2006, by the Decision of the European Commission on the conveyance of authority for the management of PHARE and CARDS programmes, the Central Finance and Contracting Agency of the Ministry of Finance (CFCA), received accreditation and became the implementing agency for PHARE and the remaining CARDS programmes.

### CARDS Evaluation sample

The evaluation of the CARDS programme was based on the sample of projects listed in the table below. These projects were selected for detailed analysis and also provided the evaluators with a starting point to explore wider themes and characteristics of the CARDS programme in Croatia. The original sample of 6 projects was enlarged by two more sample projects. One project was of the original sample was replaced since there was no information available. One project was added since additional information about this project became available to the evaluators at the time of the evaluation.

Title	Size €M	Sector	Year	Modality
IBM - Enhancing of Inter-agency Cooperation - Works and equipment	6.00	Justice & Home Affairs	2001	Supplies & Investments
Civil society - Social service delivery	1.50	Democratic Stabilisation	2002	IB
Investment Climate - Support to the cadastre and land registry reform - Multi-purpose Spatial Information System equipment	3.00	Economic & Social Development	2002	Supplies
Environmental Law Approximation	1.20	Environment	2002	IB
Support to the Croatian Court System - Computerised Court and Case Mgmt	2.5	Justice & Home Affairs	2003	Supplies & Investments

<sup>69</sup> European Commission 2010 ANNUAL REPORT ON PHARE, TURKEY PRE-ACCESSION INSTRUMENTS, CARDS AND THE TRANSITION FACILITY. Figures include only Annual Action Programmes, while not including other programmes managed centrally, such as Customs and Taxation, or the running costs for the European Agency for Reconstruction

<sup>70</sup> Amounts allocated for refugees and displaced persons: 2001 – 23.2 M€; 2002 – 14.0 M€; 2003 – 15.0 M€; 2004 – 13.0 M€



Title	Size €M	Sector	Year	Modality
Support to Implementation of the Civil Service Reform Programme	2.00	Good Governance & Institution Building/	2003	IB
Strengthening the Public Internal Financial Control Structure	1.35	Good Governance & Institution Building/	2004	IB

## 2. Response to Evaluation Questions

*What was the strategic framework and how effectively had priorities/ needs of the countries in the region been translated into programming of assistance, based on the priorities identified in country strategy and programming documents?*

After the OBNOVA programme for reconstruction projects in war-torn area, the CARDS programme 2001 – 2004 followed in Croatia. Both programmes were available for countries which do not have status of a candidate country for EU membership.

The CARDS programme in Croatia is framed by a number of strategic documents and agreements. The EC's CARDS Country Strategy Papers (CSP) provided the strategic framework for assistance to be given to Croatia in the period 2000-2006, while the multi-annual indicative programmes (MIP) 2002-4, attached to the CSPs, set out the specific measures and objectives to be funded under CARDS. In addition to the country programme, Croatia also benefited from assistance from the CARDS regional programme.

The example of Croatia provides clear and consistent linkages between CARDS national priorities, sectoral priorities and individual projects. There is an evident logical relationship in the evaluation sample between the objectives of the projects and the sectoral priorities stated in APs and MIPs.

The strategic framework for CARDS assistance is presented in section 1.5. As can be seen from the table therein, the priorities expressed within this framework remained largely stable over the duration of the programme. Of course it needs to be noted that Croatia only remained for four annual allocations in the CARDS programme. However, no single priority was removed throughout the whole duration of the programme's existence and most of the priorities continued under PHARE. This framework of broad sectoral priorities that changed little over time provided a stable programming environment for the planning of individual project interventions. It therefore gave the opportunity to plan assistance to key areas without the risk of a priority being dropped in the next programming year.

Whilst the 2001 programme was still split into two parts (support programme and initial support programme specifically dedicated for refugees and displaced persons), 2002 presented already one comprehensive programme in line with MIP provisions. The 2003 programme could already build on certain MIP achievements whilst 2004 was basically planned on the basis of completing the MIP.

The rather loose but stable programming framework ensured the necessary flexibility to design and deliver assistance in the context of a rapidly changing political and institutional environment. A consistent approach to programming is evident in key areas such as justice and home affairs, integrated border management, where CARDS funded regularly interventions from the individual Annual Action Programmes. This facilitated well the building up of capacity within target institutions over an extended period, or helped to set up new institutions which despite some setbacks, remains largely in place.

Evidence from the project sample indicates that the strategic framework for CARDS assistance to a large extent allowed the programming of projects that corresponded to local and changing needs. A shift in the focus of CARDS assistance is evident, reflecting well the particularities of Croatia's attempts to join the EU. This fostered well the quick move away from emergency relief and reconstruction towards institution building. Already with starting CARDS in 2001 it was evident for the European Commission Delegation that Croatia would seek candidate country status. From the beginning of the assistance onwards elements for strengthening a possible pre-accession character of CARDS were gradually built in into programming and implementation of the assistance. This was particularly evident when Croatia obtained candidate country status in June 2004.

*To what extent had financial assistance been effective in achieving results? What was the quality of the outcomes? What possibly hampered its achievement? Had there been any factors (financial, social, political, human factor) which prevented beneficiary countries accessing the results?*

Evidence gathered from this evaluation indicates that assistance was generally effective. CARDS resulted in particular in the adoption of legislation, implementation of strategies, the training of a large number of state and municipal officials and the creation or upgrading of institutions that for the most part remain in place to this day. The evaluation sample provided extensive evidence to substantiate this. Of the seven projects assessed, five were clearly effective, two were partly effective. Likewise, the quality of outcomes from the evaluated assistance is similarly good. The table below gives an analysis of effectiveness of the assistance and outcomes, drawing on secondary sources as well as feedback gathered directly from interviews with key stakeholders. There are numerous examples of successful results of CARDS in Croatia as listed below and the quality of the outcomes has been usually assessed as good by beneficiaries.

The following table provides a summary of the effectiveness for the individual sample projects:

Title	Year	Expected results	Actual results at end of intervention <sup>71</sup>	Observed status as at April 2013/Observed outcomes	Assessment
IBM - Enhancing of Inter-agency Cooperation - Works and equipment	2001	<ul style="list-style-type: none"> <li>• Delivery of specialised equipment for individual agencies and inter-agency co-operation.</li> <li>• Upgrade the infrastructure at selected border crossing points.</li> </ul>	All results reported as being delivered	This project was the first CARDS support to the Croatian Border Police. It helped significantly to strengthen the performance of this institution. Support to IBM (and later Schengen preparation) was regularly provided through CARDS, Phare and IPA.	Effective
Civil society - Social service delivery	2002	<ul style="list-style-type: none"> <li>• Provide institution building support to state institutions and Civil Society Organisations in relation to the operation of decentralised services in the areas of social care, health and education policies;</li> <li>• Provide a grant scheme support to strengthen the operations of a selection of those Civil Society Organisations participating under the State Budget's 3-year financial support programme.</li> </ul>	All results reported as being delivered	The project helped to improve the quality of social services in accordance with national good practice examples and relevant EU standards. It also strengthened the capacities of NGOs in making partnerships with public institutions at the national/local level in providing social services where civil society brings added value. Capacities in the Government Office for Cooperation with NGOs were strengthened which benefited later support provided by CARDS, Phare and IPA.	Effective
Investment Climate - Support to the cadastre and land registry reform - Multi-purpose Spatial Information System equipment	2002	<ul style="list-style-type: none"> <li>• Development of a Multi-purpose Spatial Information System</li> <li>• Training and technical assistance for SGA</li> <li>• Training and technical assistance to the Ministry of Justice</li> <li>• Public Awareness Campaign</li> </ul>	All results reported as being delivered	This CARDS project provided initial support as an integral part to the overall project "Modernisation of Cadastre and Land Registry", implemented under a Trust Fund agreement between the EC and World Bank. Effective land administration and registration has been also ensured by follow-up support provided under CARDS, Phare and IPA.	Effective

<sup>71</sup> Means of verification include previous evaluation reports, relevant ROM reports, project final reports, interviews with stakeholders

Title	Year	Expected results	Actual results at end of intervention <sup>71</sup>	Observed status as at April 2013/Observed outcomes	Assessment
Environmental Law Approximation	2002	<ul style="list-style-type: none"> <li>Assisting legal approximation (legislation gap analysis, horizontal impact assessment and preparation of the draft Croatian strategy for EU environmental law approximation and its implementation plan)</li> <li>Building State administration capacity (administrative review, stakeholders analysis, training, drawing up of manuals and guidelines)</li> </ul>	<ul style="list-style-type: none"> <li>Legal assistance fully delivered but Strategy for EU Environmental Law approximation was never adopted</li> <li>Capacity of State administration (MEPPPC) significantly improved</li> </ul>	<p>The Proposal of the Strategy which determined regulatory and institutional activities, cost estimates, implementation schedule and responsibilities for the implementation of certain parts of the EU acquis communautaire was made under this project. However, at the time when the Strategy was ready it was considered as not relevant anymore. The institutional framework for EU environmental acquis implementation was strengthened, knowledge of the MEPPPC employees improved on the alignment process through drafting educational and information tools for identification of the legal gaps and drafting law and regulation proposals.</p>	Partly effective
Support to Implementation of the Civil Service Reform Programme	2003	<ul style="list-style-type: none"> <li>Further development and implementation of the new legal framework on civil service</li> <li>Development of institutional and legal framework for civil service, in particular administrative procedures to ensure inter alia adequate accountability mechanisms and citizen participation</li> <li>Curriculum development for horizontal training of civil servants</li> </ul>	<p><i>Key output from this project was the draft law on General Administrative Procedure which however was not adopted</i></p>	<p>Limited progress in public administration reform has been a key concern in the EC's regular progress reports. The government adopted a State Administration Reform Strategy (SARS, 2008-2011) as well as a proposal for a revised General Administrative Procedures Act (GAPA) in September 2008. MoPA implemented the SARS. The Civil Service Human Resources Development Strategy (2010-2013) is being implemented and a new Code of Ethics was adopted regulating the role and responsibilities of the ethics units and commissioners within the state administration. A new GAPA came in force only in March 2010; Support for building capacity sufficient for managing the</p>	Partly effective

Title	Year	Expected results	Actual results at end of intervention <sup>71</sup>	Observed status as at April 2013/Observed outcomes	Assessment
				implementation and efficient enforcement of the new Act is being provided under IPA 2008.	
Support to the Croatian Court System - Computerised Court and Case Mgmt.	2003	<ul style="list-style-type: none"> <li>• Enhancing efficiency of organisation and administration and fostering the management of courts</li> <li>• Legal reform, focusing on implementation and awareness of the rule of law</li> <li>• Introducing court and case management within the courts and implementing IT in the court system and the required training for judges, prosecutors and clerks</li> </ul>	All results reported as being delivered	The project has been part of a multi-annual intervention aiming at increased Efficiency of court administration and case management systems. Follow-up projects have been successfully implemented by CARDS, Phare and IPA.	Effective
Strengthening the Public Internal Financial Control Structure	2004	<ul style="list-style-type: none"> <li>• Strengthen PIFC implementation at the central government level</li> <li>• Introduce audit and control structures at the lower level of government</li> </ul>	All results reported as being delivered	Development of PIFC, including audit, and modernisation of Customs operations were strengthened by this project. A new PIFC Law was adopted, in line with EU standards. By the end of the project, out of 36 budget users at central government level, 32 were appointed FMC Managers, and 10 of them appointed FMC Coordinators; 25 Audit Units at central government level were established and 35 Audit Units at local and regional level. This has helped to increase transparency and accountability of the budget both at central and local levels. The Croatia Customs Administration was assisted with meeting strategic objectives and indicators of the EU Customs Blueprints in selected priority areas.	Effective

Areas which can be considered as effective due to CARDS assistance comprise home affairs, border management, public finance, cadastre, agriculture, statistics and customs. Also CARDS support provided to the employment sector has been effective, demonstrated later by a good absorption of EU funds under IPA Component IV.

Less positive examples of effectiveness could be found in the public administration reform sector, which give highlight to the factors that hampered the achievement of results and beneficiaries accessing them. As PAR is concerned CARDS (and later pre-accession support) focused particularly on: designing and implementing aspects of public administration reform including key legislation; administrative decentralisation; human resources management, internal financial control and the strengthening of various regulatory bodies. This support, mostly donor-driven was largely effective in assisting with drafting, or in effectively masterminding, many laws, decrees and strategies. However, significant progress with PAR and wider public sector reform suffered from the lack of a coherent framework or central driver in Croatia. Consequently the sector was characterised by agencies which, between them, covered many of the necessary functions but which did not deliver results because, variously, of inadequate human and financial resources, constant changes in staffing and inadequate training of newcomers and, most importantly, of lack of political support to effectiveness: the government being willing to create EU-accession-required bodies, but not willing to have them operate as they should where this would be uncomfortable for the status quo of current governance<sup>72</sup>.

*Have the results delivered by the evaluated assistance translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities stated in the relevant programme documents? Were there any additional/unexpected impacts (negative or positive)? Can impacts be sufficiently identified /quantified?*

In the case of Croatia the delivered results from most projects directly fed into the first generation of pre-accession programmes (Phare 2005/ 2006) and into later IPA. Developments and changes to which CARDS programmes have been contributing, are now being strongly driven by the prospect of imminent accession. Over the years the assistance of CARDS, followed by that of PHARE and IPA TAIB have made an important contribution to the changes in the Croatian administration that are necessary for the country to operate successfully as a Member State within the EU. CARDS assistance has been largely instrumental in driving the initial work undertaken by the Croatian administration in harmonising local legislation in accordance with the *acquis*. The concept of providing CARDS financial assistance for a project within a problematic sector that, in turn, has induced institutional changes to allow for its successful completion has, by and large, worked well.

Immediate impacts are evident throughout the evaluation sample. Based on the judgement criteria and associated indicators contained in the evaluation matrix, it can be stated that in most cases the assistance has delivered the planned results. Furthermore, there is substantial evidence of their use for the purposes originally intended, and that they are directly contributing to impacts within their

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<sup>72</sup> MWH Consortium: Thematic Evaluation on Public Administration Reform Croatia; 2009

sectors. These impacts in nearly all cases correspond with the planned objectives stated in the programming documents. Complex institution building projects have been often completed only by the time of Croatia's accession. However, also the CARDS projects under review were influential in promoting and supporting institutional change in an accession related context via restructuring of existing institutions, establishment of new institutions, alignment of legislation, and strengthening of administrative capacities. Here, in the main the intended legislative and administrative impacts were achieved following completion, or preconditions for their successful achievement were in place. Increased capacity, use of new rules and procedures, new organisational structures, or awareness and knowledge gained related to development planning and programming are among those direct effects directly observable in individual projects.

There were sometimes additional immediate impacts in collaboration and networking affecting those involved in executing/ benefiting from CARDS assistance. Such immediate effects were manifested *inter alia* in an improved ability of participants and beneficiaries to network and to collaborate and communicate within their respective services. In such cases, by the end of a project those involved had enhanced their personal skills and knowledge base. They were often better at managing internal resources, or in the professional formulation of sector-related perspectives and developments. As a result personal reputation and image were being enhanced.

As regards intermediate impacts, identifiable benefits for society or the economy are observable in some cases, as are changes in political/ administrative behaviour, procedures, and structures. Examples of the former impacts are the existence of legislation and functioning institutions for market surveillance and consumer protection as well as integrated border management. As regards the latter, CARDS has established networks within and among institutions, and encouraged inter-institutional cooperation, which hitherto had not existed.

Less clear are the impacts from assistance to public administration reform, where evidence suggests that, despite substantial support, CARDS assistance has not fundamentally changed the performance of public administration, although it has put in place important elements to facilitate such change. The same is true for the early CARDS support to decentralisation, an area that continued to be highly politically debatable and in fact progressed only slowly during the lifetime of CARDS in Croatia.

For wider impacts there is substantial evidence, based on the indicators in the evaluation matrix, to suggest that progress towards objectives stated in programming and strategic documents as well as key international agreements has been made. For example, stable institutions that have benefitted from CARDS assistance not only exist but have been developed further under PHARE and IPA assistance and do now serve within the rights and obligations of EU membership.

A caveat to this positive assessment is the extent to which these impacts are directly attributable to CARDS assistance, which cannot reliably be established due to the general nature of the original programming documents and limited amount of supporting documentation in the form of monitoring and evaluation reports.

Nevertheless, the positive assessment can be illustrated from the evaluation sample. Areas like integrated border management have benefitted enormously as CARDS assistance addressed immediate needs and acted as a catalyst for wider and deeper institutional change. Likewise, in the internal market sector, CARDS assistance raised awareness among policymakers of key issues that needed to be addressed.

In many cases CARDS introduced beneficiaries to the twinning instrument. Apart from the various outputs and guaranteed results realised by twinning, a most valuable side-benefit achieved in the view of many beneficiaries has been the establishment of personal contacts with other partner administrations and EU administrators in the same expert field. In many cases contacts set up under an initial twinning arrangement still continue and have thus effectively led to an informal network between EU member state officials and Croatian administrators.

### *Were the identified results and impacts sustainable?*

Sustainability depends on the extent to which the appropriate legal, administrative and strategic framework is in place to support the continued utilisation of project results. From this perspective prospects for sustainable success are good for most of the CARDS interventions assessed. Many projects are benefiting substantially from the imminence of EU membership and the dynamics of the very last stage of the accession process.

Initial CARDS institution building provided a good foundation for future development of the supported Croatian institutions and systems. Following accession most of these institutions are to be fully integrated into the EU institutional structures which will facilitate sustainability. EU and national legislation provide a thorough basis for sustainable operations of the assisted institutions. Generally, and in most projects, sustainability is assured by the Croatian Government's commitment to the application of EU legislation and to maintaining EU standards. International commitment to maintain efficient practices should also guarantee that Croatia does not regress and that up-to-date and efficient methods are sustained. To a large extent, CARDS facilitated the first steps towards modernisation, but it was often the beginning of what will be almost constant institutional adjustment under Member State conditions.

Most sample CARDS projects show a good degree of sustainability. In summary the good sustainability of CARDS projects is attributed to a combination of their being closely *acquis*-related, and the practical, functional institution building nature of their outputs. A recent evaluation produced in Croatia also looked at the sustainability of selected CARDS projects and came to a similar positive impression (see Table below for details)<sup>73</sup>.

**Table: Sustainability of selected CARDS projects**

***The majority of sample CARDS projects is sustainable through the implementation of follow up projects.*** For instance the CARDS 2003 *National Border Management Information System – Phase 2* is continued through the

<sup>73</sup> DFC Consortium: Country Programme Interim Evaluation Croatia, 2012



IPA 2007 *National Border Management Information System – Phase III*. During the implementation of this particular CARDS project two border crossings have been equipped in the pilot phase and by the end of the project seven more. As a result of previous CARDS experience, the IPA project has succeeded to equip 25 additional border crossings. Today in total there are 34 equipped and fully operative border crossings.

The CARDS 2004 - *Capacity Strengthening of the Veterinary Border Inspection* project provided mainly TA and a smaller amount of IT supply, was part of a sequence of projects (starting under CARDS 2001 and currently continuing under IPA (Comp 1) 2008 and 2009 assistance) related to border inspection and the upgrading/building of border inspection posts. The project contributed to enhancing the capacity of the veterinary border inspection department and preparing for the subsequent projects.

**CARDS projects established a base of standards for future work of the institutions.** CARDS 2003 – *Integrated Criminal Intelligence System (iCIS) – Phase 2* has transformed the police system approach from criminal policing based on the notion of “intelligence-led policing”, which is the main feature of the current police work. A new and modern system was established by the project, iCIS is operative and integrated with the existing legacy systems in use in the Ministry of Interior. The CARDS 2003 - *Strengthening Capacities of Phytosanitary* project achieved its objective to support further alignment of the *acquis* in the field of plant health and improve inspection control, though it was recognised that the project’s impact would have been stronger by having a functional IT-based Phytosanitary Information System. In the frame of the World Bank “Croatia Agricultural *Acquis* Cohesion Project” both a Phytosanitary Information System and a Veterinary Information System have been developed and implementation is expected to start early in 2012. Additionally under different donor support a Fisheries Geo Information System has been developed.

**CARDS projects stimulated empowerment of inter-institutional cooperation at the national and EU levels.** CARDS 2003 *Preventing and Combating Money Laundering – Strengthening the Capacity of Croatian Institutions involved in the Fight against Money Laundering* improved inter-institutional co-operation between the Anti-money laundering Department in the Ministry of Finance, Croatia’s Financial Intelligence Unit and Economic Crime and Corruption Department in the Ministry of Interior. Furthermore international co-operation with financial intelligence units and law enforcement agencies in EU and partner countries is ensured (especially during the pre-investigation and investigation stages of criminal procedure).

**CARDS projects significantly influenced efficiency of the public systems.** CARDS 2003 *On-going Support to a More Efficient, Effective and Modern Operation and Functioning Croatian Court System* has made a significant impact on the operation and functioning of the Courts as a whole and the pre-selected Courts. Thus today they are in particular enhanced by an improved management and information system, networks of courts have been rationalised, clear standards are defined in order to produce court documents, and generally courts are modernised and computerised as a result of equipment purchased and installed. CARDS 2003 *Approximation of Croatian Water Management Legislation with the EU Water Acquis* - results of this project have been used subsequently as a main input for development of the new Water Act and related by-laws.

**Capacities developed under CARDS projects have enabled institutions to increase the quality of projects from the level of actions to policy development and policy implementation.** This is especially visible through the implementation of the grant schemes targeting civil society organisations. For example from CARDS 2003 and 2004 *Promotion of Democracy and Human Rights* grant-schemes to IPA 2010 *Assisting Civil Society Organisations in Developing, Implementing and Monitoring Public and Acquis Related Policies* grant scheme.

**However a few CARDS projects in the sample demonstrated poor sustainability.** Concerning the CARDS 2003 *Capacity Strengthening for Administrative Decentralisation* project the Ad Hoc Evaluation of CARDS (December 2007) concluded that the main benchmark for sustainability of this TA project<sup>74</sup> was adoption and implementation of the Decentralisation Strategy. Successive Commission Progress Reports during 2008, 2009 and 2010 stated that the capacity of public administration at central, regional and local levels to manage decentralisation reforms had still to be significantly strengthened and that a Decentralisation Strategy

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<sup>74</sup> The project originally included a supply component, which was cancelled because of uncertainty about the beneficiary, the Local Democracy Academy. Equipment was subsequently supplied using state funds.

remained to be developed. However, in 2010 there was a decision that the role of the Local Democracy Academy in training local and regional government officials was to be further strengthened and this largely reflected the recommendation of the 2007 Ad Hoc Evaluation. Although the 2011 Progress Report stated that the Ministry of Public Administration continued to implement the State Administration Reform Strategy (2008-2011), that the Civil Service Human Resources Development Strategy (2010-2013) is being implemented and that a new Code of Ethics was adopted within the state administration, it was unable to report progress on a Decentralisation Strategy because there has not been any.

*Were there any elements which could hamper the impact and/or sustainability of assistance?*

The main challenge for fostering impact and sustainability in Croatia has been the political support. From the ex-post perspective it can be seen that by and large the assistance found sufficient political support to further trigger reforms in line with accession requirements. Nevertheless, there remain some areas, notably horizontal public administration reform and reform of the civil service, where resistance to reforms was high. Reforms, and the support to establish them, tended to be seen as necessary adjuncts to accession to be accepted, rather than offering economic and welfare benefits to be sought.

*To what extent were the EC's chosen implementation modalities relevant and efficient? To what extent have the beneficiary countries been actively involved in decision-making concerning CARDS Assistance orientation and implementation?*

In Croatia CARDS was managed by the EUD in line with the provisions for the centralised implemented system (CIS). In the main the process of both programming assistance and implementation has been efficient. As regards the contracting patterns for the sample projects there are no indications that any of these projects was seriously delayed due to contracting difficulties.

Needs assessments were carried out for sectors and projects by the EUD. The extent to which these were adequate or were integrated into the final design seems to vary from sector to sector, and project to project, although evidence indicates that they were generally of good quality. The EUD made efforts to take beneficiary needs into consideration during the preparation of CARDS projects. In particular for the early phases of assistance the identification of real needs was often difficult for beneficiaries and guidance from the EC was particularly much appreciated. This modality was well suited to the earlier years of the CARDS programme, as the needs on the ground were evident and immediate and there was an absence of capacity in counterpart institutions.

In common with several other CARDS countries, the programming approach can be described as consultative rather than participative. This meant that projects could be designed and contracted quickly, and thereafter assistance was (in most cases) effectively translated into results. However, the process changed quickly in line with Croatia's attempts to receive and realise the candidate country status. Over time the EUD fostered a more participative and inclusive approach in programming and implementation that encouraged the Croatian side to take a more active role in decision making over the assistance.

Croatian beneficiaries had the increasing opportunity to participate directly in the delivery of the assistance due to the progress made in Croatia's application for membership. Evidence from both ROM reports and direct interviews with former CARDS beneficiaries indicate that this aspect of CARDS was highly beneficial from a number of perspectives. It encouraged planning and strategic thinking from them, posed practical challenges in implementing the assistance and also in making the best use of the project outputs. Thus it provided skills and experience that would serve the CARDS beneficiaries well for their own work as well as for making use of future EU assistance. As a result of CARDS assistance, the transfer from CARDS – via PHARE - to IPA implementation was not as difficult as expected, as the beneficiaries evidently could benefit from valuable lessons learnt from CARDS implementation.

Elements of the DIS were gradually introduced from CARDS 2002 onwards and in line with the development of DIS institutions, particularly Central Finance and Contracting Unit (CFCU) and National Fund. Under the guidance of the EUD, first monitoring and DIS implementation arrangements were established in 2004 for selected CARDS projects. This helped to prepare for the requirements for the upcoming PHARE programme. In February 2006, by the Decision of the European Commission on the conveyance of authority for the management of PHARE and remaining CARDS programmes, the CFCU, later transformed into the Central Finance and Contracting Agency of the Ministry of Finance (CFCA), received accreditation and became the implementing agency. It attained exclusive responsibility for the payment, accounting, contracting, archiving and financial statements with regard to the procedure and implementation of services, goods and jobs procurement. The contracting of remaining CARDS assistance under DIS resulted in high percentages of commitment compared to the first generation of pre-accession programmes. Implementation of the CARDS projects in Croatia finished by the end of 2009.

Overall, the implementation modality increasingly involved Croatian institutions into the programming, monitoring and evaluation of CARDS assistance. It also played an important role in developing these institutions' appreciation of the use of EU funds, and equipped them with the capacity to implement CARDS interventions and utilise their outputs. As a consequence of increasing ownership over programming, Croatian beneficiaries also took increasing account of individual project results.

Specifically for Croatia, EC and national authorities made flexible use of the opportunities of CARDS by building in as much as possible pre-accession elements into programming and implementation, in line with the progress made by Croatia in receiving candidate country status. CARDS in Croatia was well adjusted and focused essentially on delivering pre-accession objectives without having the specific pre-accession instrument at that time (PHARE, ISPA, SAPARD) available yet. Such pro-active adaption of assistance helped the Croatian stakeholders to adapt quickly to the requirements and absorption of pre-accession instruments.

*To what extent was the support provided by the EC instruments coherent and complementary with national and other donor assistance?*

CARDS assistance in Croatia was initially coordinated almost exclusively by the EUD and the Ministry of Foreign Affairs and European Integration (MFAEI). The Central State Office for Development Strategy and Coordination of EU funds (CODEF) was set up in 2004 to perform expert and administrative tasks related to preparing the Croatian Development Strategy and monitor the implementation of the objectives established by the Strategy. CODEF was also responsible for the overall co-ordination of EU funds available to Croatia. However, in 2006 responsibility for specific donors was shared between the MFAEI responsible for most bilateral donors, and the Ministry of Finance (MoF) responsible for the big IFIs (such as WB or EBRD).

A permanent Government Coordination Group was set up in June 2004, chaired by the Deputy Prime Minister. A 2008 initiative to set up 'donor coordination focal points' improved internal coordination between the three involved government institutions, CODEF, MoF and MFAEI. However, despite the existence of these formal coordination bodies, the leading role of the Government of Croatia in the donor coordination process was not always obvious. However, coordination for CARDS worked well, basically ensured by CODEF and the EUD. The assistance provided by CARDS was complementary to national funding inasmuch as for the most part it covered areas where national funds were not present. In particular for the early years it can be assumed that CARDS at least partly replaced scarce national funds that otherwise might not have been available for institutional investments and capacity building.

## CARDS Country summary report

**Country: Serbia**

**Mission date: 13-17 May 2013**

**Evaluator: Zehra Kacapor-Dzihic**

### 1. Overview of CARDS assistance to Serbia

#### Political overview

The CARDS programme coincided with an increasingly positive environment for democratic transformation within Serbia and the stabilisation of the country. At the same time, Serbia faced dramatic changes and challenges in terms of dissolution of the Serbia and Montenegro, and ever present challenges of Kosovo-Serbia relations.

#### Accession process

Serbia has been making steady progress towards EU accession since the Stabilisation and Association Process was initiated in 1999. Despite challenges with democratic changes and status of Kosovo and Montenegro, Serbia has undertaken a range of reforms that supported building institutions and the rehabilitation of the country. Serbia signed the Stabilisation and Association Agreement with the EU in November 2007, and it applied for European Union membership in December 2009, followed by receiving the full candidate status in March 2012. Serbia also received visa facilitation in 2009, with dropping Schengen countries' visa requirements for Serbian citizens. Serbia's EU integration process is heavily influenced by a number of requirements that the country needs to fulfil, such as the country's compliance with the Hague tribunal, solution of the Kosovo status and overall reforms of the public administration and other sectors in the country.

#### Economy

Serbia saw significant positive growth in the years after the political changes, particularly in the period between 2001 and 2008. Growth in 2004 was highest, 9.3%, dropping to 5.2% in 2006, and in 2007 was a healthy 6.9%. However, this pace slowed to 5.5% during 2008 and down to -3.0% for 2009, as a result of the crisis (See Table below).

**Table: GDP trends in Serbia 2000-2013**

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GDP (USD Billions)</b>	8.7	11.4	15.1	19.5	23.7	25.2	29.3	42.9	47.7	43.6	36.7	43.3	37.2	42.9
<b>GDP growth rate</b>	5.3%	5.6%	3.9%	2.4%	9.3%	5.4%	5.2%	6.9%	5.5%	3.0%	2.0%	1.6%	1.7%	3.0%

Source: IMF

#### Strategic framework

The CARDS assistance to Serbia was based on a set of strategic documents, including:

- CARDS Council 2001 Regulation (EC) No.2666/2000
- Country Strategy Paper (CSP) 2002-2006 for the Federal Republic of Yugoslavia
- Multi-annual Indicative Programmes (MIP) 2002-2004 and 2005/6

- Annual Country Programmes (AP) 2001 - 2006

### CARDS Programming Priorities<sup>75</sup>

Within each of the strategic documents, a series of priority areas were identified for receiving CARDS funding. These were outlined in the CSP for 2002-2006 and broken down further in each of the MIPs issued in that period. The 2001 programme, which preceded the CSP, was given its own one-off set of priorities. These are listed in the Table below.

**Table: Overview of strategic priorities for Serbia 2001-2006**

	2001	2002-2004 MIP	2005-2006 MIP
Good governance and institution building	No comparable priority	Public administration reform	Public Administration Reform
	No comparable priority	Justice and home affairs	Justice and home affairs
	No comparable priority	No comparable priority	Police, fight against organised crime and terrorism
	No comparable priority	No comparable priority	Asylum and migration
	Health	No comparable priority	Health administrative reform
	No comparable priority	Customs and taxation	Customs and taxation reform
	Integrated Border Management	No comparable priority	Integrated border management
Economic recovery, regeneration and reform/ Economic and social development	Enterprise Support	Economic development	Investment Climate and Economic Development
	Regional Development in the Presevo Valley		No comparable priority
	Agriculture		Trade and alignment to EU's internal market
	No comparable priority	Environment	Environment
	No comparable priority	Transport	Transport and Telecommunication
	Energy	Energy	Energy
	No comparable priority	No comparable priority	Infrastructure
Social development	No comparable priority	University education, vocational education, training and human resource development	Vocational education and training and employment
	No comparable priority		Higher Education
	Media	Support to civil society (including independent media)	Priority set to other sector in this MIP document (see below)
Democratic stabilisation	No comparable priority	No comparable priority	Return and integration of refugees and displaced persons and minority rights
	No comparable priority	Priority set to other sector in this MIP	Civil society and Media

<sup>75</sup> Source: EAR website <http://ec.europa.eu/enlargement/archives/ear/serbia/serbia.htm>

	2001	2002-2004 MIP	2005-2006 MIP
		document (see above)	

### CARDS Funding to Serbia

The EU provided funding to Serbia via the CARDS programme in the form of six annual allocations starting in 2001. The funding amounts are presented below.<sup>76</sup>

Year	2001	2002	2003	2004	2005	2006	Total
Amount M€	143.50	170.70	220.00	207.13	147.17	157.46	1045.96

### CARDS evaluation sample

The sample of projects for the evaluation of the CARDS assistance to Serbia was selected based on the need to assess assistance in different sectors. The sample of projects also served as entry point and basis for discussions with EUD and relevant stakeholders on effectiveness, impacts and sustainability of the assistance. In cooperation with the relevant Task Managers (TMs) in the DEU who were also involved in management of the CARDS programme, each project was narrowed down and sharpened to best respond to the needs of the evaluation. Also, the project related to justice reform was dropped from the sample due to the fact that no relevant TMs at the DEU, documents nor stakeholders could be identified prior and during the mission with knowledge of the project.

Due to its size and importance to the programme the evaluation put a particular focus on assistance to the energy sector, with 4 major interventions of M€203 included in the sample. Findings from this sector are presented as a separate subsection to the relevant evaluation questions.

**Table: Project sample Serbia**

Title	Size €M	Sector	Year	Modality
Public administration reform - Public Finance: National Investment Planning Project	1.5	Administrative Capacity Building	2006	TA
Local/Municipal Government and Regional Economic Development: Exchange II Joint support to LSG	3.5	Economic and Social Development	2006	Services
Exchange II Operating Grant to SCTM	1.0			
Civil Society	4.50	Democratic Stabilisation	2006	TA
<b>Energy sector</b>				

<sup>76</sup> Source: EC 2010 Phare, CARDS and transition facility report. Note that



Title	Size €M	Sector	Year	Modality
Electric power generation	44.9	Energy	2001	Investments, TA
Rehabilitation/Overhaul of Nikola Tesla TPP Unit A3	63.1	Energy	2002	Investments, TA
Major Rehabilitation and Overhaul of Thermal Power Plants	67.3	Energy	2003	Investments
Energy - Reducing pollution of coal fired power plants	28.0	Energy	2004	Investments

### Implementation of assistance

The European Agency for Reconstruction was established in 2000 as an Agency of the European Commission to manage European Union's main assistance programmes in the Republic of Serbia, Kosovo, Montenegro and the former Yugoslav Republic of Macedonia. The Agency's work in Serbia initially focused on post-conflict reconstruction and shifting towards stronger assistance in areas such as justice and home affairs, public administration and public finance, and economic development. The CARDS assistance also focused on strengthening central and local administration, the police and the judiciary, transport and energy sectors, the environment and state utility providers. The Delegation of the European Union to Serbia took over the work of the EAR upon its closing in 2008.

## 2. Response to Evaluation Questions

*What was the strategic framework and how effectively had priorities/ needs of the countries in the region been translated into programming of assistance, based on the priorities identified in country strategy and programming documents?*

The priorities and the needs of Serbia were effectively translated into programming of assistance. The programming of the EU CARDS assistance was based on the EU priorities as set by the CARDS Council 2001 Regulation (EC) No.2666/2000 as an overarching framework for the assistance, further elaborated in subsequent Country Strategy Paper (CSP) 2002-2006, MIPs for 2002-2004 and 2005/6. The priorities set in these documents were made operational through annual programmes for Serbia for each year of assistance. The strategic documents present a clear overview of priorities and needs of the country. At the time when CARDS assistance was programmed, particularly in the first four years, Serbia did not have coherent national or regional strategies for any of the sectors covered by the CARDS assistance so the CARDS assistance relied primarily on country needs analyses conducted by the EAR and other relevant sources.

The CARDS assistance responded adequately to the needs and priorities of Serbia to rehabilitate the destroyed and rundown infrastructure (particularly in the energy sector) and to initiate important governance reforms that would enable economic growth and democratisation of the society.



Analysis of the strategic and programming documents shows that the priorities of the assistance were rather stable, leading to the possibility that the assistance offers longer term support to reforms and rehabilitation of important sectors of society. Programming documents were purposefully rather general, providing the opportunity also to respond to ad-hoc and emerging needs that arose during the implementation period.

### Energy Sector Sample

Assistance to the energy sector corresponded to both strategic objectives of CARDS as expressed in CSPs and related programming documents as well as actual needs on the ground. The various phases of programmed assistance clearly met specific and actual needs. For example, under CARDS 2000, funds from the Emergency Assistance Programme addressed the immediate needs of population. The 2001 AP provided for imports of fuel plus the physical rehabilitation of power plants and assistance for electricity generation. Support from the 2002 & 2003 APs corresponded to reconstruction needs by repairing and upgrading the main power plants and associated infrastructure to ensure power supply was put in place to meet actual demands. Thereafter CARDS APs mixed investments to improve the efficiency and environmental performance of power generation and distribution with TA and capacity building measures to restructure the energy sector and support the establishment of key sectoral entities (transmission system operator - TSO, Energy Regulatory Authority - ERA, Energy Efficiency Agency – EEA)<sup>77</sup>. Assistance also corresponded with national priorities at the time. Relevant to other key agreements in the energy sector e.g. 'Athens Memorandum' and subsequent Energy Community of South East Europe.

*To what extent were the EC's chosen implementation modalities relevant and efficient? To what extent have the beneficiary countries been actively involved in decision-making concerning CARDS Assistance orientation and implementation?*

Channelling the CARDS funds through the EAR was a good and efficient approach to enable swift response to the needs of the country at the time CARDS was operational, which was also confirmed through interviews with relevant stakeholders in the country. However, the previous CARDS country evaluation found that "efficiency was moderately unsatisfactory."<sup>78</sup> The Evaluation reveals that the "availability of inputs and resources for the analysed sectors was generally satisfying" and that the implementation started in the majority of cases on time, while there were no substantial delays in receiving EC or national funding. However, the evaluation finds that the delivery of outputs was delayed mainly due to influence of political changes in the country (national elections, government changes).

While the programming of CARDS assistance progressed reasonably smoothly, it did not involve substantially local stakeholders. Local actors were not involved in any systematic manner in programming assistance, particularly in the first years of assistance. Their role was rather passive and EAR consulted them only on a project-by-project basis. This positively influenced the efficiency in

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<sup>77</sup> IB support to these entities was not covered directly by this evaluation. However, where appropriate, references to them are made to support findings related to the evaluation sample.

<sup>78</sup> Retrospective Evaluation of CARDS Programmes in Republic of Serbia, p 2

programming and contracting assistance in terms of speed of contracting, but had its negative effects on ownership of the results of the assistance. Later on in the implementation, from 2004, local stakeholders were more proactively involved, when the Sector for Programming and Management of EU Funds within the Ministry of Finance as well as line ministries became intensively involved in the programming of assistance (as well as line ministries). This more inclusive approach improved the relevance of the assistance vis-à-vis actual needs and increased chances of ownership of results.

Beneficiary institutions were more involved in the implementation phase of the projects throughout the whole of the CARDS programme. This is because they were hosting Project Implementation Units, working with experts and participating in activities, which was beneficial for acquiring skills and familiarity with how EU assistance works and how projects function. This helped developed project management skills that were to prove valuable in future years, for both CARDS and also IPA. However, the beneficiaries were not in any way included in monitoring and evaluation of projects and assistance as a whole, which limited their role to that of consultative partners.

#### Energy Sector Sample

It was reported both in previous evaluations and from feedback with stakeholders that the EAR was efficient in both planning and contracting assistance to this sector. Its ability to rapidly contract assistance to address emergency needs such as such as a lack of power throughout the country was particularly evident in the first years of assistance. The EAR was also reported successfully facilitating reconstruction efforts to the power sector.

Despite some initial difficulties assistance (see box), investment support for power generation and distribution was designed and delivered efficiently, with the key stakeholders (Ministry of Energy and the Electric Power Industry of Serbia- EPS) involved in the design and implementation of assistance as much as was possible.

#### **Box: Efficiency problems and lessons learned**

The overall good performance of the EAR in this sector was not without initial difficulties. This was evident primarily in the first tranche of investment support under *Electric power generation* from CARDS 2001, which was prepared and implemented by the Agency without involvement of beneficiary side. This was because of concerns about capacity of beneficiaries, EPS and the Nikola Tesla Thermal Power Plant A (TENT) to design and manage the assistance themselves. Instead, external experts were brought in to deliver the project and as a result this intervention was dogged by a difficult implementation. Towards the conclusion of the project it became apparent that a more efficient and effective way to deliver this assistance would be to have worked more inclusively with TENT on all aspects of the support. Future phases of CARDS assistance demonstrated that lessons had been learned by both sides and thereafter close collaboration between the EAR and Serbian side developed. Primarily the EAR acknowledged that the Serbian side was fully capable of defining and implementing assistance itself (with external support from contractors as needed). Thus implementation of subsequent assistance was reported as being mostly smooth.

*To what extent had financial assistance been effective in achieving results? What possibly hampered its achievement? What was the quality of the outcomes? Had there been any factors (financial, social, political, human factor), which prevented beneficiary countries accessing the results?*

Overall, the CARDS assistance evidenced by the sample projects has been largely successful but the picture remains mixed when also other documentation has to be taken into account. This varies both from sector to sector and the type of assistance provided.

Evidence gathered during the evaluation process shows that the assistance in rehabilitation of infrastructure, particularly in the energy sector was very effective (see section below). However, IB assistance to reform processes in the area of public administration, judiciary, education and social development did not deliver all planned results in the time-frame envisaged for their achievement. The reasons for this may be found in external factors that influenced the level to which the Serbian government could be responsive to the measures and projects that the international assistance supported.

A primary factor influencing the assistance was the unstable and ever-changing political situation linked to the process of transition. The country was emerging from a deeply undemocratic regime, which demanded a root and branch rebuilding of state institutions. This reflected on the overall effectiveness of CARDS support, especially in those areas supporting institutional reform and transformation. The EAR Evaluation of the Institutional Capacity Building Support noted that effectiveness of this type of assistance had been hampered by “[o]ver ambitious project objectives, relatively short project implementation periods and insufficient absorption capacity at the side of the beneficiary, [which] created more than once a problematic situation”<sup>79</sup>. This was a relevant factor which influenced the effectiveness of assistance, particularly in “sensitive sectors” such as PAR, and judiciary<sup>80</sup>.

The evaluation sample provides evidence to support this assessment. Table below gives an analysis of effectiveness of the assistance and outcomes, drawing on secondary sources as well as feedback gathered directly from interviews with key stakeholders. As can be seen from the table, support to the Energy sector has been very successful in delivering their anticipated effects. The support to civil society has brought a number of positive effects to the sector, including increased capacities of civil society to actively engage in policy making (particularly in the process of policy making regarding poverty reduction and social inclusion). The Social Innovation Fund also supported positive measures for vulnerable groups in local communities, through a fresh and innovative manner of cooperation between the public and civil society sectors. Those projects supporting institutional reform or transformation have experienced mixed success in delivering their planned results.

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<sup>79</sup> European Commission (2007); Evaluation of the Institutional Capacity Building support to Serbia; [http://ec.europa.eu/enlargement/archives/ear/publications/main/documents/Evaluation\\_ExSum\\_ICB\\_Serbia.pdf](http://ec.europa.eu/enlargement/archives/ear/publications/main/documents/Evaluation_ExSum_ICB_Serbia.pdf), accessed in June 2013

<sup>80</sup> See the Retrospective Evaluation of the CARDS assistance in Serbia and the Evaluation of the Institutional Capacity Building support to Serbia

CARDS assistance to local government initiatives through work of Standing Conference of Towns and Municipalities (SCTM) but also through local governance projects resulted in strengthening the role of SCTM as an advocate of local self-governments in the national level policy making (resulting also in adoption of the Law on Local Self-Governments in 2007), but also in building capacities for strategic planning and economic development in local self-governments. However a key element of support in this area, the Municipal Development Fund, was never established.

The support to the Public Finance sector was hindered by lack of institutional support and buy-in from the Ministry of Finance. Although the project delivered all project activities and established a strong knowledge base and set of tools<sup>81</sup> for further reforms in this sector, the level to which the government and the relevant institutions use these tools is questionable, due to a lack of evidence available.

Another setback for the effectiveness of the support that affects IB assistance was reported as being staff turnover. This factor was identified as a problem in the previous country evaluation, which noted that there are “[t]he frequent managerial changes [which] form a serious threat for an effective operation of the system”<sup>82</sup>.

#### Energy Sector Sample

Investments into power generation were highly effective in delivering their planned results. As evidenced in the table below, all the assistance provided to TENT delivered their planned effects. Rehabilitated facilities are now fully operational and the power plants are functioning at near full capacity. Also, these power plants are more energy efficient and much safer than prior to the provision of CARDS assistance. Additional investments into reducing the environmental damage caused by the power plants were also effective, with groundwater contamination and air pollution from ash disposal sites curtailed. A factor potentially hampering the achievement of results was a lack of technical and project management capacity on the part of the beneficiary that would limit its ability to absorb the assistance. However, as was noted in the section above, the quality of the EPS staff was much better than initially anticipated by the EAR and use of CARDS outputs was not a problem at all. Also, the approach of the EAR and external contractors (excepting 2001 CARDS) was conducive to ensuring the positive effects of the assistance. They engaged EPS staff at every stage of the implementation and coached them through the project. This was reported as being a highly effective way of building staff capacity whilst developing infrastructure.

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<sup>81</sup> Handbooks, books, and other relevant literature on public finance analysis, planning, evaluation and monitoring of public investment as well as trainings and policy documents

<sup>82</sup> European Commission (2007); Evaluation of the Institutional Capacity Building support to Serbia; [http://ec.europa.eu/enlargement/archives/ear/publications/main/documents/Evaluation\\_ExSum\\_ICB\\_Serbia.pdf](http://ec.europa.eu/enlargement/archives/ear/publications/main/documents/Evaluation_ExSum_ICB_Serbia.pdf), accessed in June 2013

Outcomes are evidently of good quality. The three TPPs covered by this assistance (generating 55% of all Serbia's power) are now fully operational, display good reliability and efficiency, as well as having excellent safety records.

The following table provides a summary response to the effectiveness of individual sample projects:

Title	Year	Expected results	Actual results at end of intervention <sup>83</sup>	Observed status as at April 2013/Observed outcomes	Assessment
Public administration reform - Public Finance: National Investment Planning Project	2006	<ul style="list-style-type: none"> <li>Integration of the National Investment expenditure priorities and improvement of Planning and Programming Budgeting Process;</li> <li>The economic rationale for National Strategic Investment expenditure priorities is improved by carrying out a critical macro- fiscal analysis of the short- and medium-term needs of the Serbian economy;</li> <li>The capabilities and understanding of the MoF and key line Ministry staff are improved by strategic planning, policy-making expenditure policy coordination, and project identification, prioritisation and preparation;</li> <li>Policy recommendations for future support actions funded under IPA to improve the policy-making system, coordination and strategic investment planning.</li> </ul>	<ul style="list-style-type: none"> <li>A number of methodological and policy papers and studies (including but not limited to Green Paper; macro-economic projections; mechanisms for strategic investment planning; methodologies for macroeconomic analysis; tools and projections for forecasting revenues and ceilings, IPSAS norms; techniques, tools, processes and methodologies for cash planning; operational procedures for strategic investment planning; training programmes; monitoring and evaluation indicators for financial sustainability) were produced as input for the Treasury to apply in their procedures</li> <li>The beneficiary has started to make use of the methodologies and to incorporate them into their own regulations (e.g. the model for estimating and forecasting budget revenues on a monthly basis, together with the methodology for daily forecast of revenues in the system of the recently opened Dealing Room (DR) of the Treasury).</li> </ul>	<ul style="list-style-type: none"> <li>The qualitative outputs are mostly already in use by the Treasury; while training and study tours have contributed to achievement of the desired results.</li> <li>Formal and on the job training enabled the Treasury Administration to adopt, absorb and utilise these processes in their work.</li> </ul>	Partly Effective

<sup>83</sup> Means of verification include previous evaluation reports, relevant ROM reports, project final reports, interviews with stakeholders

Title	Year	Expected results	Actual results at end of intervention <sup>83</sup>	Observed status as at April 2013/Observed outcomes	Assessment
Local/Municipal Government and Regional Economic Development: Exchange II Joint support to LSG	2006	<ul style="list-style-type: none"> <li>The SCTM secretariat and committee structures are strengthened</li> <li>A review paper on LSG law implementation, including a sector analysis in LSG competence areas, prepared</li> <li>Preparation of the feasibility study on Municipal Development Fund</li> <li>Support in development/update of local sustainable development strategies in selected municipalities</li> <li>Design and Implementation of Municipal Services Packages</li> <li>Preparation of the framework for the implementation of the next phase of support to the municipalities under IPA 2007</li> </ul>	<ul style="list-style-type: none"> <li>5 study tours were organised for Treasury Administration and Ministry of Finance</li> <li>The SCTM Secretariat and structures were strengthened by the project and are sustainable</li> <li>Sector analyses on rural development, local budget system, inter-municipal cooperation and utilities including EC directives and good practice were prepared</li> <li>A paper on Municipal Development Funds as they operate within different Member States was prepared and presented. However, decision on establishment of a Fund was never made.</li> <li>Direct support to 20 pilot municipalities (plus 5) resulted in all strategies being fully developed as per SCTM methodology an submitted to the Municipal Assemblies for adoption.</li> <li>The Municipal Service Package was developed and is still in use</li> <li>The framework for IPA 2007 was prepared and presented the basis of the technical assistance "Municipal Support Project" funded through this instrument.</li> </ul>	<ul style="list-style-type: none"> <li>SCTM is a well-established association advocating for LSGs and building capacities of LSGs in different areas of interest for development and promotion of LSGs.</li> <li>Municipal Development Fund was never established.</li> </ul>	Partly Effective
Local/Municipal Government and Regional Economic Development: Exchange II Operating Grant to SCTM	2006	<ul style="list-style-type: none"> <li>Strengthened administration function of the SCTM Secretariat</li> <li>Strengthened information and communication function of the SCTM</li> </ul>	<ul style="list-style-type: none"> <li>The SCTM Secretariat was strengthened through support given to the knowledge management systems, support to the SCTM legal department and organisation of the General Assembly.</li> <li>The SCTM's capacities and profile was</li> </ul>		Effective

Title	Year	Expected results	Actual results at end of intervention <sup>83</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		<ul style="list-style-type: none"> <li>Strengthened advocacy function of the SCTM</li> <li>Strengthened service provision function of the SCTM</li> </ul>	<p>raised by the investment in the website and through media campaigns.</p> <ul style="list-style-type: none"> <li>The above efforts together with connecting the SCTM with similar associations in other countries as capacity building tool on one side, and supporting work and liaison with LSGs across the country strengthened the advocacy function of the SCTM.</li> <li>The SCTM was strengthened its service provision arm through establishment of the section of association working on support to local capacity building and building capacities of municipal liaison officers' network</li> </ul>		
Civil Society	2006	<ul style="list-style-type: none"> <li><i>Strengthened capacities of CSOs and other public (both national and local level) actors to provide innovative social welfare services adapted to the needs of the specific communities and beneficiaries.</i></li> <li><i>Enhanced policy environment for more effective provision of social services.</i></li> <li><i>Improved enabling environment for CSOs.</i></li> <li><i>Increased Government accountability in implementing</i></li> </ul>	<ul style="list-style-type: none"> <li>The Social Innovation Fund (SIF) was established within the Ministry of Labour and Social Policy as an instrument for building public – civil society partnerships for provision of social protection services at the community level. 120 projects were funded all aiming at innovating the system of social protection, developing new treatment programs and services for beneficiaries and supporting local self-governments to develop daily care centres for people with mental disorders.</li> <li>The Project delivered a number of policy and research studies that were used as an</li> </ul>	<ul style="list-style-type: none"> <li>The SIF institutionalisation never fully materialised, even though the initiatives to use this instrument and its lessons learned for Social Fund are taken by the SIPRU<sup>84</sup>. This is mainly due to the lack of institutional and political support to ensure continued funds for public-civil society partnerships for provision of social protection services at the community level</li> <li>Law on Social Protection today envisages diversification of social services and social service providers, whereby CSOs may offer such services</li> </ul>	Effective

<sup>84</sup> SIPRU – Social Inclusion and Poverty Reduction Unit within the Office of the Deputy Prime Minister of the Republic of Serbia



Title	Year	Expected results	Actual results at end of intervention <sup>83</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		<p><i>pro-poor policies.</i></p> <ul style="list-style-type: none"> <li>• <i>Gender issues mainstreamed in key socio-economic government policies.</i></li> <li>• <i>Institutionalized channel for structured Government–CSO consultations on gender equality issues.</i></li> </ul>	<p>advocacy tool for CSOs to advocate for government accountability in pro-poor policies. Results of studies were used by the Government in developing new social polices (new Law on Social Protection, National Report on Social Inclusion and Poverty Reduction).</p> <ul style="list-style-type: none"> <li>• The gender mainstreaming efforts resulted in stronger capacities of the Gender Equality Directorate (GED)</li> <li>• Institutionalization of Government and CSO dialogue on gender related issues was achieved by establishment of the Forum for Dialogue with Civil Society Organizations</li> </ul>	<p>to various groups</p> <ul style="list-style-type: none"> <li>• GED is fully functional</li> <li>• The government pro-poor and social inclusion policies are today lead by SIPRU</li> <li>• The government- civil society dialogue is institutionalised through the establishment and functioning of the Office for Cooperation with Civil Society</li> </ul>	
<b>Energy Sector</b>					
Electric power generation	2001	Thermal Power Plant (TPP) Kolubara Unit A5 - To return to service 110MW of generating capacity and aim for 80% reliability.	Works completed and planned generating capacity restored	Kolubara fully operational	Highly effective
		Nikola Tesla Power Plant (TENT) Unit A3 - To maintain safe generation and increase reliability by 5%.	Repairs completed & safe generation ensured	TENT A and B both fully operational.  Consumption of coal by TENT A & B reduced by 4.2 million tons since 2003  Reliability coefficient increased from 83% in 2001 to 94% in 2010  Availability increased from 75700 to 85300 hours a year	Highly effective
		TENT Unit B1 - To maintain safe generation and increase reliability by 2%			
Rehabilitation/Overhaul of Nikola Tesla TPP Unit A3	2002	Repair, maintain and rehabilitate TENT Unit A3 with a maximum capacity of 305 MW, in order to	Unit A3 generating safely and at operational capacity	No electricity shortages or power cuts in	

Title	Year	Expected results	Actual results at end of intervention <sup>83</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		improve operational efficiency and improve operational safety.		Serbia	
Major Rehabilitation and Overhaul of Thermal Power Plants	2003	TENT Unit A5 operating at full capacity	TENT A5 operating at full capacity	Groundwater pollution levels at Obrenovac at normal national level	
		TENT Unit A3 operating at full design capacity	TENT A3 operating at full design capacity		
		Unit B1 steam reheat line operating at full capacity	Steam reheat pipe repaired and operating at full capacity		
Energy - Reducing pollution of coal fired power plants	2004	Reduce pollution related to ash disposal at TENT B	Ash Disposal System installed and functional at TENT B. Groundwater contamination stopped. Ash disposal site contained.		

*Have the results delivered by the evaluated assistance translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities stated in the relevant programme documents? Were there any additional/unexpected impacts (negative or positive)?*

An assessment of the projects in the sample, points to the conclusion that the assistance was instrumental in delivering envisaged results, and contributed to improvement of the existing structures and networks in a number of sectors. The Evaluation of the Institution Building in Serbia conducted by the EAR in 2007 recognised the fact that the Agency *“even under difficult political circumstances, played a key role in underlining and supporting the importance of the overall reform process. Although the support may not have achieved all ambitious objectives, it has certainly contributed to a change in attitude among part of the civil service within the Serbian administration”*<sup>85</sup>. Specifically, investment in the energy sector in Serbia has changed drastically the bleak picture whereby the country suffered serious shortages of electrical energy (see below).

Still, assessing impacts against the framework of the Country Strategy Paper (CSP) is rather challenging. This is primarily due to the fact that the CSP was prepared for the then Federal Republic of Yugoslavia, including support to Serbia, Montenegro and Kosovo, so the objectives and priorities are understandably wide, recognising the differences in the three “territories”. However, their ambiguity makes it more difficult to assess the delivery of impacts. The Multi-Indicative Plan (MIP) accompanied the CSP for 2002-2004, and this document outlines more elaborate objectives, albeit still wide.

The MIP’s objective within support to public administration is to achieve *“a more effective public administration working within a more sound legal framework that promotes investor confidence and that fosters sustainable economic development taking into account both economic growth and also social concerns.”*<sup>86</sup> Assessment of projects focusing on institution building within the sample show that investment in capacity building of public administration was instrumental for moving changes and gaining momentum for reforms in the country. Even though the government counterparts were not involved in the programming of assistance, significant efforts have been invested in building capacities of the government at both national and local levels for strategic planning, project development and EU standards.

Serbia has been improving its legislative framework in line with European standards, while the country has made positive steps forward in its EU integration process. Currently, the country has just received the date for initiating negotiation with EU on EU membership. Nevertheless, the investment in institution building is a long term process but also a process which makes it difficult to measure impacts of assistance. The reports from different sources show that Serbian public administration still

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<sup>85</sup> European Commission (2007); Evaluation of the Institutional Capacity Building support to Serbia; [http://ec.europa.eu/enlargement/archives/ear/publications/main/documents/Evaluation\\_ExSum\\_ICB\\_Serbia.pdf](http://ec.europa.eu/enlargement/archives/ear/publications/main/documents/Evaluation_ExSum_ICB_Serbia.pdf), accessed in June 2013

<sup>86</sup> Multi-Annual Indicative Programme for Federal Republic of Yugoslavia 2002-2004 p. 47, <http://www.emins.org/uploads/useruploads/dokumenti/030729-csp2002-2006.pdf>, accessed in June 2013

struggles with same/similar challenges as in the period when CARDS assistance was implemented. The latest EU Progress Report for Serbia 2012 concludes that “[o]verall, public administration reform is proceeding at a slow pace and is hampered by insufficient political commitment. The legislative framework needs to be completed and fully aligned with international standards. Implementation of the existing laws and strategy needs to be improved. Merit-based recruitment and promotion systems should be developed and implemented. The follow-up of the recommendations of independent regulatory bodies needs to be stepped up.”<sup>87</sup>

The CARDS also supported establishment of new models of participation of civil society in decision making processes resulting in new institutional framework for inclusion of civil society – the Office for Cooperation with Civil Society, which is now institutionalised and integrated in the state structures. This impact is in line with the MIP objective to “ensure the creation of a suitable legal and administrative environment for the establishment and functioning of local non-governmental organisations, lobby groups, professional associations and establish mechanisms for its interaction and partnership with the authorities” as well as to “facilitate public participation in the governmental decision making process, including civil society initiatives with socio-economic impact”<sup>88</sup>. The CARDS assistance to the social development sector also contributed to improvement of the social service provision, which were translated into a modern Law on Social protection, which envisages diversification of services and service providers.

The investment in local and municipal development brought positive impacts in social, economic and environmental spheres as recognised by the Retrospective Evaluation of CARDS assistance to Serbia and confirmed by this evaluation. The Evaluation concludes that “significant social, economic and environmental impacts are evident from investments into different types of local infrastructure ... which give access to basic services like water and sanitation, increase the mobility and transport and improve the environment. The provision of tailor-made software improved client services and promoted municipal service delivery to the local population, all contributing to an efficient and coherent decentralisation of responsibilities to local levels”<sup>89</sup>. Also, the Evaluation states that the “decentralisation process has resulted in more democratic and tolerant municipal public services and improved information and communication”<sup>90</sup>.

A caveat to this positive assessment is the extent to which these impacts are directly attributable to CARDS assistance, which cannot reliably be established due to the general nature of the original programming documents and limited amount of supporting documentation in the form of monitoring and evaluation reports.

### Energy Sector Sample

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<sup>87</sup> European Commission (2012); EU Progress report for Serbia 2012, p.9

<sup>88</sup> Multi-Annual Indicative Programme for Federal Republic of Yugoslavia 2002-2004 p. 72, <http://www.emins.org/uploads/useruploads/dokumenti/030729-csp2002-2006.pdf>, accessed in June 2013

<sup>89</sup> European Commission (2009); Retrospective Evaluation of CARDS Programmes in Republic of Serbia, p 16

<sup>90</sup> Ibid, p. 16

Impacts have been achieved for investments into the energy sector. The majority of Serbia's electricity needs are secure and energy generation in the country has been stabilised. Serbia's domestic energy needs can be met and power cuts are a thing of the past. The CARDS support which funded the rehabilitation of the electrical energy network immediately improved the quality of life of Serbian citizens, and also cut significantly the budget costs for purchasing electric power from abroad. This investment also improved the economic prospects of the country, as reliable energy contributed to boosting business and made the national economy more robust. In addition, the transmission network has been upgraded so Serbia is now able to import and export electricity via its national grid linked to neighbouring countries, thus meeting the 2005-6 MIP objective of the integration of Serbia and Montenegro in the Regional Energy Market. The creation of the TSO and ERA via IB support and their continued (reportedly effective) functioning has also provided the basis for a liberalised energy market in Serbia operating along EU lines. This also reflects the sector objective of *"the development of an electricity market, in particular through unbundling and restructuring measures"*.<sup>91</sup>

However, CARDS-funded IB efforts are reported to have been less successful. Assistance to reform the EPS was reported as being hampered by institutional and political resistance to change, while the fragile status of the EEA indicate that all impacts have not been achieved.

However, CARDS-funded IB efforts are reported to have been less successful. Assistance to reform the EPS was reported as being hampered by institutional and political resistance to change, while the fragile status of the EEA indicate that all impacts have not been achieved. **Furthermore, the objective to improve energy efficiency remains a work in progress, as does the ultimate challenge of liberalising energy prices.**

#### *Can impacts be sufficiently identified /quantified?*

As mentioned above, impacts are identifiable. However, due to the varied quality and detail of programming documentation, there is a general absence of indicators that would allow indicators to be measurable or quantified. Nevertheless, it is much easier to answer the question "did the assistance have the desired impact?" (mostly yes) than the question "how much impact did the assistance have?".

#### *Were the identified results and impacts sustainable?*

The sustainability of impacts again varied depending on the sector and type of assistance provided. The investments to the energy sector are considered sustainable (see below). The impacts of the assistance to public administration, in the area of strengthening policy and institutional frameworks are also considered sustainable, as Serbia has dramatically improved its legislative and policy framework in all sectors relevant to the CARDS assistance during the period of implementation of

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<sup>91</sup> 2005-6 MIP Serbia and Montenegro, p. 52

CARDS, and also during IPA. However, the Serbian government still has to make efforts for full implementation of the legislation and strategies created as recognised by the 2012 EU Progress report which states that “the government continues to lack a consistent, structured approach to consulting stakeholders and needs to develop its monitoring of the preparation and implementation of new legislation”<sup>92</sup>.

The role of civil society in the decision-making processes has improved significantly, among others, also thanks to extensive support by the CARDS. Today, the Serbian government has the institutionalised dialogue with civil society through its Office for Cooperation with Civil Society, which is institutionalised within the state structures and sustainable, funded by the Serbian government. Establishment of this office was advocated and initiated through the CARDS project. Long term investment in pro-poor policies has been achieved through institutionalisation of former PRS team – today SIPRU within the Deputy Prime Minister’s office. The Social Innovation Fund proved to be an important, functional and importantly effective tool for distribution of funds for social service provision, and improved quality of life of vulnerable groups through supporting public-civil society partnerships, but the Fund was closed immediately upon expiry of door funds, and was not sustained by the government, despite its relevance and results.

The threats to sustainability of impacts of assistance may be found in a number of factors. Firstly, the lack of government commitment and weak support to following up on the results achieved once finances are not available. Clear example of such case was the Social Inclusion fund. Secondly, the on-going political changes and unstable governments are difficult to embrace long-term reforms that have been initiated by CARDS. While one government finds it important and necessary to introduce some reforms, these are not sustained once the new government takes office.

It was noted during interviews that some of the models introduced through CARDS have simply been ahead of their time. Good examples of such models are the Social Innovation Fund and a number of support measures in the public administration-public finance sector (e.g. support to programme budgeting). Finally, the global economic crisis and resulting budget cuts also reduced the sustainability of the assistance. In many cases, even though government was declaratively committed to continue with established results, the budget cuts made it not possible to allocate funds for such efforts, and one of the examples is the Social Innovation Fund.

#### Energy Sector Sample

As noted above, the investments from CARDS are considered sustainable in their current state. EPS has an annual budget of some €M200 to cover operational costs and maintenance of power plants and related infrastructure. This ensures that the thermal power plants (TPP) can be maintained until their decommissioning (for TENT A this is at the end of the decade). New investments such as TPPs to replace existing ones can only be funded from IFIs at present, as the state budget is not large enough

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<sup>92</sup> European Commission (2012); EU Progress Report for Serbia 2012, p.9

to finance their construction and EPS cannot legally raise tariffs beyond the existing €0.05 KW/h to generate finance for such investments. This issue is intrinsically linked to the liberalisation of the energy market and the possibility of energy tariffs being increased to finance new investments.

Staff turnover within EPS is not considered a major issue. The organisation has its own HRD department which provides training to all employees. Its effectiveness has been questioned (lack of commitment of senior management to introduce merit based promotions based on HRD principles). However it is sufficient to ensure that the technical staffs are properly trained to manage these facilities.

Wider ownership of the CARDS support is evident in a number of ways. Firstly, political support for the stabilisation of energy supplies was unconditional. Thirdly, the technical capacity of the beneficiaries was at a level that was compatible with the assistance provided by CARDS. The initial failure on the part of the EAR to recognise this competence led to a problematic implementation of the 2001 TENT A3 project. Once this was overcome, the support provided by CARDS was easily absorbed by the EPS staff, with the result of that the investments are now fully operational and properly maintained by EPS independent of any external assistance. Fourthly, Serbian government funds have been used to co-finance CARDS investments e.g. Kolubara A5 rehabilitation in 2001/2 was funded with €M18.5 from CARDS and €M10 from EPS. The rehabilitation of TENT A5 unit was funded €M58 from CARDS and €M7 from EPS. This co-financing was not obligatory but ensured that the intervention met its goals and demonstrated the state's willingness to commit funds to this area. This is linked to the fact that CARDS assistance directly complemented government strategy devised at the start of the 2000s. Finally, steps towards the unbundling of the sector have also been taken by the government, suggesting a recognition of the need to follow the path started upon under CARDS.

*To what extent was the support provided by the EC instruments coherent and complementary with national and other donor assistance?*

The EU CARDS assistance was coherent with other donor assistance and there was good donor coordination in general. The support to civil society, particularly the service provision was initiated by the then Ministry of Labour and Social Policy which initiated establishment of the Social Innovation Fund further supported by the CARDS. The EU assistance also offered another stream of support to implementation and monitoring of the Poverty reduction strategy and other civil society inclusion measures. These efforts were coordinated with other donors active in this sector as well as the government counterparts.

In the area of energy, investments were complementary with national support (see evidence of combined investments into TENT by EPS and CARDS/IPA) and the donor coordination was effective as the evidence shows that the donor forum lead by Ministry of Energy acted as a catalyst for CARDS funds attracting IFI investments (e.g. feasibility study for Tamnava west coal field was taken forward by the EBRD and leveraged a 120€M investment to expand this site).

## CARDS Country summary report

**Country: Bosnia and Herzegovina (BiH)**

**Mission date: 6-10 May 2013**

**Evaluator: Zehra Kacapor-Dzihic**

### 1. Overview of CARDS assistance to Bosnia and Herzegovina

#### Political overview

The CARDS programme in BiH was a continuation of the EC's efforts to support post-war reconstruction and return processes supported through the OBNOVA programme, but also to support the creation of state level institutions needed to implement the Dayton Peace Agreement and to begin the European integration process. The CARDS programme in BiH was programmed and implemented by the Delegation of the European Commission (EUD), with little engagement of national authorities until the final year of programming CARDS assistance in 2006. From 2000-2006 CARDS assistance for Bosnia and Herzegovina amounted to €412.53 million EUR<sup>93</sup>.

The CARDS programme was implemented in the complex context of the Bosnian society characterised by post-conflict and transitional political development. Bosnia and Herzegovina's post-war reconstruction and rebuilding was highly dependent on the political processes underpinning the development and confidence building processes linked to return and institution building, particularly at state level. The complex Bosnian political structure whereby most of the competencies for various sectors remain under entity administration and further devolved to cantonal level in Federation BiH, with presence and oversight by the Office of the High Representative (OHR), presented a difficult structure in which to organize participatory and inclusive programming and implementation of the assistance. During the CARDS programme period, significant political shifts were visible: more pressure on political leadership resulting in transfer of many competencies to the state level in the period 2002-2006, followed by more nationalistic rhetoric and political stalemate since 2006, which is critical for the understanding of impacts and sustainability of the CARDS assistance. The CARDS assistance was heavily engaged in supporting democratic stabilisation, particularly returning refugees and displaced persons, as well as supporting the OHR in fulfilling its mandate in the country.

#### Accession process

BiH's EU integration process has been marked by very slow and unstable political support and response to the requirements for EU accession. Even though the process for signing the Stabilisation and Association Agreement began in 2003 with a feasibility study by the Commission on Bosnia and Herzegovina's capacity to implement the SAA, the official negotiations for SAA started in 2005. Many challenges have hampered this process, primarily the police reform and other requirements that envisage centralization of the government, and a unique voice in the Bosnian negotiation process. The SAA was initialled in December 2007, and signed in June 2008. However, the Bosnian SAP

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<sup>93</sup> Calculation made based on annual overview of assistance to Bosnia as per sectors per year received from DEU in Bosnia and Herzegovina



process is stalled due to a number of factors, such as political stalemate and obstructions but also the failure of the state to fulfil the obligations set forth (e.g. Law on census, ruling of the European Court on Human Rights regarding the Sejdic-Finci a case requiring amendments to the Constitution to allow members of national minorities to be elected for Presidency of Bosnia and Herzegovina and other governmental bodies.

### Economy

As well as other CARDS countries, BiH recorded positive economic growth in the first years of the CARDS programme. However, political stalemate but also effects of the global economic crisis have contributed to dramatic decline and economic hardship in the country. (See Table below). BiH has been receiving substantial amounts of reconstruction assistance and humanitarian aid, particularly in the first decade since the end of the war in 1995. This assistance was an important booster of the economic and overall society growth, but its decline, which coincided with the global economic crisis, was strongly felt and was reflected in decreasing economic trends in the country.

Year	GDP real growth rate	GDP (PPP) per capita
2000	5.2%	4,364
2001	3.6%	4,603
2002	5.0%	4,871
2003	3.5%	5,110
2004	6.3%	5,497
2005	4.3%	5,942
2006	6.2%	6,466
2007	6.5%	7,031
2008	5.4%	7,550
2009	-3.4%	7,361
2010	0.5%	7,428
2011	0.92%	8,063

Source: IMF

### Strategic framework

The CARDS assistance to BiH was based on a set of strategic documents, including:

- Country Strategy Paper (CSP) 2002- 2006
- Multi annual indicative programmes 2002-2004 and 2005-2006.
- Stabilisation and Association Process (SAP), its annual reports on progress and,
- The European Partnerships from 2004
- Annual programmes

Also, documents such as the Medium Term Development Strategy – Poverty Reduction Strategy Paper (PSRP) from 2004, the EU Integration Strategy and a Public Administration Reform (PAR) Strategy were closely connected and in line with the CARDS assistance priorities.

**CARDS Programming Priorities<sup>94</sup>**

Within each of the strategic documents, a series of priority areas were identified for receiving CARDS funding. These were outlined in the Country Strategy Paper (CSP) for 2002-2006 and broken down further in each of the MIPs issued in that period (listed in the Table below). As can be seen from the Table 2 below, the MIP 2005-2006 introduced a new sector “Good Governance and institution building” and integrated many areas that were broken down into different sectors in previous planning document (MIP 2002-2004 and the CSP). The Support Programme 2001 is not organised within sectors as defined later on by the CSP, but it outlines a number of priorities for assistance, as follows: Housing Related Activities; Support to the sustainability of return; Support to the Housing Verification and Monitoring Mission (HVM); and Support to de-mining activities.

**Table : Overview of strategic priorities for Bosnia and Herzegovina 2002-2006**

Sector	Country Strategy Paper 2002-2006	2002-2004 MIP	2005-2006 MIP
Good governance and institution building			Justice and Home Affairs
			Judicial Reform
			Police, Organised Crime, Terrorism
			Integrated Border Management
			Asylum and Migration
			Public Administration Reform
Economic and social development	Economic Reform and Development	Economic reform and development	Investment Climate
	Social Cohesion and Development	Social cohesion and development	Trade
			Infrastructure
			Environment
			Education and Employment
			Higher Education: TEMPUS
			Vocational Education and Training
Environment and Natural Resources	The most important issues in the environment sector will be identified in the Environmental Action Plan.	Environment and natural resources	No identifiable priority
Administrative Capacity building	The State institutions	Development of State Institutions	Integrated within the Good governance and institution building sector
	Taxation and Customs	Customs and taxation reform	
Democratic stabilisation	Return of Refugees and Displaced Persons	Return of refugees and internally displaced persons	Return and Re-integration of Refugees and IDPs
	Media reform	Media reform	Civil Society and Media
Justice and Home affairs	The administration of Justice	The administration of justice	Integrated within the Good governance and institution building sector
	Policing	Policing	
	Asylum and Migration	Asylum and migration	

<sup>94</sup> Source: EU website [http://europa.eu/legislation\\_summaries/enlargement/western\\_balkans/r18002\\_en.htm](http://europa.eu/legislation_summaries/enlargement/western_balkans/r18002_en.htm)

	Integrated Border Management	Integrated border management (regional envelope)	
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### CARDS Funding to Bosnia and Herzegovina

The EU provided funding to Bosnia and Herzegovina via the CARDS programme via 6 annual allocations starting in 2001. The funding amounts are presented below.<sup>95</sup>

Country/Year	2001	2002	2003	2004	2005	2006	Total
Bosnia-Herzegovina	105.23	60.50	50.60	62.10	44.00	43.80	366.23

### CARDS evaluation sample

The sample of projects for the evaluation of the CARDS assistance to Bosnia and Herzegovina was selected based on the need to assess assistance in different sectors. The sample of projects also served as an entry point and basis for discussions with EUD and relevant stakeholders on effectiveness, impacts and sustainability of the assistance. In cooperation with the relevant Task Managers (TMs) in the EUD who were involved in management of the CARDS programme, each project was identified to best respond to the needs of the evaluation.

*Table: Project sample Bosnia and Herzegovina*

Title	Size €M	Sector	Year	Modality
Support to the reform of Public Broadcasting Service	1.50	Democratic Stabilisation	2002	Services and supplies
Water Quality management - Investments	2.50	Environment and Natural Resources	2003	Services and supplies
Integrated Border Management - Construction of Border Crossings	6.00	Justice and Home Affairs	2003	Supplies & works
Public Administration Reform - Unit for Economic Policy Planning	1.30	Good Governance & Institution Building	2006	TA
CARDS/2006/119-289 EU Fiscal Policy Support in BiH	1.90	Good Governance & Institution Building	2006	TA
CARDS/2004/092-052 Vocational education and training	2.20	Economic and Social Affairs	2004	Services

### Implementation of assistance

The Delegation of European Commission (now EUD) in Bosnia and Herzegovina was tasked with programming and implementation of the CARDS assistance. The CARDS assistance had a heavy focus on post-war reconstruction, return and reintegration, while institution building was also important segment of assistance, particularly at later stages of assistance.

<sup>95</sup> Source: European Commission 2010 ANNUAL REPORT ON PHARE, TURKEY PRE-ACCESSION INSTRUMENTS, CARDS AND THE TRANSITION FACILITY. Figures include only Annual Action Programmes, while not including other programmes managed centrally, such as Customs and Taxation, or the running costs for the European Agency for Reconstruction

## 2. Response to Evaluation Questions

*What was the strategic framework and how effectively had priorities/ needs of the countries in the region been translated into programming of assistance, based on the priorities identified in country strategy and programming documents?*

The CARDS assistance to Bosnia and Herzegovina was based on the EC Regulation and the Country Strategy Paper (CSP), which provided a strategic framework for EC assistance in the period 2000-2006. This document sets out EU co-operation objectives, policy response and priority fields of co-operation based on a thorough assessment of the country's policy agenda and political and socio-economic situation. Particular attention of the CARDS was rightly placed on post-war reconstruction and building national institutions and ensuring that democratic principles are applied. CARDS assistance also included the support to the Office of the High Representative (OHR) in its efforts to support reforms in BiH. The CARDS assistance thus aimed at strengthening the State of BiH, creating the conditions for the sustainable return of refugees and internally displaced persons (IDPs), creating 'functional government', achieving self-sustained economic development, establishing an effective and accountable legal system and progressing in the SAP.

The CARDS assistance also complied with the objectives of the Medium Term Development Strategy (MTDS) that was developed for the period 2004-2007<sup>96</sup>. Finally, the CARDS complied with the objectives of the SAP, aiming to effectively assist BiH in areas such as Democratic Stabilisation, Administrative Capacity Building, Economic and Social Development, Environment and Natural Resources and Justice and Home Affairs.

*To what extent were the EC's chosen implementation modalities relevant and efficient? To what extent have the beneficiary countries been actively involved in decision-making concerning CARDS Assistance orientation and implementation?*

The Delegation of the European Commission to Bosnia and Herzegovina led the activities for programming and implementation of the assistance, with limited inclusion of the Bosnian government until the 2005 programming year. In many cases, this approach provided a boost to efficiency particularly when revisions of projects were needed due to changing political environment. In some cases, the beneficiary institutions were involved in needs assessments and selection of project implementers, which contributed to success of many projects. Some of these projects were supported in successive programming periods, with same implementing partners, which brought good results and durable partnerships. A good example is the project to support CRA through twinning projects (two in total from CARDS (2002 and 2006) with Italian Regulator).

The beneficiaries were not in any way included in monitoring and evaluation of projects and

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<sup>96</sup> Unit for Economic Planning and Implementation of Mid-term Development Strategy (EPPU); The Medium Term Development Strategy of Bosnia and Herzegovina 2004-2007 (PRSP), Sarajevo, 2004

assistance as a whole, which limited their role to consultative partners, rather than equal partners in programming and implementation of assistance. Representatives of national authorities explained this by the fact that they were consulted in developing projects, and in selecting the implementing agencies. Bringing the Directorate for EU Integration (DEI) into the driving seat for programming since 2005 was also a strong message that the responsibilities for programming and implementation will lie with national authorities, which provided foundations for the IPA programming phase. The programming process lead by the DEI was reasonably smooth and functional.

*To what extent had financial assistance been effective in achieving results? What possibly hampered its achievement? What was the quality of the outcomes? Had there been any factors (financial, social, political, human factor), which prevented beneficiary countries accessing the results?*

The effects of the CARDS assistance to Bosnia and Herzegovina need to be looked at from the perspective of ever-difficult political situation and post-war rebuilding of society. If placed in the context, we can conclude that the CARDS assistance brought very good results despite obstructions and challenges that the political and social environment posed. As in other countries where CARDS was implemented, there have been significant variations in the level of effectiveness of the assistance, so good results have been recorded in the area of return of refugees (this area was not part of this Evaluation) and reconstruction, while less results have been achieved in the area of institution (and state) building. CARDS assistance heavily supported institutional building of national institutions which were very weak in the post-war period, resulting in a number of new state-level institutions that were established or strengthened so that the country can function with one voice, particularly in international and EU accession matters. Many of these institutions were developing rather well, even if their sustainability today is hampered by a deteriorating political situation in the country.

A detailed assessment of projects that are in the evaluation sample shows the trends in effectiveness of the assistance in different sectors as outlined in the Table 4 below. As can be seen from the Table, the projects with investments supported by TA have been broadly effective. For example, projects supporting Integrated Border Management brought tangible results, through the establishment of modern and functional border crossings, but also in leveraging finances by other donors and IFIs. The support to Public Broadcasting Service strengthened the functionality of the broadcasting, and also resulted in establishment of the new state-level broadcasting service, the BHTV. Provided equipment and technical assistance strengthened capacities of institutions in different sectors and modernised service delivery (e.g. VET schools, institutions in various sectors, etc.).

The other projects that were focusing primarily on institution building had mixed results. For example, strengthening institutional capacities through training of public servants and teams (through projects of PAR reforms, support to EPPU/DEP, DEI, institutions in other sectors) brought results in strengthening these institutions. The subsequent EU Progress reports for Bosnia and Herzegovina reflect some of the improvements in these areas, but they do highlight the need for strong support and efforts by the national/entity governments to sustain these efforts. For example,

the EU Progress report for 2006 emphasises some progress in the area of PAR, but emphasises that “further efforts are indispensable. Bosnia and Herzegovina needs to accelerate reforms in this area in order to build a transparent, efficient and independent public administration, able to respond better to the needs of its citizens and the requirements of EU integration”<sup>97</sup>. All subsequent EU Progress reports recognize this issue and the need that the government take more active steps towards building a functional public administration. Similar conclusions are reached for all other sectors supported by CARDS (except support to returning refugees and IDPs, which was generally viewed as a positive example) in EU Progress reports for Bosnia.

The table below gives an analysis of effectiveness of the assistance and outcomes, drawing on secondary sources as well as feedback gathered directly from interviews with key stakeholders:

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<sup>97</sup> European Commission; EU Progress Report for Bosnia and Herzegovina 2006.

Title	Year	Expected results	Actual results at end of intervention <sup>98</sup>	Observed status as at April 2013/Observed outcomes	Assessment
Support to the reform of Public Broadcasting Service	2002	<ul style="list-style-type: none"> <li>Analysis of the audio-visual and electronic communications sector in BiH</li> <li>Implementation of the regulatory plan</li> <li>Transfer of competence and know how</li> </ul>	<ul style="list-style-type: none"> <li>The Analysis of the Audio-visual and electronic communications sector in BiH was conducted. It includes functional, institutional and legal analysis as input for adoption of the Law on communications.</li> <li>However the Law was not adopted by the government but imposed by High Representative</li> <li>The transfer of competencies and now how was initiated effectively through the project (Twinning with Italian Regulator - "Autorità per le garanzie nelle comunicazioni (AGCOM)") and was continued through CARDS 2006 Twinning light project with the same partner.</li> </ul>	<ul style="list-style-type: none"> <li>Increased capacities of the Communications Regulatory Agency (introduction of innovative services, the development of new business models and work on vertical and horizontal integration)</li> <li>The CRA is currently well positioned and is in charge of regulating communications sector</li> </ul>	Effective
Water Quality management - Investments	2003	<ul style="list-style-type: none"> <li>Sound, enforceable and transparent water management legislation, based on river basin approach and compliant with the EU legislation and international conventions for all (7) river basins in place. Sustainability and continuity of the new legal and institutional set-up secured.</li> <li>Appropriate and coherent water</li> </ul>	<ul style="list-style-type: none"> <li>The Laws were adopted by Entities governments in 2006</li> <li>Instead of establishment of 7 new River Basin Authorities (RBAs), two Authorities at entity levels were established as successors of previous agencies in both entities.</li> </ul>	<ul style="list-style-type: none"> <li>There is no State-level legislation regulating the coordination of river basin management plans.</li> <li>The entity Authorities are functional but there is limited coordination at the state level.</li> </ul>	Partly Effective

<sup>98</sup> Means of verification include previous evaluation reports, relevant ROM reports, project final reports, interviews with stakeholders

Title	Year	Expected results	Actual results at end of intervention <sup>98</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		sector administration in compliance with the principles of good governance, including the establishment of the impartial licensing bodies.			
Integrated Border Management - Construction of Border Crossings	2003	<ul style="list-style-type: none"> <li>Assistance for the housing of the headquarters of the State Border Services</li> <li>Design, construction, supervision and refurbishment of selected Border Crossing Posts</li> </ul>	<ul style="list-style-type: none"> <li>The Headquarter building was constructed.</li> <li>The border crossings were also constructed and put into function.</li> </ul>	<ul style="list-style-type: none"> <li>The Headquarters building is functional and serves its purpose</li> <li>Construction of border crossings has been important investment in both putting in place physical infrastructure but also as strong capacity building tool for Bosnian institutions to apply standards and approaches to this section</li> </ul>	Effective
Public Administration Reform - Unit for Economic Policy Planning	2006	<ul style="list-style-type: none"> <li>DEP provides high quality and complex analysis in the area of Macroeconomics, Microeconomics, Foreign Trade, FDI, Public Finance, Social Policy, Labour market using economic and forecasting models in a creative and flexible way;</li> <li>Effectively applies the results in designing policy recommendations and in the process of regular reviews of the MTDS;</li> <li>Long term effective cooperation between DEP and NGO think tanks established resulting in better quality research and a greater credibility of</li> </ul>	<ul style="list-style-type: none"> <li>EPPU succeeded in producing a number of high quality and complex analyses and research papers on different areas of economic planning</li> <li>EPPU staff gained skills to effectively use macroeconomic analyses</li> <li>EPPU was institutionalised as relevant institution for economic policy planning</li> </ul>	<ul style="list-style-type: none"> <li>EPPU was transformed into Directorate for Economic planning (DEP), however today its work is marginalised to some extent</li> </ul>	Partly Effective



Title	Year	Expected results	Actual results at end of intervention <sup>98</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		government actions, at the same time stimulating development of local independent expertise (pool of local experts)			
EU Fiscal Policy Support in BiH	2006	<ul style="list-style-type: none"> <li>The Governing Board/Fiscal Council has the capacity and capability to effectively and efficiently facilitate the process of fiscal policy formulation and is endowed with sufficient authority and credibility so that the proposed policy recommendations are taken up by the BiH authorities</li> <li>A cadre of well-trained analysts and policy advisors within the relevant institutions exists, thus improving the functionality of BiH institutional structure</li> </ul>	<ul style="list-style-type: none"> <li>The macro-economic and fiscal policy advice to the government of BiH was significantly improved by the project</li> <li>Centralised economic policy coordination and its institutional set-up was established</li> <li>The Project trained a pool of economists in the Macroeconomic Analysis Unit (MAU) of the GB/FC</li> </ul>	The state level institutions are in place and functional. However, the work of these bodies as well as “the consensus on economic and fiscal policy essentials has weakened and hampered progress in reforms at country level” <sup>99</sup>	Partly Effective
Vocational education and training	2004	<ul style="list-style-type: none"> <li>Set up of National Qualification Framework initiated by stakeholders from education and social partners</li> <li>VET Departments of the Agency for Education operational and staff able to support VET reform or preliminary model identified and piloted</li> <li>Modular curricula from 5</li> </ul>	<ul style="list-style-type: none"> <li>The NQF was not adopted</li> <li>The project succeeded in refining existing documents, identifying priorities, securing participation of social partners and providing a clearer vision of the next steps</li> <li>VET Strategy for BiH was adopted by the Council of Ministers</li> <li>Support was provided for establishment of VET department</li> </ul>	<ul style="list-style-type: none"> <li>Only in March 2011, the Council of Ministers of Bosnia and Herzegovina adopted the Baseline Qualifications Framework</li> <li>VET education is integral part of school curricula in a wide number of schools in Bosnia and Herzegovina</li> <li>However, sub-national higher education and vocational training legislation remains to be</li> </ul>	Partly effective

<sup>99</sup> EU Progress Report for Bosnia and Herzegovina 2012

Title	Year	Expected results	Actual results at end of intervention <sup>98</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		occupational families developed and teachers trained <ul style="list-style-type: none"> <li>• New financing models piloted in VET schools</li> <li>• Technical specification for equipment for VET schools developed</li> </ul>	within the Agency for pre-primary, primary and secondary education <ul style="list-style-type: none"> <li>• VET Framework Law was passed only in August 2008</li> <li>• Modular curricula for five families have been developed and a set of tools, materials and trained staff was put in place</li> </ul>	harmonised with the relevant framework legislation.	

*Have the results delivered by the evaluated assistance translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities stated in the relevant programme documents? Were there any additional/unexpected impacts (negative or positive)?*

Impact of assistance can be broadly split into two groups – that which delivered impacts, which resulted often from investment support, and that which was less successful, which mainly focused around strategy development, and institutional/capacity building,

Impacts from IB assistance were undermined by the prevailing political instability. The political situation was never favourable for promoting reforms in the country - nevertheless, many reformist processes have moved forward in the period of 2001-2005, with support of the CARDS programme and other donor assistance. The Bosnian government at state level adopted a range of strategic documents, such as the Mid-Term Development Strategy (2004-2007), PAR reform documents and other relevant strategies for different sectors. New institutions were strengthened, like the EPPU, state Border Police, CRA, BHRT etc.

**Box : Effects and Impact of CARDS support to PAR Reform in BiH**

Support to Public Administration reform in BiH has been part of the BiH commitments under the SAA (Public Administration Reform) towards “cooperation [that] will aim to further the development of an efficient and accountable public administration in BiH and will focus on institutional building and strengthening of the policy-making process”<sup>100</sup>. The SAA further stipulates that “cooperation in this area shall focus mainly on institution building, in line with European Partnership requirements, and will include aspects such as the development and implementation of transparent and impartial recruitment procedures, human resources management and career development for the public service, continued training, the promotion of ethics within the public administration and the strengthening of the policy making process”<sup>101</sup>. Within the CARDS assistance, the support to PAR reforms was extensive, amounting to 39.4 million EUR, also leveraged by funds from other donors, through bilateral support and a so-called PAR Fund, as a result of joint cooperation of several bilateral donors (the UK (DFID), Sweden (SIDA) and The Netherlands, each committing equivalent of 1.5m Euro), the EC Delegation and the Governments in BiH. Areas of support included public procurement, EU integration capacity building, support to Civil Service agency and EPPU, statistics, capacity building for fiscal policy, education, health and agriculture policy, transport policy, energy policy and e-government.

Support to the PAR led to the creation of the PAR Strategy and associated Action Plan, which was approved by the entities and the state through the adoption of the common platform in April 2007, as a basis for a public administration reform effort that could be taken forward by the national authorities. The EC assistance geared the support to the role and capacity building of the PARCO office as coordinating body of the PAR reforms, which resulted in substantially reinforced office with staff in an on- going recruitment process. However, the Ad-hoc Evaluation of the CARDS Assistance to BiH concludes “its effectiveness is reliant on personal political connections to the Chair of the CoM. It has no institutional power to drive change”<sup>102</sup>. The Evaluation further states that the “PARCO is a donor inspired unit with minimal support from the administration”<sup>103</sup>.

The PAR reforms in general did not make huge progress throughout the years of implementation of CARDS and

<sup>100</sup> European Communities (2009); Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and Bosnia and Herzegovina, of the other part; European Communities No. 4 (2009), p. 60

<sup>101</sup> Ibid, p. 60

<sup>102</sup> European Commission (2008); Ad-hoc Evaluation of the CARDS Assistance to Bosnia and Herzegovina; p. 24

<sup>103</sup> IBID, P. 31

subsequent IPA assistance as recognised by the 2010 EU Progress Report, which remarks that “Little progress was made in the area of public administration reform (PAR), “and “The administrative capacity of Bosnia and Herzegovina to implement SAA and IA commitments is slowly being strengthened. However, the country’s administrative structures are still not capable of responding effectively to the requirements of EU integration”<sup>104</sup>. The 2012 EU Progress Report states that “fragmentation and politicisation continued to hamper the establishment of a professional, accountable, transparent and efficient civil service based on merit and competence”<sup>105</sup>. The interviews with relevant stakeholders and review of literature supports the evidence from the EU Progress report that the development of an efficient and accountable public administration depends on the political interests and support to achievement of this objective.

However, there is a clear degradation of political commitment and support to development of the country particularly after the elections in 2006. The functionality and efficiency of all levels of government was affected by fragmented, uncoordinated policy-making and disagreements and lack of joint vision of Bosnian politicians on all matters, including the EU integration agenda. This in turn reduced the impact of the CARDS assistance. Particularly affected were all results that depended on the entity administrations’ willingness to agree to the transfer of their authority to the state level. This was reported in the Ad-Hoc CARDS Evaluation Report of 2008, which noted that; *“the creation of durable state level institutions, a main thrust of European Union institution building support, has been challenging with success varying considerably between sectors”* and that *“entity administrations are increasingly unwilling to agree to the transfer of their authority to the state level and this has reduced the impact of CARDS assistance”*.

The picture with the impact of investments is more positive. Investment in the integrated border management was instrumental for BiH to fulfil its international obligations and also to secure its borders. BiH was the only of former-Yugoslav republics with practically no international borders, as it was surrounded by other former Yugoslav republics. This meant that the country needed to establish the entire border system. The EU assistance was crucial for this process and complementarity with other donor assistance and country efforts resulted in strengthening the system. The assistance to construction of the Headquarters building for the State Border Police also contributed to strengthening the system.

Investment in supporting public administration reform through strengthening capacities, establishment of new institutions and support to existing ones brought mixed impacts, mainly due to the political obstructions mentioned above but also the fact that majority of competencies were transferred to entity levels by the Constitution. Some of the clearly state level competencies (like the border control, migration and asylum) had less resistance, but the support to education, economic and social development sector have lagged behind due to these factors.

If we look at the objectives of the Country Strategy for BiH, primarily the EU’s political objective for BiH “fullest possible integration of the country into the economic and political mainstream of Europe, through the Stabilisation and Association Process, political dialogue, liberalisation of trade and co-operation in justice and home affairs”, we can conclude that the country has made significant steps ahead towards EU

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<sup>104</sup> European Commission (2010); EU Progress Report for Bosnia and Herzegovina p. 8

<sup>105</sup> European Commission (2010); EU Progress Report for Bosnia and Herzegovina p. 12

integration despite the political obstructions, particularly during the period when CARDS was programmed (2000-2006). Still, the current political situation in Bosnia is not favourable for further steps towards EU integration, which has a strong effect on impacts of the assistance. If we look at the specific objectives of the assistance (table below), we can conclude that the assistance had mixed and rather moderate impacts on the overall participation of BiH in the Stabilisation and Association Process (SAP). The SAA was ratified by Bosnia in 2008 but it was never implemented and at the moment the EU integration process is stalled.

The subsequent EU Progress reports for Bosnia and Herzegovina, SIGMA reports, the EU Parliament resolution on the 2012 Progress report on BiH and other studies recognise the uneven pace of reforms in areas tackled by the assistance and recognised in the specific objectives of assistance outlined in the Table 5<sup>106</sup>. The EU Progress report for 2012 highlights that “little progress was made in improving functionality and efficiency at all levels of government, which continue to be affected by fragmented, uncoordinated policy making”<sup>107</sup>, while also recognising that little progress has been made in PAR reforms, stressing lack of political support and little progress in strengthening of the administrative capacity for legal harmonisation and implementation of the *acquis*<sup>108</sup>.

The EU Parliament Motion for Resolution also states the concern “about the financial sustainability of the public administration and the lack of political support for its reform”<sup>109</sup>. The review of economic criteria in the EU Progress reports for Bosnia show uneven and slow economic reforms and transition to market economy, while recognizing negative effects of the global economic crises, while the reports also emphasises little progress in the field of environment, whereby framework legislation on environment remains to be adopted.<sup>110</sup>

**Table: Objectives for Assistance (Country Strategy Paper 2000-2006)**

The EU’s political objective for BiH is the fullest possible integration of the country into the economic and political mainstream of Europe, through the Stabilisation and Association Process, political dialogue, liberalisation of trade and co-operation in justice and home affairs. The overall objective of EC assistance is to support the participation of BiH in the Stabilisation and Association Process (SAP).

- Help consolidate the state of Bosnia and Herzegovina as a democratic country in which the rule of law and good governance apply thereby enabling it to participate in the SAP and building on the General Framework Agreement for Peace;
- Support the development of functioning State institutions capable of acting as reliable counterparts for the international community and representing the entire country's interests effectively;
- Support economic reform and transition to a market economy, in order to facilitate sustainable economic growth, trade and employment, and to facilitate the integration of the Bosnia and Herzegovina economy into EU structures and those of the wider international community;
- Support the development of an environmental framework in BiH based on the *acquis*;

<sup>106</sup> See EU Progress Report 2012, p. 6

<sup>107</sup> EU Progress Report 2012 for Bosnia and Herzegovina, p. 11

<sup>108</sup> EU Progress Report 2012 for Bosnia and Herzegovina, p. 11

<sup>109</sup> European Parliament (2012), Motion for a Resolution on the 2012 Progress Report on Bosnia and Herzegovina; <http://www.europarl.europa.eu/sides/getDoc.do?type=MOTION&reference=B7-2013-0161&language=EN>, accessed in June 2013

<sup>110</sup> European Commission (2012); EU Progress Report 2012 for Bosnia and Herzegovina, p. 11

- Facilitate and encourage cooperation between BiH and the other countries of the region as part of the SAP.

### *Can impacts be sufficiently identified /quantified?*

There are numerous impacts that can be identified, particularly in some areas. The assistance to the return process has resulted in 95% of implementation of return agenda. The assistance to the Integrated Border Management strengthened the overall institutional, policy and legal structure for this area leading to lifting the visa regime for BiH in 2010. Support to the PAR did not bring desired impacts, as recognised by the SIGMA report for BiH 2012, which states “disorganisation of public institutions and wasteful administration are two of the main characteristics of BiH’s administrative legal framework and civil service systems. The administrative system is burdensome, expensive and contradictory across the various levels of government”<sup>111</sup>. Still, positive impacts may be found in the strengthened institutions within the reforms (e.g. support to the education sector resulted in the establishment of three agencies under the Council of Ministers<sup>112</sup>, establishment of Regional Development Agencies (RDAs)<sup>113</sup>; DEP, DEI, Fiscal Council, State border police were strengthened with support of the assistance, etc.).

### *Were the identified results and impacts sustainable?*

Sustainability of results and impacts is also mixed. The findings of the Ad-Hoc Evaluation of the CARDS assistance to BiH indicate that the “Sustainable institutional structures for the return process have been created and taken over by the state”, but “[m]any state level institutions lack local ownership which threatens sustainability”<sup>114</sup>. These findings still hold true. It can be also added that the support to particular sectors, (for example support to return of refugees and IDPs, IBM, public broadcasting, VET, etc.) also brought strong sustainable results. However, support to institution building, particularly support to strengthening and/or establishment of new institutions through PAR reforms at state level shows challenges to sustainability due to political factors. An example within the sample projects has been the support to the Economic Policy Planning Unit.

#### **Box: Uneven sustainability – the case of the DEP**

Supported by CARDS, the EPPU had a strong institutional position within the Council of Ministers as main body for economic and development policy planning. It had a strong role during the development of the MTDS/PRS and later on in conducting policy studies and macro/microeconomic projections at the national level. Later the EPPU was transformed into the Directorate for Economic planning (DEP). Today, the DEP appears to be dislocated from the Council of Ministers office and its work and contribution is marginalised. Whilst the institution still benefits from IPA assistance its importance as a governmental think-tank and provider of analytical strategic information for effective policy-making has been diminished due to changed political priorities within the current State government.

<sup>111</sup> OECD/EU Joint initiative for Support for Improvement in Governance and Management (2012); Assessment Bosnia and Herzegovina 2012; [http://www.oecd.org/site/sigma/publicationsdocuments/BiH\\_Assess\\_2012.pdf](http://www.oecd.org/site/sigma/publicationsdocuments/BiH_Assess_2012.pdf); accessed in June 2013

<sup>112</sup> Ad-hoc Evaluation of the CARDS Assistance to Bosnia and Herzegovina, 2008; p. 19

<sup>113</sup> Ibid, 19

<sup>114</sup> Ad-hoc Evaluation of the CARDS Assistance to Bosnia and Herzegovina, 2008; p. 10

The threats to sustainability of impacts of assistance may be found in a number of factors. Firstly, the political challenges that the country face are the primary negative factor that threatens the sustainability of assistance. Secondly, lack of commitment and understanding of the value of projects, and their long-term vision by government partners diminishes efforts to recognise, institutionalise and sustain project results. This results in weak support to following up on the results achieved once finances are not available. Thirdly, global economic crisis and resulting budget cuts also contributed to lack of sustainability of the assistance. In many cases, even though government was committed to continue with established results, the budget cuts made it not possible to allocate funds for such efforts.

*To what extent was the support provided by the EC instruments coherent and complementary with national and other donor assistance?*

Bosnia and Herzegovina received extensive donor support in its post-war rehabilitation and development. The EU CARDS assistance was coherent with other donor assistance and there are numerous examples of joining funds and efforts of EU and other donors towards achievement of results. Good examples may be found in PAR reforms where various donors (mainly bi-laterals) contributed to the PAR fund<sup>115</sup>. The reason for this was mainly the recognition of the need to “provide a harmonised approach in supporting the implementation projects across BiH that fall within the framework defined by the PAR Strategy”<sup>116</sup>. Also, support to IBM, return of refugees and IDPs, as well as reforms in other sectors came from different donors and IFIs.

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<sup>115</sup> The PAR Fund was established through a Memorandum signed in July 2007 by the prime ministers of Bosnia and Herzegovina, the Federation of BiH and the Republic of Srpska, the Mayor of the Brčko District, the Minister of Finance of BiH, ambassadors of the donor countries (the Great Britain, the Netherlands and Sweden and the Chief of the Delegation of the European Commission in BiH). It envisaged investment of 4.5 million euros of donated assets in projects of public administration reform for a period of three years.

<sup>116</sup> PARCO (2007); Memorandum of Understanding for the establishment of the Public Administration Reform Fund.

## CARDS Country summary report

**Country: Kosovo**

**Mission date: 20 – 24 May 2013**

**Evaluator: Steven O'Connor**

### 1. Overview of CARDS assistance to Kosovo

#### Political overview

Kosovo emerged as an independent political entity in the aftermath of the conflict there that occurred throughout the 1990s and which formally ended with the UN Security Council Resolution 1244 of June 1999 which placed Kosovo under transitional UN administration (UNMIK) pending a determination of Kosovo's future status. A UN-led process began in late 2005 to determine Kosovo's final status. The negotiations ran in stages between 2006 and 2007, but ended without agreement between Belgrade and Pristina. On 17 February 2008, the Kosovo Assembly declared Kosovo an independent state. Since then, over 95 countries have recognized Kosovo, it has joined the International Monetary Fund, World Bank, and European Bank for Reconstruction and Development, and has a framework agreement with the European Investment Bank (EIB). Serbia continues to reject Kosovo's independence, but the two countries reached an agreement in May 2013 that went some way to normalizing relations.

#### Accession process

Kosovo was a significant beneficiary of EU funding – including CARDS - since 1999 (see section 1.6). However it was not until 2005 that the European Commission (EC) adopted its communication on “A European Future for Kosovo” which outlined the country’s accession perspective. The European Council acknowledged Kosovo’s declaration of independence in 2008, laying the basis for more intense cooperation (such as the establishment of EULEX). In 2009 the Commission reaffirmed its support for the country’s European aspirations in its communication “Kosovo-Fulfilling its European Perspective”. In 2012 The EC issued its “feasibility study for a Stabilisation and Association Agreement between the EU and Kosovo”, which paved the way for the EC’s Recommendation to the Council of April 2013 which authorised the opening of negotiations on a Stabilisation and Association Agreement between the European Union and Kosovo.

#### Economy

(see table below)<sup>117</sup>. Kosovo’s economy experienced steady to strong growth over the period from the start of CARDS assistance to date.

*Table: Kosovo Percentage GDP growth on year 2001 – 2011*

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
% GDP growth on year	N/A	-0.7	5.42	2.61	3.84	6.0	6.3	6.9	2.9	3.9	5.0

<sup>117</sup> Source: World Bank 2013



## Strategic framework

EU assistance to Kosovo via the CARDS instrument has been framed by the following strategic documents:

- CARDS Council 2001 Regulation (EC) No.2666/2000
- 2008/213/EC: Council Decision of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Serbia including Kosovo
- Country Strategy Paper (CSP) 2002-2006 for the Federal Republic of Yugoslavia (FRY)
- Multi-annual Indicative Programmes (MIP) 2002-2004 (for FRY) and 2005/6 (Kosovo)
- Annual Country Programmes (AP) 2001 - 2006

## CARDS Programming Priorities<sup>118</sup>

Within each of the strategic documents, a series of priority areas were identified for receiving CARDS funding. These were outlined in the CSP for 2002-2006 and broken down further in each of the MIPs issued in that period. The 2001 programme, which preceded the CSP, was given its own one-off set of priorities. These priorities and their relationship to one another are presented in the Table below:

**Table: CARDS Programming Priorities Kosovo 2001 – 2006**

MIP/AP	2001 AP	2002 – 2004 MIP	2005-2006 MIP
Priority	No wider areas of support	Good governance and institution building	
	State institutions	Public administration reform	Public Administration Reform
	Customs & taxation	Customs and taxation	Customs and taxation reform
	Judiciary	Justice and home affairs	Justice and home affairs
	No comparable priority	Integrated border management	Integrated border management
	No wider areas of support	Economic recovery, regeneration and reform/ Economic and social development	
	Housing	No comparable priority	No comparable priority
	No comparable priority	Transport	Infrastructures: Energy Transport
	Energy	Energy	
	Environment	Environment	Environment
	Enterprise development & employment	Economic development	Investment Climate: Enterprise Rural Economy Trade
	Agriculture	No comparable priority	
	No comparable priority	Social development and civil society	Education and employment:

<sup>118</sup> Source: EAR website <http://ec.europa.eu/enlargement/archives/ear/kosovo/kosovo.htm>

		University education, enhancing regional co-operation, vocational education & training and HRD	Higher education VET and labour market
	<b>No wider areas of support</b>	Civil society strengthening	<b>Democratic stabilisation</b>
	Civil society		Civil society & Media
	Media reform		
	Return of refugees	No comparable priorities	Minority rights & refugee return
	Minority & human rights		
<b>Other non-sector specific priorities</b>			
	Other areas of governance (elections)	No comparable priority	No comparable priority
	Technical and Administrative Assistance Facility	General technical assistance & programme reserve	<ul style="list-style-type: none"> <li>• Open of Community Programmes</li> <li>• General Technical Assistance Facility (GTAF)</li> <li>• EAR running costs</li> <li>• Reserve</li> </ul>

### CARDS Funding to Kosovo

The EU provided funding to Kosovo via the CARDS programme in 6 annual allocations starting in 2001. The funding amounts are presented in the Table below.

*Table: CARDS funding to Kosovo (€M)<sup>119</sup>*

Year	2001	2002	2003	2004	2005	2006	Total
Amount	155.50	162.54	62.28	72.60	72.50	46.5	575.92

### CARDS evaluation sample

The evaluation of the CARDS programme was based on the sample of projects listed in the table below. These projects were selected for detailed analysis and also provided the evaluators with a starting point to explore wider themes and characteristics of the CARDS programme in Kosovo.

*Table: Evaluation Sample*

Title	Size €M	Sector	Year	Modality
Development of Kosovo's irrigation system II	2.20	Economic and Social Development - agriculture	2003	TA
Premises for the new Provincial Administration	9.00	Administrative Capacity Building	2001	Works/Supplies
Municipal and Local Investment Fund I <sup>120</sup>	3.00	Economic and Social Development	2001	Works/TA

<sup>119</sup> Source – European Commission 2010 ANNUAL REPORT ON PHARE, TURKEY PRE-ACCESSION INSTRUMENTS, CARDS AND THE TRANSITION FACILITY

<sup>120</sup> Note that the MLIF project model was started under the 1999 assistance programme, with the first funding allocation referred to as MLIF I. The subsequent MLIF allocations were (at the time) called MLIF II (2001 programme) and MLIF III (2002 programme) respectively. According to CARDS programming documentation, however, the numbering of the projects changed to MLIF I and MLIF II. This evaluation uses this numbering system and makes no direct reference to the assistance funded under the 1999 annual assistance programme.

Title	Size €M	Sector	Year	Modality
Municipal and Local Investment Fund II	3.50	Economic and Social Development	2002	Works/TA
Development of Measuring, Standardisation, Testing & Quality	1.48	Economic and Social Development	2006	TA
Institutional Support to the Ministry of Environment & Spatial Planning/Rivers Authority	1.90	Environment	2006	TA

### Implementation of assistance

CARDS in Kosovo was managed by the European Agency for Reconstruction until its closure in 2008. All assistance was programmed by the EAR. Those projects that were still active after the EAR's closure (projects from the 2006 programme) were taken over by the EU Liaison Office (now call the EU Office or EUO).

## 2. Response to Evaluation Questions

*What was the strategic framework and how effectively had priorities/ needs of the countries in the region been translated into programming of assistance, based on the priorities identified in the country strategy and programming documents?*

The strategic framework has only partly reflected the needs of Kosovo. This is because the main strategic document at country level is in fact the 2002 - 2006 CSP for the Federal Republic of Yugoslavia. This document attempted to cover all the programming needs for Serbia, Montenegro and Kosovo, even though each country, and especially Kosovo, found themselves in significantly different circumstances. The MIP 2002-2004, which is an annex to the CSP defines objectives and expected results for the assistance along sectoral lines and makes no distinction between the three beneficiary countries. The MIP 2005-6 explicitly differentiates between Kosovo and the other countries covered in the CSP and as such represents an improved strategic focus for CARDS assistance.

With hindsight a separate CSP for Kosovo from the very start of the CARDS programme would have been more logical and made programming less abstract.

As regards the consistency of CARDS programme objectives with Western Balkans country and sector strategies, the priorities in the respective programming documents are in line with those outlined in the CARDS regulation. There is also a largely consistent set of priorities within the CSP, the two MIPs and the annual programmes. Thus there was no evidence that assistance was programmed outside of this framework. The programming framework was relatively stable, which as in other CARDS countries, allowed for longer term planning of assistance and programming of interventions in stages based on the performance of previous projects and actual needs. The wide range of priorities in first year reflected the wide range of needs on the ground and facilitated the swift programming of assistance, sometimes on an ad-hoc basis.

The needs of the country were enormous in the first years of the programme due to the post-conflict context. This was particularly the case for reconstruction and humanitarian assistance. The CARDS programme was deployed appropriately to meet these needs. Major investments and reconstruction works in the areas of energy, housing and municipal infrastructure characterised this early phase of CARDS (2001, 2002). The trend within the programme to move away from this type of assistance towards institution

building and development of a market economy is evident. The drop-off in funding allocations reflected this shift and was appropriate given that the bulk of the immediate reconstruction needs of the country had been met.

The scarcity of national strategies with which to link CARDS assistance has characterised much of the period of the programme. An absence of counterpart institutions was another defining characteristic of the programme, making the programme to a large extent driven by donors and external agencies e.g. UNMIK. Many of the strategies that emerged during the programme were thus developed via CARDS or other donor assistance. Whether they could be considered truly indigenous national strategies has been questioned. This is reflected in their actual application, which was reported as being patchy.

In respect to the existence of needs assessments within beneficiary countries and sectors, it was reported that these were often conducted only superficially.<sup>121</sup> In the early period of CARDS the humanitarian and reconstruction needs were evident and the programmed assistance for the most part successfully targeted these. Once the shift moved away from these investments, the need for more rigorous needs assessments of the conditions to properly absorb the institution-building (IB) and other forms of 'soft' assistance grew. This was evidently not met. Previous evaluations (both external and EAR's own internal) as well as primary sources confirmed this.<sup>122</sup>

Due to the centralised implementation nature of the CARDS programme, there was very little direct involvement in the programming by the final beneficiaries. Programming and the preparation of individual interventions was done by EAR experts (usually international) in conjunction with UNMIK personnel. Two particular consequences of this are evident.

Firstly, the IB interventions themselves were over-optimistic in what they aimed to achieve. Their objectives failed to reflect the fact that Kosovan institutions were extremely fragile and inexperienced (or didn't in fact exist), the country was to a large extent still run by external forces and the country itself was still coming to terms with the conflict that had recently finished. Secondly, the ownership of the institution building (IB) project results on the part of the Kosovan beneficiaries was mixed at best. The imposition of donor-defined assistance to weak or unwilling institutions resulted in proportionally low effectiveness and impact.

The argument that IB was needed to support the emerging institutions is valid only up to a point. If the interventions had been sufficiently modest in scope and value to reflect the actual absorption capacities of the Kosovan beneficiaries, it is entirely possible that the assistance would have been more effective. However, this would have needed much smaller annual financing allocations to fund considerably less ambitious projects. This would have conflicted with the political imperative (evident not only with CARDS but with other donors) to provide as much "help" to the Kosovans as possible.

*To what extent were the EC's chosen implementation modalities relevant and efficient? To what extent have the beneficiary countries been actively involved in decision-making concerning CARDS Assistance orientation and implementation?*

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<sup>121</sup> See Retrospective Evaluation of CARDS Programmes in Kosovo 2009 pp. 5-7

<sup>122</sup> Ibid p. 24, also EAR evaluation (EU/11/051/07) on Institutional Capacity Building support (Kosovo), March 2008 p. 26

CARDS was implemented in Kosovo primarily through the EAR. This body was reported as being efficient at contracting assistance. The EAR was evidently well suited to programming and implementing CARDS support to a post-conflict society (especially the renewal of infrastructure). However, the shift to IB and EU integration perspective represented for the EAR a challenge. It was reported that that this had a negative effect on its efficiency, although with an absence of hard evidence in the form of statistics, this is difficult to objectively verify.

The retrospective evaluation of CARDS in Kosovo found that *“Recipients in general... had been involved in the planning and design of the projects”*.<sup>123</sup> This is however contradicted elsewhere in the report, which found many examples of assistance that was designed for institutions that at the time didn't exist i.e. there was no recipient to involve in the preparation of the projects.<sup>124</sup> Furthermore, the reported lack of ownership of the assistance and their commitment to its outcomes indirectly supports the view that the involvement of the beneficiaries in these projects was sub-optimal.<sup>125</sup> Interviews with stakeholders tended to indicate that this was indeed the case – Donors led the programming, oversaw the contracting and conducted the monitoring of the assistance. The beneficiaries were formally consulted on their needs and in some cases task managers within the EAR liaised informally with them as the interventions were prepared. However for the most part, this was the extent to their involvement.

The evaluation sample contained the example of Municipal and Local Investment Fund (MLIF) which allowed the potential beneficiaries to propose interventions for funding (as a pseudo-grant scheme) and representatives of the relevant Kosovan “ministry” were on the selection board of the scheme. However the overall process was led by the EAR and UNMIK, with political or geographic considerations reportedly often prevailing over the maturity or relevance of the funding requests.

### *To what extent had financial assistance been effective in achieving results?*

An assessment of the effectiveness of the CARDS interventions in the evaluation sample can be found in Table 5. The paragraphs below outline the main findings emerging from this assessment.

According to evidence on the ground, feedback from interviewees and other secondary sources, CARDS investments into infrastructure was effective. Investments into the energy sector, both for the rehabilitation of thermal power stations and also the development of coal supply ensured that stable power generation was put in place following the conflict. From the evaluation sample, the renovation of the seat of the then provisional administration (now one of the principal government buildings) was constructed to the required standards and now serves as the headquarters for several key ministries.

Available evidence indicates that the MLIF I and II municipal infrastructure schemes were also effective, at least as regards the infrastructure that it financed. Municipalities across Kosovo received investments into key areas such as sewage, drinking water, education, health and transport. It was noted in other EAR evaluations from 2003 that some problems were noted in volume of projects financed being too great for the TA contractor to manage, and that the reconstruction of local roads was problematic due to municipalities

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<sup>123</sup> Retrospective Evaluation of CARDS Programmes in Kosovo 2009, p. 24

<sup>124</sup> Ibid p. 24 *“There are examples of projects designed for institutions, which did not exist at the time of project design and tender”*

<sup>125</sup> Ibid p. 26

being unable to finance either their completion or maintenance. However interviews conducted during this evaluation indicated that this problem has now been overcome. Also, the MLIF model has been expanded and rolled out under IPA<sup>126</sup> and has become the standard instrument for supporting local infrastructure investments. This is due to its perceived effectiveness by both the EU and Kosovan administration. Capacity-building components of MLIF were reported as less effective. The beneficiaries did not have the technical capacities to absorb the assistance. The absence of a culture of strategic planning and budgeting also was reported as a barrier to effectiveness.

This is an example of a much wider problem with IB assistance, as is evidenced in previous evaluation reports and which was still obvious at the time of this evaluation. i.e. that the effectiveness of IB assistance was much less clear-cut, with little sign that it produced results that led to sustainable changes in institutional behaviour or performance. IB assistance was heavily focused on the generation of outputs. This was due to several factors, such as poor design of assistance, a lack of beneficiary capacity to absorb assistance and pressure on contractors to deliver against pre-defined benchmarks.<sup>127</sup> As a result, the IB support generated an enormous amount of outputs in the form of training courses, master plans, feasibility studies, software models and the like. However, evidence indicates that the transformation of outputs into results was largely beyond the beneficiaries to manage. Thus CARDS was effective in providing beneficiaries with outputs, but not in delivering on its planned results. This shortcoming was further exacerbated by monitoring of assistance focused on monitoring of outputs, not results<sup>128</sup>.

CARDS assistance also targeted the establishment of key institutions in areas of relevance to EU accession. Evidence indicates that these institutions for the most part remain in existence. The previous evaluation of the country found effectiveness of IB to be "satisfactory", largely on the basis of the assistance having delivered its many outputs.<sup>129</sup> At the same time the evaluation also noted that "*that this [focus on delivery of outputs] may have had serious consequences for the local ownership of the projects and their outcomes.*"<sup>130</sup>.

However the extent to which these institutions are operational or as effective as initially intended is mixed. The impression from previous evaluations is that effectiveness in the justice, energy and public administration reform sectors is not strong. This evaluation identified weak effectiveness in the structures set up in the environment and agriculture sectors (see table 5 for details).

There is little if any documentary evidence available now to indicate whether results of these or IB measures were in fact delivered and what their current status is. As a result this makes reaching any definitive judgement on this area highly challenging.

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<sup>126</sup> *Municipal Social and Economic Infrastructure Facility*, funded running from CARDS, with a predecessor under CARDS. 2011 IPA allocation represents the seventh phase of this assistance

<sup>127</sup> See for example *Retrospective Evaluation of CARDS Programmes in Kosovo*, p. 25, also EAR evaluation (EU/11/051/07) on *Institutional Capacity Building support (Kosovo)*, March 2008

<sup>128</sup> EAR evaluation (EU/11/051/07) on *Institutional Capacity Building support (Kosovo)*, March 2008 and *Retrospective Evaluation of CARDS Programmes in Kosovo*, p. 26

<sup>129</sup> *Retrospective Evaluation of CARDS Programmes in Kosovo* p. 28

<sup>130</sup> *Ibid* p. 25

As regards systems and tools delivered by CARDS, there is no overall clear impression on this. Previous evaluations did not look into this issue in any detail and evidence from the evaluation mission was not sufficiently abundant to support any informed judgement.

As regards CARDS Contribution to achieving reconciliation, stabilisation of democracy, rule of law, human rights in the Western Balkans, a reduction in conflicts in Kosovo has occurred, although the extent to which this is attributable to CARDS is questionable. Human rights, in particular minority rights have however been a central consideration of CARDS. The EAR evaluation of 2008 found that *"interventions have consistently applied minority considerations"*. However it also recognised that *"a highly politicised context after an armed ethnic conflict, formal adherence to the rules of multi-nationalism is not enough to ensure effective contribution to their materialisation."* i.e. that the assistance has not been successful in addressing issues of minority rights and considerations.

The EC 2010 Progress Report stated that *"Limited progress has been made with regard to the promotion and enforcement of human rights."* However, the 2012 analytical report of the EC found that *"In general, Kosovo's institutions have taken good initiatives to start implementing the human and fundamental rights, as well as to increase the general awareness about these rights"*. This suggests that improvements in this field have been made, although their attributability to CARDS is not evident.

Whilst there are the trappings of democratic transformation (elections at national and municipal level) overall performance of Kosovo in this area is poor. The 2011 EC progress report noted that *"The conduct of the general elections was marred by serious shortcomings and technical difficulties"*. This judgement was corroborated across the board during interviews which saw the political level as being a major constraint on the success of EU assistance, whether CARDS or IPA.

*What possibly hampered its achievement? Had there been any factors (financial, social, political, human factor) which prevented beneficiary countries accessing the results?*

Several factors have been identified as hampering effectiveness. First among these were a lack of absorption capacity among beneficiaries in combination with over-ambitious interventions that delivered a volume and/or complexity of assistance that was too much for the Kosovo side to use properly<sup>131</sup>. Secondly a general lack of readiness was noted in the programme environment for certain types of interventions, particularly those targeting key structural reforms e.g. energy market, justice, public administration reform<sup>132</sup>

Investments were hampered by problems related to land ownership issues. IPA assistance to municipalities refer to this issue in project documentation<sup>133</sup> and it was reported during the evaluation mission that project proposals to this scheme still showed weaknesses in this area.

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<sup>131</sup> See Retrospective Evaluation of CARDS Programme in Kosovo p.8, p14, p18,

<sup>132</sup> Ibid p. 14 p.22

<sup>133</sup> The project fiche for *Municipal, social and economic infrastructure facility : 05-2011/2* states that "land ownership issues (including access) shall be fully solved when selecting a project or scheme (i.e. land available must already be the property of the beneficiary and this must be certified unambiguously by a cadastral extract)."



It was reported in previous studies that low salaries and insufficient staff incentives resulted in a massive brain drain to the private sector, which in turn hamstrung the transformation of human capacity into institutional capacity in public administration.<sup>134</sup> Finally, political interference was identified as a major handicap to achieving effectiveness. It negatively influenced decision making related to prioritisation of investments, use of budgeting systems, and appointment of staff within the public sector.<sup>135</sup>

Judging from both secondary sources and feedback from interviews, the quality of the outcomes was mixed. The outputs from investments evidently led to some improvements in the physical infrastructure of municipalities and the working conditions for central governmental bodies. IB support has helped train a large number of Kosovan public servants in a range of accession-related issues. However, the turnover of staff in the civil service has undermined its benefit to a considerable extent. These people have in many cases left for the private sector so their capacity has not been lost totally. The programme of scholarships for young Kosovans to study at EU universities seemed effective at ensuring that the Kosovan public administration had a cadre of well educated (albeit fairly inexperienced) staff at its disposal for a period of up to 5 years after the completion of study.

Legislation and strategies developed by the assistance, although reported as being of good quality, have met with mixed fates. Numerous laws have been adopted based on CARDS assistance but as evidenced from the evaluation sample, their application has been uneven. Strategies have been prepared but in cases looked at by this evaluation appear to have only been implemented partly, if at all. The structures set up by CARDS appear to be still mainly in place, although their effectiveness was also reported as very mixed. The following table provides a summary response to the effectiveness of individual sample projects:

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<sup>134</sup> Evaluation (EU/11/051/07) Institutional Capacity Building support (Kosovo) – executive summary, chapter II

<sup>135</sup> *Ibid*, p.1



Title	Year	Expected results	Actual results at end of intervention <sup>136</sup>	Observed status as at May 2013/Observed outcomes	Assessment
MLIF I & II	2001, 2002	improve local infrastructure and the quality of municipal services (MLIF I & II)	<p>MLIF I support generally dealt with infrastructure repairs for local government, such as the renovation of government centres. There is visible evidence that the assistance delivered the expected results.</p> <p>MLIF 2 projects were less obviously effective due to their large number and variety of project types, which complicated their implementation. A total of 116 projects were reported implemented. Such a large number (considering that there are only 32 municipalities in Kosovo) hampered effective and efficient project management.</p>	<p>Infrastructure supported under MLIF I &amp; II was reported by Ministry for Local Administration to be in use and in good condition.</p> <p>Site visits indicated that works had been completed and the facilities were operational, but that there was no evidence that that funds used for the works were from CARDS or other EU funds i.e. visibility requirements had not been met.</p> <p>This was impossible to verify across all projects as detailed information on them was not available.</p>	Effective
		Develop the expertise of municipal staff in identifying projects, preparing technical specifications, conducting tendering and payment procedures, monitoring and acceptance of works (MLIF II)	The training strategy that was developed and implemented under phase 2 was ineffective. Training was concentrated upon the development of technical and repetitive skills. This 'operations approach' did not equip the beneficiaries with more strategic or holistic skills. The strategy behind phase 2 did not appear to be based upon a sound needs assessment, nor did it take into account other key stakeholders.	<p>It was reported that this and subsequent municipal investment support projects under IPA (<i>Municipal Social and Economic Infrastructure</i>) have resulted in the municipalities now being better able to plan, procure and implement investment projects funded from interventions of this type. However no specific indicators exist to verify or quantify this assessment.</p> <p>It is not however possible to assess the extent to which this improvement can be attributed to CARDS assistance due to an absence of evidence on the ground.</p>	Partly Effective
Development of Kosovo's irrigation system	2003	Transformation of publicly owned irrigation water providers into self-sustainable enterprises	6 publically owned irrigation entities transformed into 3 regional irrigation companies operating as public enterprises	3 regional irrigation companies are operational under the Ministry of Finance. MAFRD reported dissatisfaction of the performance of these companies and their failure to deliver on their mission i.e. to ensure sustainable and affordable irrigation of as much land as possible.	Ineffective

<sup>136</sup> Means of verification include previous evaluation reports, relevant ROM reports, project final reports, interviews with stakeholders

Title	Year	Expected results	Actual results at end of intervention <sup>136</sup>	Observed status as at May 2013/Observed outcomes	Assessment
		The strengthening of water user associations (WUA)	60 WUAs established	The WUAs were reported as no longer being operational. They apparently ceased to function soon after the project ended.	
		Improvement of the operation and maintenance management of the irrigation system	Irrigation system maps covering all irrigation systems of Kosovo.	outputs from the KIRP II project reported as not being kept active in the MAFRD system	
			staff of the Irrigation Department of the Ministry of Agriculture, Forestry and Rural Development trained	Staff within the MAFRD were unable to recall the project clearly and there was no concrete evidence to link skills within the ministry now with the outputs of the project	
Premises for the new Provincial Administration	2001	A suitable premises in Pristina from which the Kosovo administration can provide government services	UNMIK provisionally selected the Rilindja multi-storey building in Pristina as the premises for the new provincial administration. However, the Bank of Kosovo tower building was eventually selected and refurbished.	The building is now the seat of four key ministries	Highly Effective
Institutional Support to the Ministry of Environment & Spatial Planning/Rivers Authority	2006	To further strengthen the institutional, operational and management capacity of the Water Department of the Ministry of Environment and Spatial Planning	No information available on status of project results at the end of the intervention i.e. ROM reports not available, project reports not available	<ul style="list-style-type: none"> <li>• Technical capacity within the Water Department has improved since before the start of the project.</li> <li>• The extent to which this improvement is attributable to this particular intervention is impossible to quantify due to lack of evidence and associated baseline indicator.</li> <li>• MESP capacity to effectively manage the water sector is constrained by the lack of a strategic or results-based management culture</li> </ul>	Partly Effective
		To develop and implement a water mass balance methodology and system to enable short-term controls and long-term planning to take place in the MESP which will provide technical support to the		<ul style="list-style-type: none"> <li>• A water mass balance methodology is available for only one of the 4 RBAs.</li> <li>• Elements of the system are in place but the system as a whole cannot function as intended.</li> <li>• Further external support will be needed to achieve</li> </ul>	

Title	Year	Expected results	Actual results at end of intervention <sup>136</sup>	Observed status as at May 2013/Observed outcomes	Assessment
		River Basin Authorities (RBAs)  Support the establishment and development of River Basin Authorities  Establishment of charging mechanisms for water extraction and effluent discharge which will be implemented by MESP in conjunction with the RBAs.		this  RBAs are established. However they are embedded within the MESP, not independent entities as originally intended. They are under the capacity needed to be considered operational  <ul style="list-style-type: none"> <li>• Legal provisions in place to enable charging mechanisms to function;</li> <li>• Functionality of the system questionable. It was reported that there is no harmonized data &amp; information system in place, and the management of these systems is fragmented;</li> <li>• Unclear whether the payment of these charges are executed as expected</li> <li>• The ability of the RBAs to carry out such work is very limited due to their capacity and status (within a directorate of the MESP)</li> </ul>	
Development of Measuring, Standardisation Testing & Quality	2006	Development of a Regulatory Framework for New Approach Directives;  Adoption of European Standards for use in Kosovo;  Development of Infrastructure to enable implementation of the regulation based on EU New Approach Directives	<ul style="list-style-type: none"> <li>• 7 Technical Committees were established and 5 Technical Directives (out of 24 to be adopted) were adopted in the Industry Department</li> <li>• Revision of the legal framework for the standardisation</li> <li>• measures and to its alignment with the EU standards was produced</li> </ul> publication of 707 standards out of 1000 expected  <ul style="list-style-type: none"> <li>• certification of 3 laboratories,</li> <li>• creation of an inspection body, applications by another 11 laboratories</li> <li>• 3 certified Quality Managers in ISO</li> </ul>	<ul style="list-style-type: none"> <li>• No documentation available to validate this</li> <li>• Kosovo authorities not able to provide any feedback on the status of the project results</li> <li>• Unclear whether the reported results (in fact mostly outputs) from the ROM conducted in 2009 remain in place</li> </ul>	Ineffective

Title	Year	Expected results	Actual results at end of intervention <sup>136</sup>	Observed status as at May 2013/Observed outcomes	Assessment
			standards		
		Development of Metrology and Accreditation service	No information available		

*Have the results delivered by the evaluated assistance translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities stated in the relevant programme documents? Were there any additional/unexpected impacts (negative or positive)?*

This assessment of impact takes as its reference points (a) The MIP for 2005/6 for Kosovo (the objectives from the 2002-2004 MIP and the CSP 2002-2006 have shared objectives with Serbia and Montenegro, which are largely irrelevant to Kosovo's circumstances); (b) The European Partnership 2008 mid-term priorities; and (c) Judgement criteria and associated indicators from the evaluation matrix.

Due to the structure of the CSP, which subsumes all support under the umbrella of Federal Republic of Yugoslavia, assessing the delivery of impacts against this high-level strategic document is problematic. Planned results and objectives in the CSP and the associated 2002-4 MIP are often of little relevance to the Kosovo situation, as they cover three countries in radically different stages of development. For example the 2002-4 MIP has the objective; *"a more effective public administration working within a more sound legal framework that promotes investor confidence and that fosters sustainable economic development taking into account both economic growth and also social concerns."*<sup>137</sup> This may be a valid (albeit ambitious) expected result for PAR assistance to Serbia or Montenegro, but is hardly relevant for Kosovo, which at the time was administered by UNMIK and had only the emerging "Provisional Institutions of Self-Government" that would form the basis of the country's future public administration.

Secondary sources and interviews from the field indicated that the post-conflict reconstruction financed by CARDS had very direct positive impacts. Impacts of investments are for the most part evident. The assistance to the energy sector has delivered direct social and economic benefits for the country. Where municipal infrastructure was put in place and maintained, this delivered benefits for these communities in terms of education, environment and economic development. The investments into the physical infrastructure of government have provided Kosovan institutions with the basis for their operations.

However, the impact of the support to these institutions, once physically located in their new facilities, has been much less clear. Previous evaluations have offered cautiously positive assessments of impact of IB assistance. The EAR evaluation found that *"In several ways, [CARDS] has contributed significantly to the upgrading of human resources"* and that *"the most significant achievement may be the successful reinforcement of the structures dealing with European approximation"*. The CARDS Retrospective Evaluation of 2009 also found that *"Many project results will have impacts beyond the immediate institution and project environment."*<sup>138</sup>

Beyond these rather general assessments, there are numerous caveats to this successful impression. As regards the performance of the public service, the EAR evaluation found that, in regard to

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<sup>137</sup> Multi-Annual Indicative Programme for FRY 2002-2004 p. 47

<sup>138</sup> P. 26, paragraph 110

European Partnership requirements;<sup>139</sup> *“Service provision is working, but at a level generally not considered sufficient by the citizenry. Public administration is working relatively well regarding internal administration; budgeting, albeit with problems in the execution; and financial control. However, the overall performance of public administration is weak in several key areas”*<sup>140</sup>

This evaluation found that impact of CARDS assistance, at least as regards non-investment support, to be extremely difficult to assess. It was reported by several key parties interviewed that there was no perceived difference between CARDS and IPA and that as such, whether CARDS delivered impact, or whether it was thanks to IPA or other sources. This can be attributed primarily to three factors; firstly, the absence of any coherent follow up monitoring of the fate of the CARDS assistance on the EC side once the EAR closed down. Secondly, the transfer over from UNMIK to the Kosovo government led to the erasure of institutional memory on the beneficiary side for any assistance pre-dating the final years of CARDS. Thirdly, the chronic turnover of staff within the Kosovo administration combined with no systemic internal reporting or monitoring of CARDS outcomes means there is very little evidence base on the Kosovo side to assess impact.

The reported brain drain from the public sector has also been a factor in reducing impact of capacity building measures.<sup>141</sup> Rather than building up knowledge and experience in the civil service, CARDS assistance appears to have served as a training ground for a generation of Kosovans to develop their consultancy skills which they deploy on TA contracts once they leave their institutions. In this respect, CARDS has to some extent had a negative impact on public sector capacity, but a positive, if unexpected one on the private consultancy sector. The introduction under IPA of the “Young Cell Scheme” has acted as a something of a counterbalance to this debilitating phenomenon and helped both retain and renew capacity within the civil service.<sup>142</sup>

Based on various previous evaluations and assessments and feedback obtained from the field mission, institutional performance remains in many respects sub-optimal. However, this has to be set against what was actually possible. Feedback from interviews strongly confirmed the assessment that it would be hard to have achieved much more given the circumstances, culture and capacities prevalent in Kosovo at the time. For the most part, current assessments of the performance of CARDS beneficiary institutions (EU progress reports, OECD assessments) point to fundamental shortcomings in the administration and economy of Kosovo which CARDS assistance aimed to address.<sup>143</sup> This tends to support the view that CARDS assistance delivered little impact in this crucial area.

Support to the development of the economy seems to have had modest impact, as the economic situation in the country in many respects remains as fragile and weak as when CARDS assistance was

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<sup>139</sup> These are “Ensure democratic governance of, and delivery of public services to, all people of Kosovo establishing a professional, accountable, accessible, representative and transparent public administration free from political interference, democratic governance and corresponding institutions are created.

<sup>140</sup> EVALUATION (EU/11/051/07) Institutional Capacity Building support (Kosovo) – executive summary, p.1

<sup>141</sup> EAR Evaluation (EU/11/051/07) Institutional Capacity Building support (Kosovo), March 2008, p.1

<sup>142</sup> See <http://www.ycskosovo.eu/en/home/35-home/54-eu-scholarship-scheme-round-vi.html>

<sup>143</sup> See for example the *SIGMA Kosovo assessment for 2011*, or *EC Analytical Report 2012* for extensive evidence of this.

in full flow in 2007. It was reported that fundamental barriers remain towards business development, while governmental efforts to manage the economy and promote business are far from being optimal.<sup>144</sup> Evaluations of the performance of individual CARDS interventions in this area support this assessment. For example, the EAR evaluation of the TAM-BAS multi country intervention (the most significant intervention targeting enterprise development) found that 60% of projects supported under TAM-BAS in Kosovo were rated as being unsuccessful. Overall, assistance to Kosovo was considered to be the weakest.<sup>145</sup>

Previous evaluation found that CARDS played a key role in supporting the return policies.<sup>146</sup> This was corroborated by evidence from the evaluation mission. For example, it extended via the *Support for Stabilisation of Communities Programme* financial assistance to minority communities significant assistance that, according to both documentary sources and interviews conducted suggest that it has stopped the departure of these groups from their homes and given them an economic base upon which they can build a decent livelihood.<sup>147</sup> As such, assistance in this area contributed towards protecting minority rights and preventing their social and economic exclusion.

Thus the overall picture is one of evident impacts for assistance for reconstruction & return, impacts in the area of infrastructure investments, and less positive impacts in the areas of institution building and economic transformation.

### *Can impacts be sufficiently identified /quantified?*

Impacts are, for the most part, very difficult to identify or quantify. Whilst objectives and their indicators are mainly relevant to the assistance provided, they are general in nature and include a number of objectives bundled into one another. Indicators usually lack any quantifiable elements, which further complicates their assessment. These factors, in combination with an absence of people on the ground to verify potential impacts, means there is little chance to either state with confidence that real and measurable impact occurred and if it did, whether it was attributable to CARDS, a combination of CARDS and IPA, other donor support or factors outside the scope of the CARDS programme. Assessing IB assistance impact has therefore proven to be a major challenge.

An assessment of the impact of infrastructure investments would be possible if; (a) a detailed inventory of investments was available<sup>148</sup> and (b) sufficient time and resources available would be available to the evaluators to check against this inventory. Due to logistical constraints, this was not possible within this particular evaluation. The small number of site visits done under this evaluation as part of MLIF I/II suggested that works had been done and the facilities in question (a primary school and sewage system) were operational. However, no visibility rules had been respected so

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<sup>144</sup> 2011 EC Progress Report for Kosovo, chapters 2 & 3, which outline the progress made in these areas

<sup>145</sup> EAR Evaluation Report EU/08/057/07 pp. 4, 8

<sup>146</sup> Evaluation of the assistance to Balkan countries under CARDS Regulation 2666/2000, Volume I, p. 68

<sup>147</sup> See EULO 2008 assessment report "*Paths towards community stabilisation*" especially ch.12

<sup>148</sup> The evaluators were able to track down via staff member at the Ministry for Regional Administration a long list of MLIF I/II projects, which was sufficient to identify the town or village of the investments, but not always enough to pinpoint their specific location.

attributability was not clear (in the case of the school there appeared to have been at least one more reconstruction carried out since the CARDS funded investment).

Even with large infrastructure projects, this assessing their effectiveness and impact proved to be difficult. For example, during the evaluation mission, the evaluators found themselves in the unusual situation of struggling to establish which government building had been refurbished under CARDS 2001 AP. The nominated respondent from the Ministry for Public Administration was unsure about the location of this building. The EUO initially stated that 2 buildings were refurbished, but later stated that it was in fact only 1. It only became clear on the last day of the evaluation mission which building was in fact rehabilitated from CARDS. As no project specific documentation was available to the evaluators (aside from the very general project description in the 2001 AP) it was initially not possible to identify the physical location of the building, let alone verify any technical parameters of the investment. Fortunately, the fact that the evaluators was able to conduct several meetings there during the mission with representatives of various ministries meant that they could state with some certainty that the investment had in fact made some impact in terms of enhancing government performance.

#### *Were the identified results and impacts sustainable?*

CARDS investments were reported as being sustainable. From the sample, thanks to a change in legislation, municipalities have for the last 4 years been able to set aside part of their annual budgets for maintenance and operational costs of investments, including those financed under MLIF and successor interventions. It was, however, unclear how they maintained these facilities prior to this law change. Site visits to two infrastructure projects under MLIF showed that the investments were operational and in relatively good condition. The government facilities constructed using CARDS were also evidently sustainable inasmuch as they were in good condition when visited during the evaluation.

Less positive feedback was registered for major environmental investments, particularly for waste management. Whilst not directly included in the evaluation sample, it was clear that these facilities now face major challenges for sustainability. This is due to their expensive operational and maintenance costs, the limited funds of their operators and problems related to passing these costs onto the end users.

High levels of staff turnover have seriously undermined the sustainability of CARDS assistance. This was evidenced by the difficulties encountered during the evaluation to locate representatives of CARDS assistance on the Kosovo side. Government commitment to implementing strategies and master-plans developed under the assistance, as well as reforms linked to CARDS support in areas of justice, public finance and horizontal PAR was widely cited as a barrier to their sustainability. This was linked to a wider problem termed "lack of ownership" (see below). In the case of the assistance to the MESP, several strategic aspects of the intervention related to river basin management and charging mechanisms had not been implemented due to institutional and/political resistance. These were now the subject of another EU-funded intervention, whose aim was essentially to revise and update these original plans in the hope that the beneficiary would be willing this time to enact them.



Lack of “ownership” was often cited as a fundamental barrier to sustainability, particularly for IB assistance.<sup>149</sup> Ownership is expressed in a number of ways, but the three primary ways are through the beneficiary devoting time and money to the programme’s success and then enacting its results. As regards the first factor, this is manifest in the beneficiary’s participation in the project cycle from the preparation and implementation of an intervention through to its monitoring. In practical terms this means the beneficiary devoting staff to design the programmes or interventions, partner the expert teams working on implementation, and actively participate in the monitoring exercise, including follow up of project/programme results once the assistance is finished. Secondly the commitment of national funds to co-finance the assistance is a simple measure to ensure that the beneficiary really wants what it is getting. Should the first two elements of ownership be in place, the third element – putting the results into practice – should follow automatically, as the beneficiary has a project that directly addresses its needs and has invested into own time and money into its delivery.

As has been noted elsewhere, the CARDS model in fact actively discouraged ownership, with the case of Kosovo an extreme example of this.<sup>150</sup> Firstly, the centralised programming approach largely excluded the Kosovo side. Interventions were largely donor-defined and prepared. At best beneficiaries were consulted, at worst they were presented with a ready-made project or programme. Very often, Kosovo institutions often didn’t have the capacity to participate in implementation of the assistance (resulting in the TA focusing on delivery of outputs to ensure contractual compliance and demonstrate ‘effectiveness’). Finally monitoring was carried out both internally by the EAR and externally via ROM. In neither case were the beneficiaries involved in any way and seldom had access to its outputs.<sup>151</sup> Furthermore, CARDS did not contain any co-financing element. Therefore it was “free assistance” which the beneficiary could take without any real financial (and by extension political) implications for themselves.

An additional factor in this was the highly asymmetrical relationship between donors and beneficiaries. On the one hand a number of powerful, influential donors operated in Kosovo with an explicit political mandate to “help” the new country develop. On the other side of the table were weak Kosovo beneficiary institutions lacking experience in dealing with assistance programmes or the capacity to effectively manage them. A certain level of competition between donors was also observable, which aside from complicating donor coordination also weakened the usefulness of any conditionalities placed on CARDS assistance (see section 2.7).

Under such circumstances it is perhaps surprising that CARDS in the area of institutional building and related governmental and economic reforms was able to deliver any sustainable impact. The reality is that many of the actual impacts beyond physical infrastructure are no longer evident.

External factors such as the economic crisis of 2008/9 also weakened the economy and undermined the sustainability of any economic benefits of the assistance. It was reported as having the additional

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<sup>149</sup> See for example Evaluation of the assistance to Balkan countries under CARDS Regulation 2666/2000 pp. 30, 45, 53

<sup>150</sup> See Retrospective Evaluation of CARDS Programmes in Kosovo, p. 27

<sup>151</sup> Ibid paragraph 107 p. 25

effect of stalling any moves on the part of the government to push through any wider reforms in the area of privatisation, de-regulation and pricing of public services e.g. charges for environmental services.

*To what extent was the support provided by the EC instruments coherent and complementary with national and other donor assistance?*

Coordination of external assistance programmes in Kosovo including the CARDS programme was almost wholly donor-led. This was inevitable at the start of the programme, with UNMIK running the national administration and the Provisional Institutions of Self-Government (PISG) playing a background role. It was characterised by large influential donors both bilateral and multilateral and a lack of Kosovo counterparts or weak beneficiaries. Contemporary evaluations found that the system was largely dependent on donors taking the lead in the coordination. The Kosovo side was reported as generally not taking a proactive role in coordination.<sup>152</sup> As reported in the evaluation mission, there was also marked tendency to compete among donors (most evidently between CARDS and USAID). This had a number of unfortunate consequences.

The Kosovo side often found itself being pulled in different policy directions as each donor provided its own vision of how the beneficiary or sector should develop. This represents a failure of many donors to respect the basic paradigm of autonomy-respecting help.<sup>153</sup> It also undermined any attempt to apply conditionality to CARDS assistance. Should the Kosovo side disagree with any conditions attached to CARDS, it could easily seek funding from other donors who would willingly fill the gap left by the EU. Also, harmonisation of CARDS (and other donor support) with national funds was very limited, with donor support being classified as off-budget and no explicit linkages between national budget and external support evident.<sup>154</sup> As a result there was little or no transparency with aid flows into the Kosovo budget as well as very little opportunity to promote synergies between national and CARDS funds.

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<sup>152</sup> Retrospective Evaluation of CARDS Programmes in Kosovo, p. 31. Para 128

<sup>153</sup> See Ellerman, D. 2008, p 7, 122-126 for a theoretical outline of this problem

<sup>154</sup> Ibid p. 130

## CARDS Country summary report

**Country: Albania**

**Mission date: 6<sup>th</sup> to 10<sup>th</sup> May 2013**

**Evaluator: Steven O'Connor**

### 1. Overview of CARDS assistance to Albania

#### Political overview

Albania emerged from Communist rule in 1992. The country experienced serious economic and social difficulties in the mid-1990s but since the early 2000s has enjoyed relative political and economic stability, which has coincided its move towards membership of NATO (a member since 2009) and its aspirations to becoming an EU member state.

#### Accession process

Since the launch of the EU's Stabilisation and Association Process for the western Balkan countries in 1999, Albania has made slow progress towards EU accession. The first European Partnership for Albania was adopted 2004. The Stabilisation and Association Agreement (SAA) and Interim Agreement between Albania and the EU was signed in 2006, with the latter coming into force at the end of that year. The SAA entered into force in April 2009 at the same time that Albania applied for EU membership. In 2010 the European Commission gave its opinion on the Albanian and an action plan to address key issues identified by the European Commission was adopted by the Albanian government in 2012. At the end of that year the European Commission made a conditional recommendation on Albania receiving candidate country status<sup>155</sup>. Its current membership status is that of a potential candidate.

#### Economy

Albania is a country of just over 3.2 million inhabitants. It has a total GDP of €9760 billion and a per capita GDP PPP of €6194.<sup>156</sup> In the decade since CARDS was introduced the economy experienced a period of sustained growth, although this has dropped off since 2008 (see table below).<sup>157</sup>

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
% GDP growth on year	7.0	2.9	5.7	5.9	5.5	5.0	5.9	7.7	3.3	3.5	3.0

#### Strategic framework

EU assistance to Albania via the CARDS instrument has been framed by the following strategic documents:

- CARDS Council 2001 Regulation (EC) No.2666/2000

<sup>155</sup> See [http://ec.europa.eu/enlargement/countries/detailed-country-information/albania/index\\_en.htm](http://ec.europa.eu/enlargement/countries/detailed-country-information/albania/index_en.htm)

<sup>156</sup> Retrieved from IMF

<http://www.imf.org/external/pubs/ft/weo/2013/01/weodata/weorept.aspx?sy=2009&ey=2012&scsm=1&ssd=1&sort=country&ds=.&br=1&c=914&s=NGDPD%2CNGDPDPC%2CPPPGDP%2CPPPPC%2CLP&grp=0&a=&pr.x=90&pr.y=2>

<sup>157</sup> Source: World Bank 2013

- Stabilisation and Association Agreement (2006) between the EU and Albania
- Country Strategy Paper (CSP) 2002-2006 for Albania
- Multi-annual Indicative Programmes (MIP) 2002-2004 and 2005/6
- Annual Country Programmes (AP) 2001 – 2006

### CARDS Programming Priorities<sup>158</sup>

Within each of the strategic documents, a series of priority areas were identified for receiving CARDS funding. These were outlined in the CSP for 2002-2006 and broken down further in each of the MIPs issued in that period. The 2001 programme, which preceded the CSP, was given its own one-off set of priorities. These are listed below:

#### CARDS Programming Priorities Albania 2001 – 2006

MIP/AP	2001 AP	2002 – 2004 MIP <sup>159</sup>	2005-2006 MIP
Priority	No wider areas of support	Justice and home affairs	Good governance and institution building
	State institutions	No comparable sector/priority	Priority - Justice and home affairs
	Policing & organised crime	Policing & organised crime	Police, Organised Crime, Terrorism
	Judiciary	Judiciary	Judicial Reform
	Asylum & migration	Asylum and migration	Asylum and Migration
	Integrated border management	Integrated border management	Integrated border management
	No comparable sector/priority	No comparable sector/priority	Priority - Public Administration Reform
	No comparable sector/priority	No comparable sector/priority	Decentralisation
	No wider areas of support	Administrative Capacity Building	Administrative Capacity
	Customs & taxation	Customs Taxation	Customs & taxation
	Public finance	Competition and state aids Public procurement	No comparable sector/priority No comparable sector/priority
	No comparable sector/priority	Statistics	No comparable sector/priority
	No wider areas of support	Economic and Social Development	Economic and social development
	Trade	Trade	Trade Investment Climate

<sup>158</sup> Source: EAR website <http://ec.europa.eu/enlargement/archives/ear/montenegro/montenegro.htm>

<sup>159</sup> Source: Country Strategy Paper Albania 2002-2006, European Commission  
[http://ec.europa.eu/enlargement/pdf/financial\\_assistance/cards/publications/albania\\_strategy\\_paper\\_en.pdf](http://ec.europa.eu/enlargement/pdf/financial_assistance/cards/publications/albania_strategy_paper_en.pdf)

	Education	Education (incl. TEMPUS III)	Education (incl. TEMPUS)
			Employment
	Local development	Local community development	No comparable sector/priority
	Social cohesion & development	No comparable sector/priority	No comparable sector/priority
	No wider areas of support	Environment and natural resources	Environment
	No comparable sector/priority	No sub-priorities	Infrastructure
	No wider areas of support	Democratic Stabilisation	Democratic Stabilisation
No comparable sector/priority	No sub-priorities	Civil society & media	

### CARDS Funding to Albania

The EU provided funding to Albania via the CARDS programme via 6 annual allocations starting in 2001. The funding amounts are presented below.<sup>160</sup>

Year	2001	2002	2003	2004	2005	2006	Total
Amount €M	33.50	42.90	38.50	62.00	40.20	42.50	259.60

### CARDS evaluation sample

The evaluation of the CARDS programme was based on the sample of projects listed in the table below. These projects were selected for detailed analysis and also provided the evaluators with a starting point to explore wider themes and characteristics of the CARDS programme in Albania. The original sample of 6 projects was enlarged by two i.e. Support to Investment Climate and Trade and Strengthening of Environmental Monitoring System, as linkages were evident between these interventions and two projects included in the original sample (Metrology and Environment Hotspots) and additional information about these interventions became available to the evaluators at the time of the evaluation.

Title	Size €M	Sector	Year	Modality
Metrology	1.30	Economic and social development	2003	IB/Investments
Construction of a serious crimes court	5.00	Support to Judiciary	2003	Investments
Support to Albanian Public Administration	2.00	Administrative Capacity Building	2004	IB/Investments
Treatment of environmental 'hot spots'	3.00	Environment	2005	TA/Investments
Support to judicial reform in	4.50	Good Governance &	2006	IB

<sup>160</sup> Source: European Commission 2010 ANNUAL REPORT ON PHARE, TURKEY PRE-ACCESSION INSTRUMENTS, CARDS AND THE TRANSITION FACILITY. Figures include only Annual Action Programmes, while not including other programmes managed centrally, such as Customs and Taxation.

Title	Size €M	Sector	Year	Modality
Albania: EURALIUS II		Institution Building		
Enhancing Role of Civil Society & Media in Integration Process	2.40	Democratic Stabilisation	2005	TA/Grants
<b>Additional projects</b>				
Support to Investment Climate and Trade (Quality infrastructure component)	5.9 (0.375)	Economic and social development	2006	Investments
Strengthening of Environmental Monitoring System	2.50	Environment and Natural Resources	2004	IB/Investments

### Implementation of assistance

CARDS in Albania was centrally managed by the European Commission Delegation (ECD). It oversaw the programming and implementation of all the assistance. The ECD has subsequently assumed management over the IPA assistance to Albania. In 2008, the EC signed contracts with two external agencies – GTZ and ADA – to take over the contracting process of CARDS and clear the backlog of projects that had accumulated over previous years.

## 2. Response to Evaluation Questions

*What was the strategic framework and how effectively had priorities/ needs of the countries in the region been translated into programming of assistance, based on the priorities identified in country strategy and programming documents?*

CARDS assistance to Albania broadly reflects the objectives of the programme as defined in Regulation No.2666/2000. Likewise, the linkages between CARDS national priorities, sectoral priorities and individual projects are largely satisfactory. There is an evident logical relationship in the evaluation sample between the objectives of the projects and the sectoral priorities stated in APs and MIPs.

The strategic framework for CARDS assistance is described in section 1.5. As can be seen from the table therein, the priorities expressed within this framework remained largely stable over the duration of the programme. As in other CARDS countries, this broad but stable framework, gave the opportunity to plan assistance to key areas without the risk of a priority being dropped in the next programming year. One anomaly was evident. The absence of a priority for public administration reform (PAR) in the MIP 2002-4 is a surprise given its implicit inclusion under 2001 AP (State Institutions) and explicitly in MIP 2005-6. Furthermore, its absence from the MIP 2002-4 did not prevent the funding of a PAR project from the 2004 AP.

The Ad hoc evaluation of CARDS in Albania, issued in 2008, found that “*CARDS assistance has reflected the needs in all sectors*”.<sup>161</sup> This remains a largely valid finding although evidence from the evaluation sample indicates that the design of the individual interventions sometimes failed to properly address the actual needs. It was reported that needs assessments were carried out for the assistance, but evidently were not thorough enough in many cases. This led to problems in implementation, but more notably in the effectiveness and impact of assistance.<sup>162</sup>

There is extensive evidence of the assistance corresponding to national strategies and master plans. These, for the most part were developed using external donor support. The question of whether such strategies & plans truly corresponded to the actual needs of the beneficiaries or the strategic objectives of the national administration was raised in previous evaluations.<sup>163</sup> Evidence from this evaluation suggests that such plans for the most part were adhered to unevenly and were hostages to the frequent political changes within their host institutions. An exception noted in this and other evaluations was the Master Plan for Judicial Infrastructure, which was in place in the early years of CARDS and was used to guide the construction and refurbishment of courts and penitentiary facilities.<sup>164</sup>

The challenges facing CARDS assistance in Albania were well known even in its early years.<sup>165</sup> These included: Extreme political interference in the civil service, changes of policy directions and lack of commitment to reforms funded by external donors; The absence of a consistent and stable policy environment making implementing outputs and results extremely problematic; High staff turnover within state institutions that undermined capacity building efforts; Chronic of lack of state funds to maintain investments; Other issues such as problems of land ownership.

Given these prevailing challenges of delivering external assistance in Albania, one might have expected programmes that took these into account and which contained interventions that could leave behind durable results. However, evidence suggests this was not the case. Rather, there seems to have been a failure to take into account the realities on the ground in Albania when preparing the assistance. In many cases complex projects were designed which were evidently beyond the beneficiaries capacities to properly participate in, with outputs they couldn't fully utilise e.g. environment<sup>166</sup>.

A further shortcoming in the design of the assistance related to risks and assumptions. Basic risks were not recognised or paid lip service to. Risks related to political interference, changes of policy directions and lack of commitment to reforms funded from CARDS were usually covered by the assumptions such as “*sustained political support for the report process*”. The risk/assumption for

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<sup>161</sup> Pg. 6, paragraph 2.1

<sup>162</sup> Ibid p. 32, paragraph 137

<sup>163</sup> See for example Evaluation of the assistance to Balkan countries under CARDS Regulation 2666/2000, p. 19

<sup>164</sup> See Ad Hoc Evaluation of CARDS Programmes in Albania, p. 6

<sup>165</sup> See Evaluation of the assistance to Balkan countries under CARDS Regulation 2666/2000, pp 18, 19, 34, 42 for examples of these problems.

<sup>166</sup> Noted in Ad Hoc Evaluation of CARDS Programmes in Albania, p. 7

public administration reform (PAR) from the 2005-6 MIP states *“due inclusion of the decentralisation policies will have to be reflected throughout the actions under this priority. Necessary linkages must be ensured with Public Administration both at the central and local level and this must be taken into account in planning the activities.”* There is no recognition in this vague formulation of the real challenges that had hampered PAR till then and continue to do so up to now.

*To what extent were the EC's chosen implementation modalities relevant and efficient? To what extent have the beneficiary countries been actively involved in decision-making concerning CARDS Assistance orientation and implementation?*

Implementation of CARDS assistance was under the EC (now EU) Delegation using the devolved or de-concentrated implementation regime. Prior to this the assistance programme under Phare was fully centralised. The process of de-concentration of the programme to the ECD in the early years of CARDS was lengthy and resulted in a substantial backlog of projects stuck in the contracting phase.<sup>167</sup> This in turn delayed the actual implementation of the individual interventions, eroded their original relevance and necessitated their updating at the start of (and in some reported cases in the course of) implementation.<sup>168</sup> This was a persistent characteristic of CARDS implementation in Albania and dogged the delivery of most if not all the assistance.

This was ultimately resolved in 2008/9 by outsourcing the contracting of assistance to an external implementing agency via the so-called Indirect Centralised Management (ICM) procedure.<sup>169</sup> This cleared the backlog of un-contracted assistance and improved the efficiency of the contracting process.

The Albanian side has been, at least formally, fully involved in the decision-making concerning the orientation of the CARDS programme and its implementation. In practice, however, the CARDS instrument – based around a fully centralised implementation system - provided little opportunity for the Albanian side to participate in the programming process to any real extent.

It was not possible to gauge the extent to which the beneficiaries were directly involved in the design of their projects. However circumstantial evidence suggests that their involvement was not great. The 2004 CARDS evaluation found that *“there are signs of increased government commitment, but the level of involvement and participation by the various government bodies [in CARDS] remains low.”*<sup>170</sup> Feedback from the field phase of this evaluation suggested that individual institutions had mixed levels of involvement in the assistance. In both the Metrology and Environment interventions, the beneficiaries stated that their involvement in the preparations of the assistance was reduced to recipients of ready-made projects.

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<sup>167</sup> See synthesis report of “Evaluation of the assistance to Balkan countries under CARDS Regulation 2666/2000”, p. 19

<sup>168</sup> See Ad Hoc Evaluation of CARDS Programmes in Albania, pp 12-14

<sup>169</sup> the EUD ‘cedes’ the management and implementation of part of the IPA intervention to a member state

<sup>170</sup> Synthesis Report of “Evaluation of the assistance to Balkan countries under CARDS Regulation 2666/2000” p. 54



The reported limited involvement of the beneficiaries in the implementation of the assistance suggests that they were not well involved in its genesis. Feedback from interviews suggests that, in an attempt to overcome this, contractors invested significant efforts to foster greater participation and commitment from the Albanian side. It is reported in previous evaluations, and was confirmed to the evaluators during the mission, that many projects needed to be redesigned as they evidently did not meet the real beneficiary needs.<sup>171</sup> It is hard to imagine that this could happen if the beneficiaries had been involved in the design process from the start.

It was reported that capacity within beneficiaries was evidently limited;<sup>172</sup> both in terms of programme coordination and management (SPOs were frequently replaced). Nevertheless, once interventions entered implementation, Albanian beneficiaries had the opportunity to participate directly in the delivery of the assistance. Evidence both ROM reports and previous evaluations indicate that this aspect of CARDS provided skills and experience that CARDS beneficiaries could deploy in their own work as well as for making use of future EU assistance. Unfortunately this potentially highly beneficiary aspect of CARDS assistance was seriously undermined by the endemic staff turnover within the Albanian civil service and the lack of consistent policy focus at governmental level (see evaluation questions 2.4 & 2.5 for more on this).

*To what extent had financial assistance been effective in achieving results? What possibly hampered its achievement? What was the quality of the outcomes? Had there been any factors (financial, social, political, human factor) which prevented beneficiary countries accessing the results?*

Based on both feedback and evidence gathered during the evaluation mission as well as information from secondary sources, CARDS assistance appears to have been only moderately effective in achieving planned results.

The previous evaluation of CARDS in Albania from 2008 gave a cautiously positive assessment of effectiveness. However, it was careful to differentiate between vertical assistance i.e. to individual institutions for acquis-specific issues and horizontal assistance, primarily PAR. The former was considered to have had positive effectiveness, whereas the latter was viewed as having only a limited effect. Also, the previous evaluation only limits its assessment to 'training' (assumed to mean institution/capacity building), and doesn't look at any other types of assistance such as investments, grant schemes etc. Thus its relevance to the findings of this evaluation is lessened. A further point of note is that the 2008 evaluation bases its assessment of effectiveness primarily on outputs generated, not their transformation into results.<sup>173</sup> This assessment also found that outputs, for the

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<sup>171</sup> See Ad Hoc Evaluation of CARDS Programmes in Albania p33, paragraph 139

<sup>172</sup> See Ibid pp 6, 14, 18 for examples of this.

<sup>173</sup> For example, the Evaluation states that the assistance has "had planned effects" and that "Overall, the projects have delivered the planned outputs or are on the way to doing so. Many contractors, twinning partners and organisations have been effective in the delivery of outputs. The main constraint to effectiveness of CARDS has been the Albanian institutions, which in some cases have not been able to receive an output" Para. 56

most part, were delivered in line with project documentation, although not always to the liking of the beneficiary institution.

The extent to which these outputs were then transformed into results is much less easy to discern. The effectiveness of the assistance in the evaluation sample is assessed in detail in the following table. This illustrates both the relative (likely) effectiveness of the assistance and also the limitations of the findings.

Sector-specific support of an investment character has delivered some positive results. Firstly, the support for addressing environmental hotspots was considered a success inasmuch as it addressed an urgent environmental problem in target locations (it also provided a strategy for environmental clean-ups elsewhere). Secondly, the construction of a Serious Crimes Court, although drawn-out, was completed and evidence suggests that it has contributed to the better functioning of this institution.<sup>174</sup> Assistance to the General Directorate of Metrology also appears to have been effective to the extent that it has helped to establish the basis of a legal and institutional framework for a quality assessment system in Albania (see also case study in box). These projects share some common characteristics – they have one beneficiary institution, have a relatively simple design and are not explicitly focused on institution-building/reforming.

Those interventions targeting institutional change experienced far greater difficulties. Attempts at Strengthening of Environmental Monitoring System for the most part met with failure. The follow up support for standardisation and metrology from CARDS 2006 was effective only as regards the investment component. The support given to PAR was in most respects ineffective. The main output, the construction of a civil service training centre, was cancelled. The training materials and curricula was provided to the beneficiary, the Department of Public Administration at the Ministry of Interior, who then endeavoured to deliver training to civil servants as best possible without appropriate facilities and limited resources. This corresponds with the more general finding of the 2008 evaluation which found that *“projects supporting horizontal PAR and civil service reform (including the one in this evaluation sample) have overall failed to be effective.”*<sup>175</sup>

A major challenge in assessing effectiveness of the assistance is the shortage of any evidence against which to assess expected results. As can be seen from the table, it was impossible to establish the outcomes of a major judicial reform project (Euralius II), while evidence for three other interventions (PAR, Civil Society and Standardisation and accreditation) was based on basic project documentation and interviews with EUD staff or Albanian public officials who had no direct involvement in or recollection of the interventions. Also, in many cases CARDS assistance has been followed up by IPA support which covers often identical areas (e.g. air quality monitoring). Due to the lack of monitoring of project outcomes (ROM reports are available only sporadically and no internal monitoring of

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<sup>174</sup> Statistics from the MoJ indicate that the Court’s performance, in terms of cases heard and decisions made, has improved since the court building’s opening in 2010.

<sup>175</sup> Ad Hoc Evaluation of CARDS Programmes in Albania , paragraph 64

completed interventions was done by the beneficiary or EUD) and the absence of staff on the ground able to recall the CARDS interventions, it is often not possible to attribute any discernible effects in a given sector specifically to CARDS.

In the case of Euralius II – the EU’s second phase of multi-phase judicial reform programme - the impression of effectiveness is disconcerting. Evidence from ROM reports and the project final reports paint a picture of a well-implemented intervention that, despite a challenging project environment, delivered a large number of good outputs which in some cases had already been transformed into results. However, during the evaluation mission it proved impossible to identify any evidence of these results remaining in place. MoJ staff knew of the Euralius model (Euralius III is on-going at the moment) but had not been involved in the previous phase and could not provide any information on its outputs or results. No information was available from the EUD – the staff member responsible for the project had left on maternity leave. The Ministry of EU Integration staff were not available for meetings, nor was the director of the Donor Coordination Unit at the Council of Ministers. Thus the effectiveness of the assistance was invaluable.

Support to civil society was modest and was judged to have had only partial effectiveness. It was confirmed during the evaluation mission that in the area of support for victims of trafficking in human beings, and more generally in social service delivery, NGOs play an important role. To this extent the support can be considered effective. Feedback from EUD staff suggested that some civil society organisations had emerged over the period since CARDS started, but were almost wholly dependent on foreign donor support, and that civil society remains a largely externally created concept that has yet to fully take root in Albania. This coincides with the findings of the 2008 Ad Hoc evaluation which found that *“CARDS support to civil society development itself has been very limited in scope (and funding) and most probably not very effectual”*.<sup>176</sup>

Where evident, the quality of *outcomes* also varies. Investments appear to have been put in place as expected. This is supported by evidence from the evaluation sample. Less tangible types of assistance such as capacity and institution building and support to civil society appear to have delivered good outputs but their outcomes are no longer evident, as they have either dissipated after the completion of individual projects, or have been subsumed within further phases of assistance.

Factors affecting effectiveness (as well as impact) of assistance are well documented in previous evaluations and were clearly identified by interviewees in the course of this evaluation. Firstly, results from institution and capacity building have been constrained by a persistent loss of staff within public institutions. Whilst this is a phenomenon common to all public administrations in the region, Albania represents the most extreme case. It is linked not only to staff leaving these institutions in search of new job prospects, but also the pronounced tendency of newly appointed senior management to carry out a wholesale cleanout of key staff upon entering their posts. This

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<sup>176</sup> Ibid paragraph 123

practice has very effectively stunted any efforts at building a body of skilled and knowledgeable public servants able to turn CARDS outputs into tangible results.<sup>177</sup>

Assistance that has supported the development of strategies, master plans and the like was reported as often either not being adopted, or being revised or abandoned upon a change of government or minister. For example, evidence from the Euralius II project indicated that many of its key outputs (invariably the more fundamental ones) were side-lined, delayed or cancelled by the beneficiaries. Thereafter their fate was unclear.

The following table provides a summary response to the effectiveness of individual sample projects:

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<sup>177</sup> See the Ad Hoc Evaluation of CARDS Programmes in Albania chapter 2.5

Project Title	Year	Expected results/Specific Objectives <sup>178</sup>	Actual results at end of intervention <sup>179</sup>	Observed status as at April 2013/Observed outcomes	Assessment
Serious Crimes Court	2003	A court for serious crime, adequate for the accommodation and security of judicial and legal staff, equipped as far as funding allows	Court was constructed and brought into operation in 2010	<p>The court remains operational. It conforms to the standards of the original PF.</p> <p>Figures from the Ministry of Justice indicate that the number of cases dealt with by the Serious Crimes Court has increased annually since 2008 (figures are available since then). In 2008, 945 final decisions were issued. In 2010 this figure was 1344 and 2012 it was 1194. This suggests that the new facilities have contributed to more cases being heard.</p>	Effective
Strengthening of Environmental Monitoring System	2004	Environmental quality baseline and expected trends defined	<p>Not verifiable based on available sources.</p> <p>ROM reports from midway through implementation pointed to “the potential achievement of the PP if progress is further improved”.</p>	Baseline data appears to have been generated but its reliability is questionable. Beneficiary reports dissatisfaction with its quality.	Ineffective
		Legal and institutional framework with regard to monitoring needs revised and improved accordingly		The project appears to have delivered proposals that the beneficiary refused to accept. Thus the effectiveness of these outputs appears negligible.	
		National Programme on Environmental Quality Monitoring prepared and approved			
		A cost-effective and sustainable EMA set in place		It was reported that the EMA was not set up properly and had to be re-done via an IPA intervention.	

<sup>178</sup> As stated in the project fiche

<sup>179</sup> Means of verification include previous evaluation reports, relevant ROM reports, project final reports, interviews with stakeholders

Project Title	Year	Expected results/Specific Objectives <sup>178</sup>	Actual results at end of intervention <sup>179</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		Trained staff in Ministry and Agency capable of continuously managing the monitoring process		Staff were evidently trained. However, indications from the evaluation were that the quality of the monitoring done was not up to European standards. This suggests that whatever capacity was built via the project has largely been lost.	
		Membership of EEA		The project did not directly prepare Albania for membership of the EEA. Albania has the status of a “cooperating country” within the EEA	
Environmental Hot Spots	2004	continue and complete the pollution abatement process at Ballshi oil refinery;	No direct documented sources available	The toxic waste at the oil refinery and fertilizer plant was disposed of on site.	Effective
		eliminate known arsenic-based hazardous waste and related hazards to public health and the environment at the former Fier nitrate fertiliser plant; and			
		Avoid immediate potential threats to population and environment caused by the accumulated pollution of water and soil from the oil extraction and processing activity in the Patos Marinze area.			
Enhancing Role of Civil Society & Media in Integration Process	2005	Reinforce the management capacities of Albanian NGOs, trade unions and other civil society organisations	The civil society grant projects have delivered most of their outputs foreseen. However, The projects will generally have a limited long-term impact.	<ul style="list-style-type: none"> <li>• A small core of NGOs have emerged that are relatively large and are able to successfully prepare and implement EU and other donor-funded projects. They focus on national level advocacy issues and social services.</li> <li>• Smaller “grass roots NGOs” are few, fragile and tend to be politicised.</li> <li>• Trade unions do not function as civil society entities but as extensions of political parties</li> </ul>	Partly Effective

Project Title	Year	Expected results/Specific Objectives <sup>178</sup>	Actual results at end of intervention <sup>179</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		Encourage their involvement in policy debate and policy-making, particularly in the context of the SAp and European integration		<ul style="list-style-type: none"> <li>• A few larger NGOs engage in policy debate</li> <li>• Trade unions are politically aligned and have no role in open EU-related policy debate</li> </ul>	
		Consolidate Albanian media policy and to strengthen the capacities of the media to monitor the Government, particularly in its management of the SAp and European integration		<ul style="list-style-type: none"> <li>• Albanian media not active in monitoring government in relation to SAp or European integration</li> </ul>	
		Encourage the involvement of NGOs with protection schemes for victims of trafficking in human beings, and more generally in social service delivery		<ul style="list-style-type: none"> <li>• NGOs play central role in the areas of both human trafficking and social service provision</li> <li>• They complement government activity in the former and supplement it in the latter</li> </ul>	
Support to Standards, Certification and Accreditation – Metrology	2003	To assess the needs and priorities of the metrology sector in Albania, and to deploy a national strategy for improvement and obtain a level of infrastructure and equipment adequate to meet basic requirements, selecting the priority areas - electrical, food, energy, construction, health and environment sectors – for major improvement	CARDS has helped to establish an advanced legal and institutional framework for a quality assessment system	Needs assessment was done and used for procurement of metrology equipment	Effective
		To adopt and implement guidelines, model regulations and international recommendations of the OIML and technical requirements set by the EU Directive on European Measuring Instruments		Key legislation drafted and adopted. This legislation is a key element of the quality assessment framework in Albania	

Project Title	Year	Expected results/Specific Objectives <sup>178</sup>	Actual results at end of intervention <sup>179</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		To improve the management capacity and administrative structure of the GDMC		Some 100 GDMC staff trained, but many since left the institution	
		To establish and develop a training system, which should be operational and documented in the GDMC (e.g. for project management and total quality management)		A training programme is in place. Its effectiveness is unclear	
		To improve recognition of products through ensured traceability of measurement standards		The equipment purchased is operational and under use. This contributes towards improvement in traceability capacity of laboratories	
		To enhance the capacity of selected laboratories, in view of accreditation			
		To enhance the capacities of the three new regional centres;		Not addressed within this project. However the 2006 project has enhanced regional centres through the provision of mobile testing facilities	
		To establish regional collaboration between Albania and neighbouring metrology organisations (e.g. setting up cost effective traceability arrangements)		Collaboration established and functional with regional and pan-European metrology services	
		To enhance the existing collaboration agreements within Albania between the metrology directorate and other key national actors, and to develop additional necessary agreements		Inter-institutional cooperation was established, but extent to which it is functional is unclear	
		To raise public awareness about metrology		Key stakeholders (especially private sector) more aware of metrology and using the GDMC services	
Support to Investment Climate and Trade (Quality	2006	By 2008, adoption of 80% of European Standards as Albanian standards.	No information available to report on state of project at its conclusion	This result not achieved as the assistance delivered 6 mobile testing laboratories.  There is no relationship between the expected	Partly effective



Project Title	Year	Expected results/Specific Objectives <sup>178</sup>	Actual results at end of intervention <sup>179</sup>	Observed status as at April 2013/Observed outcomes	Assessment
infrastructure component)				result and the assistance provided	
		International recognition of accreditation documents issued by Albanian conformity assessment bodies.		Not achieved. There is no relationship between the expected result and the assistance provided	
		Further development of legal, industrial and scientific metrology in Albania, specifically aimed at the implementation of standard ISO17025.		Not achieved. There is only a distant relationship between the expected result and the assistance provided	
		An adequate market surveillance system is implemented according to EC requirements; with an enhanced effectiveness of the market surveillance bodies (inspectorates);		Partially achieved. The market surveillance bodies are now better able to discharge their testing and inspection duties.	
		All quality infrastructure organisations move ahead to their EU membership process.		Not achieved. There is only a highly tangential relationship between the expected result and the assistance provided	
Public administration reform	2004	improved accessibility, delivery and quality of public services (simplified, more efficient and transparent systems);	The 2008 ad-hoc country evaluation found that “Projects supporting horizontal PAR and civil service reform have overall failed to be effective.”  CARDS projects supporting administrative capacity building will have an impact, at least in the short term. Good results have been achieved mainly as improvement of the management capacity of TIPA and some improvements in the	The performance of the civil service is not reported as having improved to any noticeable extent over the period between the completion of the project and the time of this evaluation	Ineffective
		better training facilities, and hence, better trained and more competent civil servants;		Not achieved. The training centre was not built and this component was cancelled	
		improved training quality and methodologies, and hence, better trained and more competent civil servants; and		TIPA has been running a range of training course for Albanian civil servants. These have been reported as being well organised and relevant to the needs of state employees.	

Project Title	Year	Expected results/Specific Objectives <sup>178</sup>	Actual results at end of intervention <sup>179</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		More developed use of information (such as metadata) and Information Communication Technologies in the Albanian Public Administration, leading to improved communication between governmental institutions, and thus the better coordination of government policy and services.	management and functioning of the Civil Service Commission. TIPA has become more efficient and proactive. The commitment of TIPA staff to implement the new systems produced by the projects on training curricula development and quality mechanisms has had positive impacts.”	<p>However, Sigma observed that „TIPA is not well supported by the Government. Its budget is not sufficient to support the training needs.“</p> <p>A School for Public Administration, envisioned in the PAR is reported to be under preparation with its establishment imminent</p>	
Euralius II	2006	The services of the Ministry of Justice (MoJ) and of the judiciary have been reorganised and their respective areas of competence redefined in order to ensure a clear and balanced division of responsibilities.	<p>Overall assessment for component<sup>180</sup> - <i>unsatisfactory</i></p> <p>Some constitutional changes related mainly to electoral issues done, but EURALIUS not involved. Therefore <i>unsatisfactory</i></p> <p>The MoJ has drafted the justice sector strategy as part of the NSDI. Experts could not input into the process. <i>Unsatisfactory</i>.</p>	<p>It was not possible to verify the status of the project results during the evaluation. The MoJ Staff with whom evaluators met were unable to provide any details on them. This applies to all the project results as a whole.</p> <p>Euralius III is currently on-going, which is reported to be covering areas not addressed under Euralius II.</p> <p>It is possible that elements of the intervention were effective. However, the lack of evidence on the ground at the time of the evaluation</p>	Ineffective

<sup>180</sup> This information based on an internal assessment of results that was conducted by the Euralius II team as part of the project final reporting exercise.

Project Title	Year	Expected results/Specific Objectives <sup>178</sup>	Actual results at end of intervention <sup>179</sup>	Observed status as at April 2013/Observed outcomes	Assessment
			<p>A new evaluation system evaluation of judges was adopted. A concrete proposal in point system and permanent list of judges has been submitted to the beneficiary. <i>Satisfactory.</i></p> <p>A new regulation on administrative structure of the HCJ approved. However, no major changes on the structure of the HCJ were done due absence of enabling legislation. <i>Unsatisfactory.</i></p>	<p>tends to suggest that, overall, it was not successful in delivering sustainable results.</p>	
<p>The organisational, administrative, planning, and resource management capacities (human, financial, material) of the judiciary and of the Ministry of Justice, including their dependent institutions have been improved.</p>	<p>Budget management in judicial institutions has been improved, expenditure standards' system has been prepared, and improvement of regulation of expenditure reporting procedures in the judicial institutions has been done. <i>Satisfactory.</i></p> <p>Modelling of internal, temporary expenditure standards has been done in frames of existing legislation concerning human, material and financial resources in the judicial system of Albania, no need of changes of legislation has been recognised. <i>Satisfactory.</i></p> <p>Guidelines for the establishment of human resource (HR) policies in</p>				

Project Title	Year	Expected results/Specific Objectives <sup>178</sup>	Actual results at end of intervention <sup>179</sup>	Observed status as at April 2013/Observed outcomes	Assessment
			<p>judiciary and MoJ of Albania drafted for all sectors of justice system; recommendations to create training system and motivation system for budget officers in all justice system sectors developed. <i>Satisfactory</i></p> <p>Statutes and a Concept Paper regarding the creation of a long-term investment strategy for the judicial system was drawn up in a working group set up by the Minister and the documents were submitted to the Minister. However, there was no follow-up and the documents still lack a final legal compliance check. <i>Unsatisfactory.</i></p> <p>Model to economize the judicial budget resources has been chosen, but decision to create body for real estate development has not been done. Long-term capital investment strategy in judicial system has not been created. <i>Unsatisfactory</i></p> <p>System to optimize planning and management of operative expenditures of the judiciary system proposed. Awaiting adoption, <i>Partly satisfactory</i></p>		

Project Title	Year	Expected results/Specific Objectives <sup>178</sup>	Actual results at end of intervention <sup>179</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		<p>The planning and management capacities of the Office for the Administration of the Judiciary Budget (OAJB) have been strengthened.</p>	<p>Operative expenditure system in courts has been improved significantly, efficient control procedures are in place, budget transparency and expenditure standardisation continuously improves in courts of Albania. <i>Satisfactory.</i></p> <p>Five trainers have been prepared, currently economisation of budget resources by early identification of overspend risks has been done by budget officers in courts and finance specialists of the OAJB. <i>Satisfactory.</i></p> <p>Reporting system for operative expenditures have been improved, semi-automated template for daily reporting and user's manual has been submitted to budget officers of courts and finance specialists of the OAJB. <i>Satisfactory.</i></p>		
		<p>The legal drafting capacity and the awareness on EU <i>acquis communautaire</i> of the General Directorate of Codification at the MOJ and of the Legal Reform Commission have been overhauled.</p>	<p>The Law Drafting Manual produced in the first phase of EURALIUS was updated. Skills of MoJ staff on legal drafting improved. A complete module including the updated Law Drafting Manual was left with beneficiary for future trainings. <i>Satisfactory</i></p>		

Project Title	Year	Expected results/Specific Objectives <sup>178</sup>	Actual results at end of intervention <sup>179</sup>	Observed status as at April 2013/Observed outcomes	Assessment
			Strengthening the Legal Reform Commission was suspended due to this body's cancellation. <i>Unsatisfactory</i>		
		The case management and court administration capacities of the District and Appeal Courts as well as the managerial capacity of the Judicial Organisation Directorate at the MOJ have been enhanced, which has resulted in an increase in the transparency and efficiency of the judicial process.	Wide range of outputs delivered. General assessment is that the outputs were <i>satisfactory</i> . Many measures remain to be implemented.		
		The capacity of the General Directorate of Prisons at the MOJ to bring the Albanian penitentiary system up to EU standards has been strengthened.	Law "On the rights and treatment of convicts and detainees" and Law No. 8331 "On the execution of criminal decisions" were amended, Law "On Prison Police" was adopted, new "General Regulation of Prisons" was adopted, drafting of penitentiary sub-legislation was supported. Penitentiary legislation has been brought into conformity of international standards.  Albanian Remand System Master Plan was prepared; opening of 3 new penitentiary institutions and projecting of 6 new penitentiary institutions as well as implementation of other Master Plan measures were consulted. As of June 2010 out of 51 measures set in the		

Project Title	Year	Expected results/Specific Objectives <sup>178</sup>	Actual results at end of intervention <sup>179</sup>	Observed status as at April 2013/Observed outcomes	Assessment
		<p>The Bailiff's Office performance has improved, which has resulted in a substantial increase in the enforcement rates of judicial rulings.</p>	<p>Master Plan 30 measures have been implemented and implementation of 14 measures is on-going. <i>Satisfactory</i></p> <p>Civil Procedure Code was amended in December 2008, which makes access to the sources of information easier for bailiffs. A recommendation on implementation of debtor's declaration was forwarded to the MoJ in spring 2010. As so called double-track enforcement system is based on competition, private enforcement agents are free to decide themselves of adoption of debtor's declaration form in line with the amended Civil Procedure Code (private enforcement agents are not yet operational). <i>Satisfactory</i></p>		
		<p>The inter-institutional dialogue and cooperation between the Judiciary, the Ministry of Justice, the General Prosecutor Office, and related stakeholders has been enhanced.</p>	<p>Assistance to the MoJ on law on National Judicial Conference unsuccessful. Law on NJC was not finalised and not adopted by the Council of Ministers. <i>Unsatisfactory</i></p> <p>Assistance in building trust and finding consensus between the political forces with the view for reforming the judicial system was abandoned. <i>Unsatisfactory</i></p>		

Project Title	Year	Expected results/Specific Objectives <sup>178</sup>	Actual results at end of intervention <sup>179</sup>	Observed status as at April 2013/Observed outcomes	Assessment
			Assistance given in drafting key laws of the justice system such as administrative court law, judicial administration law, but none of these laws were adopted. <i>Unsatisfactory</i>		



*Have the results delivered by the evaluated assistance translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities stated in the relevant programme documents? Were there any additional/unexpected impacts (negative or positive)?*

Impact of CARDS assistance in Albania has, where identifiable, been limited to specific sectors or subsectors. The extremely challenging programme environment has been the principal hindering factor. The table below gives a schematic overview of assessed impact of CARDS assistance set against programme objectives (stated in the relevant MIPs). The table contains two assessments – that given by the Ad Hoc evaluation of CARDS in Albania from 2008 (the main contemporary source available) and the impact of the assistance as observed now.

The Ad-hoc evaluation of 2008 found that *“Impacts or likely impacts are detected in many projects at least in the short term. The weak, and in many cases new institutional structures and uncertainty with regard to staff, resources and capacity are, however, a concern for impacts in the medium to longer term.”*<sup>181</sup> This evaluation for the most part confirmed the reservations expressed in that evaluation.

The table below indicates that the programme objectives have not for the most part been met. Of the six objectives stated in the 2002-4 and 2005-6 MIPs, only two - *Ensuring adequate implementation by Albania of the Stabilisation and Association Agreement, and Sustainable Economic Growth, Trade and Employment* – can be said to have been to some extent achieved. In the case of the former, no specific information was available on the CARDS contribution to this objective<sup>182</sup> whilst as regards the latter, economic growth was subject to a range of other factors that have played a more evident role in meeting this objective than CARDS support (whose impact is, in any case, almost impossible to attribute). Impacts of CARDS in the area of environment have been reported as being limited to individual interventions such as environment hotspots, with little wider impact in areas of policy or coordination.

<b>Table – Overview of CARDS impacts compared against MIP objectives<sup>183</sup></b>	
<b>MIP Objective</b>	
Ensuring public order and the rule of law, notably through strengthening the judiciary and fighting organised crime, fraud and corruption (2002-4); Help consolidate the state of Albania as a democratic country in which the rule of law and good governance apply thereby enabling it to participate in the SAP (2005-6)	
<b>Findings of Ad-hoc 2008 Evaluation</b>	<b>Current findings</b>
The overall impact of assistance to judiciary is lower than expected	Impact of CARDS investments in the justice subsector was reported to be good. There is little evidence of impact from the major interventions aiming to reform the sector.

<sup>181</sup> Paragraph 74

<sup>182</sup> The main source of information on this is the EC Progress Report, which makes no specific reference to CARDS contribution to Albania's performance in relation to the SAA

<sup>183</sup> Due to limitations of sample size and uneven access to primary and secondary sources, not all objectives can be assessed in full. Where necessary, additional assessments from bodies such as OECD and EC have been used to describe the current state of affairs. It is necessary to note that where assessments from these sources are used, these have not taken into account the CARDS contribution.

	<p>The 2012 Sigma Assessment states that <i>“As a whole, the judicial system lacks integrity. There is a general disrespect for decisions of the courts, including the Constitutional Court. The judiciary is seen to be inefficient, too vulnerable to corrupt dealings, and not fully independent”</i></p>
<p>Democracy and the rule of law not covered by this evaluation</p>	<p>Not covered directly by this evaluation. However, very extensive feedback from stakeholders stated that Albania suffers from a systemic weakness of democracy that is manifested in the political stalemate that has prevailed for some years. This failing of democratic institutions has been blocking the adoption of legislation fundamental for the modernisation and democratisation of public governance.</p> <p>The 2012 Sigma Assessment states that <i>“Democracy is threatened by the gap between political realities and the democratic values embodied in the Constitution.” The limited extent to which the public governance system puts the rule of law into practice remains a serious matter of concern“</i></p> <p>The 2012 Sigma Assessment states that <i>“Weak rule of law and corruption are major stumbling blocks for the functioning of the democracy and the economic development of the country. When it comes to bribery, a code of silence is well established and functioning. The governmental rhetoric on anti-corruption is mostly a public relations exercise, which is not translated into action actually capable of improving the situation“</i>.</p>
<p>Impacts of the support to the performance of the Asylum and Border Management sector have already been noticeable for the last years</p>	<p>Border management was reported as being a successful sector. However, this area was not included in the evaluation sample so no direct evidence was presented to corroborate this.</p> <p>The 2012 EC Progress Report found that <i>„Albania has made some progress in the area of justice, freedom and security, particularly in border management. However, In the area of asylum, no significant progress has been made“</i></p>
<p><b>MIP Objective</b></p> <p>Enhancing the functioning of the state and ensuring adequate implementation of the legal framework, in view of increasing legal security for individuals, and public and private bodies in Albania (2002-4); Support the development of functioning State institutions capable of acting as reliable counterparts for the international community and representing the entire country's interests effectively (2005-6)</p>	
<p><b>Findings of Ad-hoc 2008 Evaluation</b></p>	<p><b>Current findings</b></p>
<p>CARDS projects supporting administrative capacity building will certainly have an impact, at least in the short term. However, the overall lack of human resources management policies in the Albanian Government</p>	<p>The CARDS assistance to public administration reform has had minimal impact beyond the direct beneficiary, the Department for Public Administration (DoPA). This body, along with the Civil Service Commission face significant challenges to discharging their responsibilities.</p>

institutions hampers training being a useful tool for improving the performance in civil service. Lack of vision and capacities in this respect is a threat to the impact of results achieved with CARDS assistance	As Sigma (2012) notes <i>“The Government is not in favour of DoPA fully expanding its potential, while it completely ignores the Civil Service Commission”</i>
The impact on supporting the civil service reform has been very limited.	Stakeholders reported endemic problems within the civil service that have neutralised any impact from or other assistance. These factors are succinctly reported by Sigma in its 2012 assessment: <ul style="list-style-type: none"> <li>- A basic administrative law framework and civil service system is in place. However, it has many shortcomings;</li> <li>- The public administration is heavily politicised and remains fragile. Changes of ministers are usually accompanied by staff turnover, even in cases where the new minister belongs to the same political party as the preceding one.</li> <li>- The administrative system has the characteristics of a partitocratic political regime, in which the state apparatus is seized by partisan interests while the system of checks and balances is very weak, almost non-existent.</li> <li>- Public administration reform “capacities” that have an overall, cross-sectoral impact on the public sector are hard to identify</li> </ul>
<b>MIP Objective</b> Supporting the protection of the environment (2002-4); Support the development of an environmental framework in Albania based on the acquis; (2005-6)	
<b>Findings of Ad-hoc 2008 Evaluation</b>	<b>Current findings</b>
Several, if not all, projects in the sector will have a major impact on the environment per se. However, some, due to their more indirect strategic character, will have an effect on medium and long-term development and the concrete measurable impacts will only be visible in the distant future.	Systemic efforts to support environmental planning and legislation and other key areas such as monitoring have probably had little impact. Funds to roll out results of CARDS assistance have for the most part not been available.  The 2012 EC progress report found <i>“some progress in alignment with acquis”</i> <i>There is a need for greater political commitment and coordinated action in the sector. Substantial investment is needed while current resources allocated remain limited. Environment needs to be better integrated into other policy areas, such as energy or transport”</i>
<b>MIP Objective</b> Ensuring adequate implementation by Albania of a future Stabilisation and Association Agreement with the EU, as well as the gradual approximation of Albanian legislation and structures to those operating in the EU (2002-4); Facilitate and encourage cooperation between Albania and the other countries of the region as part of the SAP (2005-6)	
<b>Findings of Ad-hoc 2008 Evaluation</b>	<b>Current findings</b>
Not covered	Not covered directly within the evaluation sample. The EC 2012 progress report found that; <i>“Albania has been implementing its obligations under the Stabilisation and Association Agreement”,</i> and that <i>“Albania continued to play a constructive role in contributing to the stability of the region. Albania continued to implement the Stabilisation and Association Process conditions in this regard.”</i>

<b>MIP Objective</b>	
Supporting the establishment of a functioning market economy and promoting private sector growth and job creation in order to facilitate sustainable economic growth, trade and employment, and to ensure the integration of the Albanian economy into EU structures and those of the wider international community (2002-4); Support economic reform and transition to a market economy, in order to facilitate sustainable economic growth, trade and employment, and to facilitate the integration of the Albanian economy into EU structures and those of the wider international community	
<b>Findings of Ad-hoc 2008 Evaluation</b>	<b>Current findings</b>
The impact of CARDS assistance supporting internal market elements has been positive in terms of establishing needed legal and regulatory frameworks, especially on the functioning of quality infrastructure systems. A comprehensive policy and institutional framework for a sustainable business and trade development are still lacking. On a wider scale, the country still requires a long-term trade policy that may be followed, irrespective of political changes.	<p>Support to metrology has delivered localised impact. The impact of support to other elements of the quality assessment system was not verifiable.</p> <p>Feedback indicates that the institutional framework set up to support economic development has been subject to significant disruption, with institutions being set up then dissolved based on political decisions (e.g. Albinvest) and extremely high turnover of related staff.</p> <p>At a macro level, the 2012 EC progress report found that Albania had the basis of a functioning market economy but that many elements had to be addressed before it could be considered sufficiently robust to be integrated into European markets. For example, Albania has made good progress on facilitating business entry into the market. However, the procedures for market exit remain slow and ineffective.</p> <p>Albania's economy is one of the few in Europe to have not experienced economic recession in the wake of the global crisis. However, a slowdown was noted by the IMF in 2012. It was also noted that <i>"reforms are constrained by limited administrative capacity and low-income levels, which make the population particularly vulnerable to unemployment, price fluctuation, and other variables that negatively affect income. The economy continues to be bolstered by remittances of some 20% of the labour force that works abroad, mostly in Greece and Italy. These remittances supplement GDP and help offset the large foreign trade deficit. Most agricultural land was privatized in 1992, substantially improving peasant incomes. In 1998, Albania recovered the 8% drop in GDP of 1997 and pushed ahead by 7% in 1999. Large-scale investment from outside is still hampered by poor infrastructure; lack of a fully functional banking system; untested or incompletely developed investment, tax, and contract laws; and an enduring mentality that discourages initiative."</i></p>
<b>MIP Objective</b>	
Strengthening civil society and further improving the Albanian electoral system/process (2002-4).	
<b>Findings of Ad-hoc 2008 Evaluation</b>	<b>Current findings</b>
The civil society projects will generally have a limited long-term impact in the communities where they have been implemented	Civil society is active in a limited number of areas and is largely dependent on the support of foreign donors for their existence. Support for civil society from Albanian sources is very limited and in the case of government funds, reported to be closely linked to

	<p>political affiliations.</p> <p>Civil society remains a largely externally created concept that has yet to fully take root in Albania.</p>
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Feedback from interviews of key stakeholders suggested that impact of CARDS assistance was at best localised and sectoral e.g. investments into Albanian penitentiary system were reported as delivering planned immediate impacts. Border management also was given as an example of this, and was also noted in this light by the 2008 Ad Hoc evaluation.<sup>184</sup> The investments into addressing environmental hotspots had an immediate impact on the target locations. However, it was also evident that these benefits were not extended to any other parts of the country, ostensibly due to lack of funding but also possibly due to institutional dysfunctionalities. Systemic efforts to support environmental planning and legislation and other key areas such as monitoring were reported to have delivered little in terms of real impact on the ground. No evidence was available during the evaluation to suggest that this was not the case.

A further example of this localised impact is the CARDS support to the General Directorate of Metrology. This had some immediate impact inasmuch as it enabled the beneficiary to start functioning along the lines of a metrology body with aspirations towards membership of key European bodies. However, significant barriers to the assistance delivering wider impact remain in place which is beyond CARDS assistance to address (see box below).

Overall, however, there is only scattered evidence of the existence of the results of CARDS assistance. From the sample, there was nothing found regarding the judicial reform assistance, support to PAR had delivered little and support to environmental policy making, civil society and internal market had, based available evidence, very little impact as regards their sectors, let alone wider impacts.

In the area of PAR especially, the impact of CARDS and indeed other donor assistance appears to have had little substantial impact on the Albanian civil service. Aside from the documented problems with the project in the sample, the fundamental systemic shortcomings identified at the start of CARDS assistance remain the defining feature of the Albanian civil service today. This state of affairs was summarised by the OECD/Sigma 2012 Assessment thus:

*“Despite the number of activities carried out during the period assessed [2011-2], Albania has not made any progress in reforming its state administration or in furthering the professionalisation of its civil service or public employment in general. Personnel management, especially recruitment, in all institutions remains based on political affiliation or personal affinity with members of the ruling parties. No progress has been registered concerning the adoption of structural legislation necessary for the functioning of a democratic state ruled by law.”<sup>185</sup>*

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<sup>184</sup> Paragraphs 77 - 80

<sup>185</sup> See OCED/SIGMA Assessment Albania, p. 6

Ordinarily, the experience accrued from involvement in CARDS programming and implementation would be manifested in increased capacity of the beneficiary institutions to manage future external assistance (principally IPA) more efficiently and effectively. This very important impact is largely absent in Albania, primarily due to the chronic staff turnover both at senior management level and also at expert level.

**Box: Effectiveness and Impact of CARDS assistance to the General Directorate of Metrology**

The General Directorate of Metrology (GDM) benefitted under CARDS 2003 and 2006. The first project provided TA to develop the Directorate's staff capacity, draft key legislation, raise awareness of standardisation and accreditation among relevant stakeholders, as well as equipment to strengthen its technical infrastructure. The second project (of which metrology was one component of five) financed the procurement of 6 mobile testing laboratories to be used by the GDM and its inspectorate.

The TA element of the 2003 project (delivered by via a direct agreement) drafted a package of legislation on standards and accreditation in Albania. It also trained approximately 100 GDM staff in EU specific issues. Awareness raising activities with other government agencies and the private sector were run and 4 laboratories were equipped in areas of mass, temperature etc.. In terms of planned results, the legislation drafted by the project was adopted and is still in force. Some institutional capacity was developed at the GDM and its branches, although this has been eroded by staff turnover (see below) and essential quality infrastructure was put in place. The 2006 assistance extended the capacity of the GDM to conduct testing throughout the country and the testing units are both operational and delivering tangible results.

The support delivered some promising outcomes. There has been an increase in the use of the GDM's services by the private sector, although this still remains comparatively small. Likewise the capacity of the GDM to support improvements in product quality has been enhanced by the assistance (and will increase further with its move to new premises in 2013). Also, the TA support forged networks with partner institutions in EU member states (particularly Slovenia) which have given additional impetus to the GDM's integration into wider European networks. Thus, insofar as the 2003 intervention is concerned, planned impact has to some extent been achieved. The 2006 intervention's PF anticipates a range of results and impacts that bear little relation to the assistance actually delivered and as such can only be considered irrelevant.

This cautiously positive assessment has to be tempered by considering risks to sustainability. Firstly, high staff turnover within the GDM has affected the sustainability of the capacity building (some 80% of those employees trained under the TA have since left). Whilst the Directorate has its own staff training programme, this only partially compensates for such turnover. Secondly, funds for the maintenance of equipment and operational costs are a concern. The GDM has only very most budgets for these items and has been partly dependent on external donor support to cover these overheads. Given the generally poor state of public finances, this is unlikely to change in the short to medium term.

As regards wider benefits, there are areas, such as economic development, that have evidently experienced progress in the time since the start of CARDS. However, there is little evidence to suggest that these impacts can be attributed to the results of CARDS assistance. This is due again to a combination of lack of documentation following up on the performance of CARDS interventions and the absence or lack of availability of any senior EU or Albanian officials acquainted with the programme.

Feedback collected during the evaluation mission from senior officials in country painted a negative picture of the overall impact of CARDS. The prevailing view was that institution and capacity building

efforts have largely been unsuccessful due to the systemic problems of governance and a civil service enfeebled by political interference and associated chronic loss of staff. Impacts from investments are at constant risk in the long term of eroding due to the paucity of national funds to either operate or maintain the infrastructure or equipment purchased (both these factors also strongly influence sustainability prospects). Achievements in the economic realm were reported as being mainly part due to external factors, not government policy. Interviewees concurred on a central point – that they could not specifically identify positive CARDS impact in any wider sense.

### *Can impacts be sufficiently identified /quantified?*

For the most part impacts are not readily identifiable. This is due to factors mentioned above i.e. an absence of accessible primary or secondary sources against which to check for evidence of impact, and thus a lack of attributability of any impacts macro level to CARDS support. Those impacts that are observable are at micro level i.e. within the functioning of some departments that are now in a better position to discharge their responsibility in a given sector.

The programming documentation provides, for the most part, only general descriptions of the expected impacts of the assistance. These act as useful descriptors when searching for evidence of impact but are of limited use when attempting to quantify it. As such, it is often not possible with quantify the impacts in any specific way. Below are some examples of indicators from the MIP 2005-6 that hinder the assessment of impacts (with comments to their usefulness in brackets):

- Strengthened social dialogue (not clear what this strengthening should look like in practice)
- Adoption/amendment of media-related legislation in line with European standards (Adoption or amendment? How many adoptions or amendments? Which media are covered? Which European standards apply?)
- Increased number of concrete cases where the civil society has actively participated in the decision making process both at the central and local level (increased number of cases – 1? 10? 64? More than 100?; Which decision making processes?)
- Simplified and more effective procedures in place for increased efficiency and quality of judiciary and its perception in public opinion (what do simplified and effective procedures look like in reality? How can the quality of the judiciary be measured?)
- Increase in the execution rate of court sentences (How many? More than 1, 10, 100?)
- Modern procedures for selection of staff and management (what do modern procedures look like? Which staff? What institutions? All??)
- The relevant staff in the Ministries, departments and law enforcement bodies trained (Trained in what?)

### *Were the identified results and impacts sustainable?*

Evidence from both primary research and secondary sources suggest that sustainability of CARDS support has been weak. This is due to a number of factors that largely coincide with the findings of



the Ad-Hoc evaluation of 2008 that concluded that *“The prospects for sustainability are uncertain due to the programme environment”*.<sup>186</sup>

A primary barrier to sustainability of capacity and institution building support is the endemic high staff turnover that has depleted the body of skills and knowledge generated via CARDS. It has also largely erased any institutional memory within the beneficiary institutions, making any attempt to establish the fate of projects result highly challenging. In this respect the Ad-Hoc evaluation of 2008 found that *“High staff turnover has very damaging effects on sustainability and dilutes the impact of the assistance as key outputs and knowledge may be lost or training may have no or little effect on the institution when the trained staff are no longer there”*.

There is some evidence that strategies prepared by CARDS were adopted. However their application is hard to establish. From the evaluation sample, this mixed pattern is evident. As regards positive examples, the Judicial Investments Action Plan (of which the Court for Serious Crimes is a part) was reported as having been implemented largely as expected. In the case of strategies for addressing environmental hotspots (one element of the intervention included in the sample), one further intervention, based on the study was conducted using other donor funds. However, beyond that no further activities were carried out.<sup>187</sup> Less positive examples were also evident. The fate of the bulk of the strategies and master plans developed under Euralius II couldn't be established by this evaluation, which doesn't augur well for their sustainability. Although not covered in the sample, it was reported that much of the strategic efforts targeting PAR had not been taken forward, thus undermining its sustainability.

A wider problem of sustainability of these results reportedly stemmed from the strong tendency of successive governments to cancel or abandon the reform efforts of their predecessors. This had evidently undermined those CARDS results that had supported policy objectives of one government, only to be dropped by the new government upon its election. This failure to establish any lasting political consensus on accession-related reforms evidently prevented CARDS assistance from engendering any lasting changes in key areas such as PAR.

Sustainability of investments was reported as being seriously weakened by the chronic lack of national funds to support their operation or maintenance. The 2008 Ad Hoc Evaluation noted that *“in some sectors equipment has been delivered, but is either not used due to lack of training or funds to maintain and utilise.”* The following examples from the sample tended to corroborate this view:

- The air quality monitoring equipment procured under CARDS was considered to be too expensive for the beneficiary to maintain.
- The metrology and standards equipments can be maintained only thanks to support from external donors.

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<sup>186</sup> P.22, paragraph 90

<sup>187</sup> A new inventory of hotspots was drafted 2010 with World Bank Support. 37 hotspots were identified, with 10 being prioritised as in need of serious attention. Due to lack of funds no action had been taken at the time of this evaluation



- Concerns were raised during the evaluation field mission about the technical failings of key aspects of the Serious Crimes Court, which would need repair but which had apparently not been addressed.
- It was also reported that for those major transport investments financed under CARDS, IPA funds had been programmed to pay for their repair and maintenance as their condition had deteriorated in the absence of any national funds to pay for their upkeep.

This weak sustainability ultimately reflects the real level of ownership of the CARDS assistance. As with CARDS in other countries, the opportunities for ownership of results to emerge were seriously restricted by the design of the programme itself.<sup>188</sup> Firstly, the centralised programming approach largely excluded the Albanian side from participating in it. Interventions were largely donor-defined and prepared. As elsewhere in CARDS countries it was reported that beneficiaries were at best consulted, at worst presented with a ready-made project or programme. Very often, Albanian institutions didn't have the capacity to participate in implementation of the assistance (resulting in the TA focusing on delivery of outputs to ensure contractual compliance and demonstrate 'effectiveness'). Finally monitoring was carried externally via ROM or by the ECD internally. It was reported that the Albanian side did not have the capacity to do monitoring themselves. Furthermore, CARDS did not contain any co-financing element. Therefore it was "free assistance" which the beneficiary could take without any real financial (and by extension political) implications for themselves.

Thus assistance was usually defined externally by the EC based on perceived SAA/MIP priorities and delivered by external consultants in the expectation that the Albanian side would then accept this end product and then adopt it, enact it, implement it or maintain it. In practice this proved not to be the case.

*To what extent was the support provided by the EC instruments coherent and complementary with national and other donor assistance?*

It was reported that Albania, through its donor coordination mechanism based at the Department of Strategies and Donor Coordination (DSDC) at the Council of Ministers, had been able to rather effectively coordinate the inputs of external donors. However, this was not possible to directly verify during the evaluation mission due to non-availability of staff at this institution and an absence of anyone else in the country able to recall how CARDS was coordinated with either national or other donor funds.

Evidence from secondary sources suggests that the quality of the donor coordination varied depending on the sector in question and that to address this issue the government in 2008 mandated the DSDC to improve donor coordination. This body remains in place to this day, which in the

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<sup>188</sup> In this case Ownership is broken down into three basic elements: through the beneficiary devoting (i) time and (ii) money to the programme's success and then (iii) enacting its results.

context of Albanian public administration, is a positive development and suggests that progress on key issues can be made. It was suggested that the main contributing factor to the DSDC's relative longevity was external donor pressure to preserve its existence. However, this couldn't be objectively verified.

## CARDS Country summary report

**Country: FYR Macedonia**

**Mission date:**

**Evaluator: Dietmar Aigner**

### 1. Overview of CARDS assistance to Macedonia

#### Political overview

Macedonia is one of the successor states of the former Yugoslavia, from which it declared independence in September 1991. At independence, Macedonia was the least developed of the Yugoslav republics. It became a member of the United Nations in 1993 but, as a result of a dispute with Greece over its name, it was admitted under the provisional reference of the former Yugoslav Republic of Macedonia. Macedonia was seriously destabilised by the Kosovo War in 1999. A conflict took place between the government and ethnic Albanian insurgents, mostly in the north and west of the country, between February and August 2001. The Ohrid Framework Agreement signed by the government of the Republic of Macedonia and ethnic Albanian representatives on 13 August 2001 ended the armed conflict and set the groundwork for improving the rights of ethnic Albanians.

#### Accession process

Macedonia began its formal process of rapprochement with the EU in 2000, by initiating negotiations about the Stabilisation and Association Process, and it became the first non-EU country in the Balkans to sign the Stabilisation and Association Agreement (SAA), on 9 April 2001 in Luxembourg. The agreement was ratified by the Macedonian parliament on 12 April 2001, and was the first to be ratified by all the member states and come into force on 1 April 2004. At the same time, on 22 March 2004 Macedonia submitted its application for EU membership. On 6 September 2004, the Macedonian government adopted a National Strategy for European integration, supported by the country's parliament. The European Council officially granted the country candidate status on 17 December 2005. In October 2009, the Commission made recommendations to the Council to open negotiations with the country and to move to the second phase of SAA Implementation. These recommendations were reiterated in 2010 and 2011. The Council has not yet decided on the Commission's proposals.

#### Economy

An absence of infrastructure, UN sanctions on the downsized Yugoslavia, and a Greek economic embargo hindered economic growth until 1996. Since then, Macedonia has maintained macroeconomic stability with low inflation, but it has so far lagged the region in attracting foreign investment and creating jobs, despite making extensive fiscal and business sector reforms. Official unemployment remains high. Macedonia remains vulnerable to economic developments in Europe - due to strong banking and trade ties - and dependent on regional integration and progress toward EU membership for continued economic growth. In the wake of the global economic downturn, Macedonia has experienced decreased foreign direct investment, lowered credit availability, and a large trade deficit. However, as a result of conservative fiscal policies and a sound financial system macroeconomic stability has been maintained by a prudent monetary policy. GDP growth was modest, but positive, from 2010 to 2012, and inflation was under control.

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
% GDP growth on year	-4.5	0.9	2.8	4.1	4.1	3.9	6.1	5.0	-0.9	1.8	3.0

### Strategic framework

EU assistance to Macedonia via the CARDS instrument has been framed by the following strategic documents:

- CARDS Council 2001 Regulation (EC) No.2666/2000
- Country Strategy Paper (CSP) 2002-2006 for Macedonia
- Multi-annual Indicative Programmes (MIP) 2002-2004 and 2005/6
- Annual Country Programmes (AP) 2001 - 2006

### CARDS Programming Priorities<sup>189</sup>

Within each of the strategic documents, a series of priority areas were identified for receiving CARDS funding. These were outlined in the CSP for 2002-2006 and broken down further in each of the MIPs issued in that period. The 2001 programme, which preceded the CSP, was given its own one-off set of priorities. These are listed below:

#### CARDS Programming Priorities Macedonia 2001 – 2006

MIP/AP	2001 AP	2002 – 2004 MIP	2005-2006 MIP
Priority	No wider areas of support	Democracy and the Rule of Law	Democratic stabilisation
	No comparable priority	Inter-ethnic relations and civil society	Minority rights
	European Integration	Administrative capacity building	Good governance and institution building/ Public Administration Reform
	Agriculture		Administrative capacity Decentralisation Customs and taxation reform
	No wider areas of support	Economic and social development	Economic and social development
	Support to Economic Reforms, Transport, Small infrastructure for local government	Private and financial sector Trade Economic and Social Cohesion	Investment Climate Trade Infrastructure (Cooperation with IFIs) Education and employment

<sup>189</sup> Source: EAR website <http://ec.europa.eu/enlargement/archives/ear/macedonia/macedonia.htm>

	<b>Justice and Home Affairs</b>	<b>Justice and Home Affairs</b>	<b>Good governance and institution building/ Justice and Home Affairs</b>
	Judicial reform Integrated border management, Customs administration	Reform of the judiciary Integrated Border Management (Regional funding) Immigration and asylum Fight against crime	Judicial reform Police, Organised Crime, Terrorism, Integrated border management (from Regional programme)
	<b>European Integration/ Environment</b>	<b>Environment and Natural Resources</b>	<b>Economic and social development/ Environment</b>
	Environment	Environment	Environment
	<b>Education</b>	<b>Economic and Social Development/ Education</b>	<b>Community programmes</b>
	South-East University Tempus III	Tempus	Tempus etc.
	<b>No wider areas of support</b>	<b>No wider areas of support</b>	<b>General Technical Assistance Facility (GTAF)</b>
	<b>No wider areas of support</b>	<b>No wider areas of support</b>	<b>1. EAR running costs</b>

### CARDS Funding to Macedonia

The EU provided funding to Macedonia via the CARDS programme via 6 annual allocations starting in 2001. The funding amounts are presented below.<sup>190</sup>

Year	2001	2002	2003	2004	2005	2006	Total
Amount €M	65.40	34.50	33.50	51.00	37.50	32.50	<b>254.40</b>

### CARDS evaluation sample

The evaluation of the CARDS programme was based on the sample of projects listed in the table below. These projects were selected for detailed analysis and also provided the evaluators with a starting point to explore wider themes and characteristics of the CARDS programme in Macedonia.

The original sample of 6 projects was enlarged by one project as linkages were evident between these interventions and additional information about these interventions became available to the evaluators at the time of the evaluation.

Title	Size €M	Sector	Year	Modality
Pollution - Air quality monitoring stations	1.20	Environment	2001	Supplies
Local Infrastructure	17.40	Economic & Social	2002	Supplies & Investments

<sup>190</sup> Source: European Commission 2010 ANNUAL REPORT ON PHARE, TURKEY PRE-ACCESSION INSTRUMENTS, CARDS AND THE TRANSITION FACILITY. Figures include only Annual Action Programmes, while not including other programmes managed centrally, such as Customs and Taxation, or the running costs for the European Agency for Reconstruction

Title	Size €M	Sector	Year	Modality
		Development		
IBM - Control of the Green Border	2.80	Justice & Home Affairs	2003	IB
Integrated Water Resources Mgmt - Improvement of Mgmt. of Trans-boundary Water Resources	1.00	Environment	2003	Supplies
Support to decentralisation process	2.00	Good Governance & Institution Building/	2005	IB
Improvement of the Investment Climate	3.98	Economic & Social Development	2006	IB
Development of Local Infrastructure Phase II	6.70	Economic & Social Development	2005	Supplies & Investments

### Implementation of assistance

CARDS in Macedonia was managed by the European Agency for Reconstruction (EAR) until its closure in 2008. All assistance was programmed by the EAR. Those projects that were still active after the EAR's closure were taken over by the EU Delegation. This oversaw the contracting and implementation of these remaining interventions.

## 2. Response to Evaluation Questions

*What was the strategic framework and how effectively had priorities/ needs of the countries in the region been translated into programming of assistance, based on the priorities identified in country strategy and programming documents?*

There appears a good correlation and coherence between CARDS programme design and real needs of Macedonia. Objectives of CARDS assistance are closely linked with the Stabilisation and Association Process and indications of financial allocations in the MIPs provide a fairly clear idea of priorities. The priorities expressed within this framework remained largely stable over the duration of the programme putting continuous emphasis to strategic development needs like economic and social development, justice and home affairs, or environment, minority, good governance and institution building.

Evidence from the project sample indicates that the strategic framework for CARDS assistance to a large extent allowed the programming of projects that corresponded to local needs. This was particularly evident in the case of support to local infrastructure and decentralisation – key priority for Macedonia, but was to varying degrees manifest across all other sectors. There is certain continuity in the supported priorities and sectors over time. However, with the advancement of CARDS also in Macedonia the number and of institution building projects increased, confirming the move of CARDS from stabilisation and reconciliation to institution building.

*To what extent had financial assistance been effective in achieving results? What was the quality of the outcomes? What possibly hampered its achievement? Had there been any factors (financial, social, political, human factor) which prevented beneficiary countries accessing the results?*

Overall, the effectiveness of CARDS assistance as evidenced by the sample projects has been, on balance, positive. However, the picture remains mixed when also other documentation has to be taken into account. A key priority of CARDS in Macedonia was the support to the decentralisation process, by bringing the public administration closer to EU standards. Much was invested into infrastructure and construction. For instance the Association of Municipalities received new administrative headquarters. Reconstruction of schools was another aspect of the support given to decentralisation.

There were also several projects that effectively assisted with police reform, including also renovation of prisons, or with strengthening the customs administration and border control by developing police training systems and drafting immigration and asylum strategies. In the area of judiciary, assistance was given in establishing of the Training Institute for Judges and Prosecutors, for strengthening institutions in the fight against crime and for providing an Information System in courts to reduce the backlog of case.

Projects in environment were for instance addressing air monitoring or the contaminated areas in the country as part of effort to eliminate industrial hotspots, and pilot investments waste water treatment. Capacity building and investment projects were in the main effective and provided a basis for bringing Macedonia closer to the environmental standards of the EU.

Where evident, the quality of *outcomes* has been positive but varies to some extent. Investments appear to have been put in place as expected. This is also supported by evidence from the evaluation sample. Less tangible types of assistance such as capacity and institution building appear to have delivered good outputs. Their outcomes are particularly evident where they have been subsumed within further phases of assistance.

The following table provides a summary response to the effectiveness of individual sample projects:

Title	Year	Expected results	Actual results at end of intervention <sup>191</sup>	Observed status as at May 2013/Observed outcomes	Assessment
Pollution - Air quality monitoring stations	2001	Supply of 5 Air Quality Monitoring Stations	Air Quality Monitoring Stations supplied and installed	The networking of Air Quality Monitoring Stations has been further expanded, also with the help of IPA. Currently, there are 47 Stations operating across Macedonia. The data collected is regularly used for reporting on air quality.	Effective
Local Infrastructure	2002	<ul style="list-style-type: none"> <li>Improved co-operation between different municipalities and between municipalities and the central administration.</li> <li>Improved access to better quality services and infrastructure for a wider range of the community in their municipalities.</li> <li>Reduction in disparities between municipalities in terms of the quality of infrastructure and services.</li> </ul>	<p>Important investments in local small infrastructure improved basic services with regard to transport, water and sanitation and working conditions in municipalities. Client services to the population, transparency and information sharing in the sector was improved.</p> <p>Capacities of municipal staff participating in trainings was improved to some degree with intensified communication and networking between central and local levels. However, the linking between the central Government and local governments, planned to be addressed through the capacity building for local governments remained uneven.</p>	<p>The achievement of local and municipal development operational objectives was sometimes delayed but mostly achieved, relating to the improved infrastructure and service delivery.</p> <p>Regarding the strengthened institutional capacities, the Ministry of Local Self-Government's (MoLSG) attempt to promote local development has been partially successful. The Association of the Units of Local Self-Governance (ZELS) remains the strongest promoter for local governments. The Association has further increased its scope of services.</p>	Partly effective
IBM - Control of the Green Border	2003	<ul style="list-style-type: none"> <li>enhance the operational capacity of government border services within the existing organisational framework, to fulfil immediate</li> </ul>	The creation of a dedicated border police service was effectively supported. Operational procedures, legislative basis, selection and recruitment systems were developed	Macedonia has been implementing IBM since 2007, when the National Coordinative Centre for Border Management was established. In this short period of development, all involved agencies faced numerous changes within their	Effective

<sup>191</sup> Means of verification include previous evaluation reports, relevant ROM reports, project final reports, interviews with stakeholders



Title	Year	Expected results	Actual results at end of intervention <sup>191</sup>	Observed status as at May 2013/Observed outcomes	Assessment
		requirements <ul style="list-style-type: none"> <li>develop a new organisational structure for the border police service and operational capacities in compliance with EU standards. It</li> </ul>	for the at that time new border service.	functioning. Over time, the Ministry of Interior has advanced much and remains an appreciated partner for implementing EU assistance. Nevertheless, continuous support will be crucial for further development of this concept.	
Integrated Water Resources Mgmt - Improvement of Mgmt. of Trans-boundary Water Resources	2003	<ul style="list-style-type: none"> <li>joint catchment area and lake management plan for lake Dojran</li> <li>joint catchment area and river management plan for river Vardar</li> </ul>	The project delivered all expected outputs in terms of data collection, analysis and recommendations. Such project was helpful for determining the starting point in respect to water resources, water quality issues, institutional aspects and national procedures of water management, prior to negotiations with Greece.	Besides the desired outputs the project provided a base for further implementation of the Water Framework Directive. However, implementation of joint management plans did not take place as originally expected. The cross-country dialogue between Greece and Macedonia, essential for the integrated management at regional level of trans-boundary rivers and lakes was at that time limited due to political reasons.	Partly effective
Support to decentralisation process	2005	<ul style="list-style-type: none"> <li>Enhanced capacity of the Ministry of Local Self-Government to manage the coordination role in process of decentralisation.</li> <li>Functional national monitoring mechanism for the competence transfer and a supervision system.</li> <li>The transfer of all the competencies has started.</li> <li>Municipalities are able to absorb some of their new competencies.</li> </ul>	The results were mostly achieved by establishment of the decentralisation policy. The institutional frameworks were to some degree strengthened. The objective of public management support was partly achieved, as tax administration and debt management training were not always satisfactorily addressed.	Regarding the strengthened institutional capacity, the Ministry of Local Self-Government's (MoLSG) attempt to effectively support the decentralisation process has been partially successful. ZELS remains the strongest promoter for local governments. The Association has further increased its scope of services. Political difficulties in strengthening the decentralisation process has been largely overcome, however the transfer of appropriate funds to local governments remains and on-going point of discussion. Support to fiscal decentralisation and the creation of mechanisms enabled municipalities to achieve a higher degree of financial autonomy and local structures of government were streamlined in that direction. However,	Partly effective

Title	Year	Expected results	Actual results at end of intervention <sup>191</sup>	Observed status as at May 2013/Observed outcomes	Assessment
				local capacities in strategic planning and finance management issues like budget reporting, public finance, and fiscal tax still remain insufficient.	
Improvement of the Investment Climate	2006	<ul style="list-style-type: none"> <li>• Improved business environment through better implementation of the legislative framework and enhancement of the credibility of regulatory institutions.</li> <li>• Starting the integration of the informal economy.</li> <li>• Improved capacity of Ministry of Economy (and in the long term other government institutions) to elaborate and implement entrepreneurial development policies.</li> <li>• Increased competitiveness of the private sector.</li> <li>• Increased number of start-up enterprises.</li> <li>• Higher level of Foreign Direct Investment.</li> </ul>	The project has ensured that capacities in the Ministry of Economy's Department for Foreign Investments and the at that time new Agency for Foreign Investments (established in 2005) were improved in order to better function as a professional body for promoting investments and for attracting Foreign Direct Investment (FDI) to Macedonia.	<p>Whilst the project in the main delivered the expected outputs and results, its contribution towards increasing FDI flows and thus generate employment, raise productivity, import skills and technology, enhance exports and remains limited.</p> <p>Despite some improvements noted in business environment and investment climate, and continuous State programmes aiming at the stimulation of investments, the inflow of FDI to Macedonia remains low.</p> <p>This is due to various macro-economic and political factors that cannot be attributed to the project (e.g. economic structure of the country, adverse effects due to the financial economic crisis, strong FDI competition in the region).</p>	Partly effective
Development of Local Infrastructure Phase II	2005	<ul style="list-style-type: none"> <li>• Improved co-operation between different municipalities and between municipalities and the central administration.</li> </ul>	Important investments in local small infrastructure improved basic services with regard to transport, water and sanitation and working conditions in	The achievement of local and municipal development operational objectives was sometimes delayed but mostly achieved, relating to the improved infrastructure and	Partly effective

Title	Year	Expected results	Actual results at end of intervention <sup>191</sup>	Observed status as at May 2013/Observed outcomes	Assessment
		<ul style="list-style-type: none"> <li>Improved access to better quality services and infrastructure for a wider range of the community in their municipalities.</li> <li>Reduction in disparities between municipalities in terms of the quality of infrastructure and services.</li> </ul>	<p>municipalities. Client services to the population, transparency and information sharing in the sector was improved.</p> <p>Capacities of municipal staff participating in trainings was improved to some degree with intensified communication and networking between central and local levels. However, the linking between the central Government and local governments, planned to be addressed through the capacity building for local governments remained uneven.</p>	<p>service delivery. Regarding the strengthened institutional capacity, the MoLSG's attempt to promote local development has been partially successful.</p> <p>ZELS remains the strongest promoter for local governments. The Association has further increased its scope of services.</p>	

*Have the results delivered by the evaluated assistance translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities stated in the relevant programme documents? Were there any additional/unexpected impacts (negative or positive)? Can impacts be sufficiently identified /quantified?*

From the ex-post perspective many completed CARDS projects have delivered their desired results, even though they often had to undergo a troublesome implementation period. Nevertheless, Macedonia has missed certain possibilities to transfer the achieved results into substantial impacts.

Overall, the CARDS interventions have had a number of important positive impacts on government policy, institutions, private entities and individuals. The government's commitment and institutional framework were improved and in a couple of sectors institutions and capacities were significantly strengthened. For instance, public procurement, internal audit and financial control functions were set up by utilising CARDS funding. It is found that the legal frameworks establish a sound basis, while the implementation capacity in general remains still weak and performance is far from EU standards.

In the justice sector, there was some positive impact towards the key priority of strengthening the independence of judiciary. The establishment of the Academy for the Training of Judges and Prosecutors initially set up by CARDS and later continued by IPA, provides continuous education which also enhances the independence and efficiency of the judiciary. Improvements of the efficiency of the courts were also initiated under CARDS but the process is still on-going and not likely to be completed soon. Early CARDS attempts to computerise case management had only moderate success. However, CARDS contributed more successfully to remedying poor court infrastructure.

CARDS projects aiming at economic development and growth produced in the main their impacts in terms of improved institutions, capacities and structures. There was also progress in reform in the fields of market surveillance, consumer protection and product safety and other issues directly relevant to integration into the Single Market as confirmed by the various Progress Reports.

However, besides legislative and administrative impacts, actual achievement of the desired socio-economic impacts remains moderate. Economic reform processes, aiming at investment policy and promotion, trade policy, tax policy and business environment, all areas that were also supported by CARDS were so far not much successful in creating sustainable economic growth and employment. As pointed out by the World Bank, the country has made significant development achievements, but more efforts across a range of areas is still needed to generate economic growth that puts people to work in the country and improves living standards for all. Some major investors are showing interest in the country, but important business climate issues such as judicial reform and corruption remain to be fully addressed.

Within local government, support for the overall decentralisation process had a positive impact on the capacity of the central government units to coordinate the process, which was also supported by numerous donors. However, more impact could have been expected also from the various training and capacity building activities performed at local level. Moreover, whilst the process of decentralisation has been largely performing in a sufficient manner, there remains still some

mismatch between the tasks transferred to the municipalities and insufficient corresponding financial resources. The improved local infrastructure – a main focus of CARDS support - provided for better working and living conditions and contributed indirectly to diminishing inter-ethnic tensions at local levels.

Less successful were CARDS interventions delivering assistance to politically sensitive and non-mandatory areas such as public administration reform or actions intended to improve the living conditions of marginalised groups. Such assistance often suffered from lack of political support, from the complexity and size of the task or from uneven commitment of key stakeholders. In a number of cases the outputs of these interventions did not produce the effects originally expected.

Concerning wider impacts there is evidence, based on the indicators in the evaluation matrix, to suggest that progress towards objectives stated in programming and strategic documents as well as key international agreements has been made.

For example, Macedonia has been able to diminish inter-ethnic violence and has progressed a lot since the time when CARDS was launched. Stable institutions that have benefitted from CARDS assistance not only exist but are developing further under national and IPA assistance. Macedonia's SAA has been in force since 2004 and in the same year the country received candidate country status. A caveat to this positive assessment is the extent to which these impacts are directly attributable to CARDS assistance. Moreover, impacts could have been stronger in the event that the EU accession reform process would benefit from a greater dynamic as it is perceived now. Due to the general nature of the original programming documents and limited amount of supporting documentation it is not possible to identify the direct contribution of CARDS towards political stabilisation and effective European integration.

#### *Were the identified results and impacts sustainable?*

Sustainability remains a key issue for all EU-related assistance delivered to Macedonia. Involvement of beneficiaries in the programming phase was frequently not intensive enough, resulting in poor ownership which also contributed to uneven sustainability. Sustainability of infrastructure and equipment maintenance and operation is linked to the availability of sufficient financial sources, which were often not made sufficiently available by the Government or other beneficiaries.

Often, CARDS activities were not sufficiently maintained after the end of interventions and the usefulness in some cases ended with the assistance. In some cases equipment projects were implemented only in some part of the country, with the approach usually not replicated to the overall territory which had an adverse effect on sustainability. Due to these logical difficulties, infrastructure and equipment supply interventions had better chances to be sustainable if implemented completely to establish a unified system in the country, and not just as random pilot interventions.

Training components were sustainable if the local key actors were committed to further using them. However, sustainability of capacity building was dependent very often on the will strategic decision

makers to make necessary reforms in legislation to enable the usage of new training tools and to make structural changes.

Sustainability of administrative capacity, i.e. of trained and experienced staff, was uneven. Administrative capacity building, that is the utilisation of the knowledge, skills and experience gained from CARDS could have been better sustained. In many beneficiary institutions, administrative sustainability is still adversely affected by inadequate working and remuneration conditions in the public service. Moreover, the civil service often does not have sufficient political understanding for creating an adequate working environment of the civil service, which leads to too many personnel changes. In addition to political nominations, the main threats to sustainability are seen as low motivation, lack of incentives and low salaries in the civil service. Recruitment campaigns are helpful but do not solve the roots of the problem. Fluctuation remains an issue. According to feedback from stakeholders around 40-50% of staffs employed at central administration levels might have left the service during the last five years.

*Were there any elements which could hamper the impact and/or sustainability of assistance?*

A main adverse factor that hampers impact and sustainability of CARDS assistance is the still prevailing excessive politicisation of the civil service which poses a serious challenge to its efficiency. This issue was pointed out already in previous evaluations<sup>192</sup>. Minority issues provide another major challenge for the country's development in general and more specifically for the full use of EU assistance. In the main, the relationship of the Albanians to the Macedonian government can be considered as generally relatively constructive. Since the conflict in 2001 and its resolution through the Ohrid Framework Agreement, most conflict and tension has been worked out politically rather than through violence. Still the political environment in Macedonia was and is tense which adversely influences the way how EU assistance can build up the desired impacts.

*To what extent were the EC's chosen implementation modalities relevant and efficient? To what extent have the beneficiary countries been actively involved in decision-making concerning CARDS Assistance orientation and implementation?*

EAR's presence in Macedonia dates back to December 2001 when the European Council decided to extend the Agency's official mandate to that country. Three months later, in March 2002, the EAR established an operational centre in Skopje. The initial aim was the reconstruction of conflict-affected areas and support to confidence-building measures to bolster the implementation of the August 2001 Ohrid Framework Agreement. In the case of Macedonia, the involvement of the EAR has been beneficial, also from the ex-post perspective.

However, despite the professional work carried out by the EAR, the delivery of outputs was often delayed across the various sectors, despite timely delivery of inputs and no delays noted in receiving

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<sup>192</sup> EAR: Evaluation of Capacity Building support (former Yugoslav Republic of Macedonia); executive summary; July 2008

EC or national funds<sup>193</sup>. There were sometimes long periods between the planning and implementation stage that slightly influenced the implementation of interventions in the field. There were also delayed procurement procedures caused by repeated tenders and lengthy equipment delivery caused by prolonged EAR administrative procedures. In some interventions, implementation was hampered by slow decision-taking of Macedonian stakeholders and late signing of required documents (notably tender documents), which delayed project progress. Moreover, elections at national and local levels usually slowed down CARDS activities since a great part of employees of the ministries and partner municipalities were involved in the elections. For these reasons, a number of interventions needed to be extended (involving both time and cost extensions), or the planned outputs were partly delivered. In some cases, the procurement delays led to cost-extensions in order to fully implement the procurements and training attached to the delivery of outputs.

Generally, the beneficiaries have expressed satisfaction with the collaboration and mutual trust that was developed between themselves and EAR personnel. Negative comments on EAR collaboration were rare. Some interviewees mentioned individual assistance projects that had been delayed, but the delays were generally perceived as being related to circumstances outside the control of the Agency

Therefore, considering the challenges the EAR faced during the period of CARDS, the Agency has been found administratively sound and managerially responsive. The utilisation of the possibility to engage qualified and experienced staff directly on the local and international markets played an important role in the achievements of the Agency. However, as in other countries administered by the EAR, the changing focus of the CARDS programme towards institution building and capacity development issues in Macedonia called for more involvement of Agency staff in activities related to change management.

The EAR management system was characterised by the “delegated centralised” framework in which the Agency was fully and solely responsible for the full cycle of the project management. Feedback from stakeholders confirms that having had more officials of the beneficiary institutions more directly involved in managing and implementing project activities specifically in relation to the implementation of the new and complex institution building projects, would have strengthened the sense of ownership and responsibility among the beneficiaries.

*To what extent was the support provided by the EC instruments coherent and complementary with national and other donor assistance?*

Overall, donor co-ordination in Macedonia was in the main organised by the Secretariat for European Affairs (SEA). In 2002 the UNDP established a Central Donor Assistance Database, as a tool for coordination of external assistance to Macedonia. In principle, Macedonia had a reasonable donor coordination structure, but donor coordination became overly political in 2007, and the system lacked strong leadership. The Secretariat of European Affairs (SEA) as the institution responsible for

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<sup>193</sup> Retrospective CARDS Evaluation FYR Macedonia

donor coordination reported to the Deputy Prime Minister responsible for European Integration (and National Aid Coordinator).

The Deputy Prime Minister chaired the Committee of Ministers for Coordination of Foreign Assistance, with the Ministers of Finance, Foreign Affairs and Economy, Interior, and Education and Science. This system started operation in 2006, initially under joint EAR/SEA chairmanship but later fully managed by the SEA. A new government was elected in August 2006, and the donor coordination became overly political – for example through the involvement of all member state ambassadors in coordination meetings. In 2007, the SEA lost momentum, with doubts introduced about the legal status of staff and the loss of a State Secretary. At the end of 2007 all initiatives petered out, and no meetings were conducted. The donor coordination process stabilised until the end of the CARDS programme.

The presence of the EAR Operational Centre in Skopje played a constructive role in donor coordination and in general ensured a high degree of complementarity and coherence achieved in the delivery of CARDS assistance. Co-ordination was carried out during preparation and programming as well as implementation, for example where involved donors in many cases were invited to become members of project Steering Committees.



## CARDS Regional Component summary report

**Country: All former CARDS countries**

**Mission date: April-May 2013**

**Evaluator: Dietmar Aigner, Steve O'Connor, Zehra Kacapor-Dzihic**

### 1. Overview of CARDS assistance to regional activities

#### Political overview

The Zagreb Summit in 2000 set the seal on the Stabilisation and Association process (SAP) by gaining the agreement of the five countries concerned to its objectives and conditions.

Regional co-operation among the Western Balkan countries is one of the main elements in the SAP and is recognised as closely connected with European integration. The Western Balkan countries are expected to learn how to co-operate with each other, as a means of reconciliation and good neighbourly relations, before they can integrate in the European family of nations. Regional cooperation is also expected to achieve tangible results in certain areas of crucial importance for the stability and economic development of the region. In this regard, the regional CARDS co-operation programmes should complement national assistance programmes, and bring additional value to common problems that were addressed therein.

The regional cooperation model has been essentially an extension of the EU's own philosophy that deeper cooperation with neighbouring countries is a route to national as well as regional stability and growth and that such cooperation serves the mutual interests of all countries concerned.

Regional co-operation as an essential element of the SAP was confirmed in the Thessaloniki Agenda for the Western Balkans, endorsed at the Thessaloniki European Council of June 2003. The capacity and readiness of an individual Western Balkan country to fully and constructively engage in regional co-operation was considered as a key indicator of its ability to cope with European obligations and to eventually join the European Union. The Thessaloniki Agenda set down a number of areas in which regional cooperation should continue to be developed. The European Partnerships with the Western Balkan countries, adopted in 2004, set the reform agenda for the countries of the region and indicate the main priority areas in which concrete steps had to be taken, including in the context of regional co-operation.

#### Strategic framework

EU assistance provided via the CARDS regional instrument has been framed by the following strategic documents:

- CARDS Council 2001 Regulation (EC) No.2666/2000
- Regional Strategy Paper for 2002-2006
- Multi-annual Indicative Programmes (MIP) 2002-2004 and 2005/6
- Annual Country Programmes (AP) 2001 - 2006

#### CARDS Programming Priorities

Within each of the strategic documents, a series of priority areas were identified for receiving CARDS funding. These were outlined in the CSP for 2002-2006 and broken down further in each of the MIPs

issued in that period. The 2001 programme, which preceded the CSP, was given its own one-off set of priorities. These are listed below:

**CARDS Regional Programming Priorities 2001 – 2006**

MIP/AP	2001 AP	2002 – 2004 MIP	2005-2006 MIP
Priority	<b>Strengthening Public Administrations</b>	<b>Institution Building</b>	<b>Institution Building</b>
	Public Administration Reform Statistics – Regional Eurostat Programme Co-operation with the European Environment Agency	Institution Building Facility for the SAP Regional Police and Judicial Co-operation Regional Statistical Co-operation European Networks for Sustainable Development	Administrative capacity building, including EC <i>acquis</i> approximation Public Administration Reform Co-operation with Community Agencies
	<b>Justice and Home Affairs</b>		<b>Justice and Home Affairs</b>
	JHA situation reports Regional Police co-operation Regional Justice and Police Training		Enhanced Police Regional Co-operation Judicial Regional Co-operation Development of Monitoring instruments
	<b>Regional Infrastructure Development and Integrated Border Management</b>	<b>Regional Infrastructure</b>	<b>Infrastructure Development</b>
	Infrastructure Project Preparation Facility Integrated Border Management ( <i>financed from national programmes</i> )	Regional Infrastructure Development Air Traffic Control – institution building	Project Preparation Facility Energy Environment Information Society
		<b>Integrated Border Management</b>	<b>No wider areas of support</b>
		Regional support (networking/coordination)	No comparable priority
	<b>No wider areas of support</b>	<b>No wider areas of support</b>	<b>Cross Border Co-operation</b>
	No comparable priority	No comparable priority	Border Region Co-operation
	<b>No wider areas of support</b>	<b>No wider areas of support</b>	<b>Private Sector Development</b>
	No comparable priority	No comparable priority	Investment facilitation

**CARDS Funding**

The EU provided funding to the regional activities via the CARDS programme via 6 annual allocations starting in 2001. The funding amounts are presented below.<sup>194</sup>

Year	2001	2002	2003	2004	2005	2006	Total
Amount €M	14.0	45.0	35.0	0	43.0	42.0	179.0

### CARDS evaluation sample

The evaluation of the CARDS programme was based on the sample of projects listed in the table below. These projects were selected for detailed analysis and also provided the evaluators with a starting point to explore wider themes and characteristics of the CARDS programme.

The original sample of 6 projects had to be changed by replacing the “Infrastructure Project Preparation Facility” through the “Regional Statistical Cooperation” project. There has been not sufficient documentation available for this project. The same has been true for the reserve project “Support to the independent media”. In both cases, and as a limitation of this evaluation, it was not possible within reasonable time to identify possible beneficiaries and other stakeholders that would have provided feedback on these projects.

Title	Size €M	Sector	Year	Modality
General policing and fight against main crimes	4.00	Justice and Home affairs/ Policing and Organised Crime	2002	IB
Judicial Systems & International Judicial Cooperation	5.00	Justice and Home affairs	2003	IB
Water Resource Mgmt - Pilot river basin plan for Sava River Basin	2.30	Environment and Natural Resources	2003	TA
Infrastructure Project Preparation Facility	7.00	Infrastructure Development	2005	TA
Public Administration Reform (SIGMA) and Regional School of Public Administration (ReSPA)	3.39	Institution Building	2006	IB
Support to the Energy Community Secretariat	2.42	Infrastructure Development	2006	N/A
<b>Reserve projects</b>				
Regional Statistical Cooperation	3.00	Administrative Capacity Building	2003	IB
Support to independent media	2.65	Democratic Stabilisation	2003	IB

### Implementation of assistance

The CARDS regional support programmes were programmed and implemented by the Commission Headquarters. In addition, a small allocation was made for the regional coordination of work in

<sup>194</sup> Source: MIPs, AP 2001

integrated border management. In the main, integrated border management was implemented at national levels through existing CARDS national implementation channels (de-concentrated implementation).

## 2. Response to Evaluation Questions

*What was the strategic framework and how effectively had priorities/ needs of the countries in the region been translated into programming of assistance, based on the priorities identified in country strategy and programming documents?*

The regional programme and projects were designed in a manner relevant to the needs and problems identified in the Western Balkans region and were overall consistent with the needs and priorities identified in the SA agreements, Regional strategy papers and Regional Multi-annual Indicative Programmes.

The objectives of regional cooperation as specified in the first MIP 2002-2004 were to promote direct cooperation between the beneficiary countries in tackling common threats (crime and trafficking), to build networks of contractual relationships between them in certain areas and to reintegrate them in the European infrastructure networks. The second MIP 2005-2006 further developed a number of sector priority areas, provided a complement in areas which needed further reinforcement and aimed at strengthening the strategic guidance for implementing the programmes.

As noted by the 2008 Ad-hoc Evaluation of CARDS Regional Programmes<sup>195</sup>, the shift of responsibility from DG AIDCO to DG Enlargement led to a change in priorities and by greater importance given to strengthening strategic guidance for implementing the programmes. The sectors covered by MIPD 2005-2006 offered more support to private sector development and support to building regional networks and institutions for regionally aligned infrastructure development. The MIP 2005-2006 included in particular cross-border institution building activities to prepare for future cross border co-operation activities, notably under the incoming Instrument for Pre-Accession (IPA).

However, compared to the dominating national CARDS programmes, the regional component has been perceived as rather weak. This can also be attributed to sometimes weak projects in terms of over-ambitious or not consistent objectives, as reported by external monitoring and evaluation. On the other hand, CARDS regional programmes can perhaps be described as a learning process. This learning process is now matured and a more consolidated approach within the IPA regional programmes currently taking place.

*To what extent had financial assistance been effective in achieving results? What was the quality of the outcomes? What possibly hampered its achievement? Had there been any factors (financial, social, political, human factor) which prevented beneficiary countries accessing the results?*

Overall, in terms of effectiveness the regional programme can be seen as a long learning process, for the European Commission as well as the beneficiary countries. The former acquired a deeper understanding of the regional problems and of the good contribution that beneficiary countries can provide if consulted in time. The latter understood that some problems had to be tackled regionally,

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<sup>195</sup> Ad-hoc Evaluation of CARDS Regional Programmes; 2008

and developed an adequate sense of ownership. The design of the programme by DG AIDCO was appropriate for meeting the socio-economic development objectives of the region<sup>196</sup>. Transferring the CARDS programme to DG ELARG was beneficial for its regional component. This was then moved under a management philosophy that was familiar with dialogue and with regional programmes after the experience of Phare matured by DG ELARG. The increased coordination that followed played a crucial role in ensuring better effectiveness of the regional programme.

A particular strength of the programme was seen as its ability to foster regional cooperation on issues with evident regional reach. Two evident effects of this were the establishment of a number of regional agreements or memoranda of understanding and the networks that emerged from them, which have laid the foundation for future regional cooperation on a range of key issues (see box below).

**Box: Networks underpinned by Regional Agreements a positive effect of Regional Cooperation**

The Establishment of networks underpinned by international agreements was an important effect of Regional Programme interventions. For example, under “General policing and fight against main crimes”, an important outcome of the project was the Joint Declaration and the Regional strategy on tools against organised and economic crime, made in 2005, which still builds a foundation for a harmonised regional approach in the fight against organised crime. Also, from the regional point of view, stakeholders and practitioners highlighted the strengthening of regional co-operation and networking as a major result of the project. The project “Judicial Systems & International Judicial Cooperation” led to a Memorandum of Understanding for setting up a prosecutorial network in the region. This network was later effectively continued by the 2006 regional project “Support to Prosecutors’ Network in South-Eastern Europe”.

The regional CARDS projects had mixed effects, depending on the sector to which the assistance was channelled. Evidence gathered during the evaluation process shows that the assistance in police and judicial co-operation for instance was effectively delivered. However, as indicated by previous ROM reports, regional projects in social development did not always deliver all planned results in the time-frame envisaged for their achievement. Judged from the sample projects, their mostly effective delivery can be largely confirmed.

Where evident, the quality of *outcomes* has been positive but varies to some extent. Regional institutions established with CARDS assistance mostly appear to perform as expected. This is also supported by evidence from the evaluation sample. Less tangible types of assistance such as capacity and institution building and networking have mostly delivered good outputs but these are often difficult to trace unless they were clearly integrated into national structures. As with national programmes, their outcomes are particularly evident where they have been subsumed within further phases of assistance.

The following table provides a summary response to the effectiveness of individual sample projects:

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<sup>196</sup> Ad-hoc Evaluation of the CARDS Regional Programmes; 2008

Title	Year	Expected results	Actual results at end of intervention <sup>197</sup>	Observed status as at April-May 2013/Observed outcomes	Assessment
General policing and fight against main crimes	2002	<p>Strengthen capacities for developing and implementing regional strategies against serious forms of crime, based on the <i>acquis</i> and other European standards and practices by:</p> <ul style="list-style-type: none"> <li>• Providing necessary tools against economic and organised crime;</li> <li>• Enabling the delivery of comprehensive training against trafficking in human beings, smuggling and illegal migration</li> </ul>	<ul style="list-style-type: none"> <li>• Regional strategy on economic and organised crime developed;</li> <li>• Financial investigations capacities aimed at the confiscation of proceeds from crime and experience exchange among the financial intelligence units in the region strengthened;</li> <li>• Special investigative means and intelligence in accordance with human rights standards enforced;</li> <li>• More effective mechanisms to protect witnesses of serious crime;</li> <li>• Training strategies in all matters related to trafficking in human beings, smuggling and illegal migration developed;</li> <li>• Curricula and training materials on trafficking in human beings, smuggling and illegal migration developed.</li> </ul>	<ul style="list-style-type: none"> <li>• Overall the project was successful in developing initial capacities of law enforcement bodies for improved regional co-operation in criminal matters.</li> <li>• An important outcome of the project was the Joint Declaration and the Regional strategy on tools against organised and economic crime, made in 2005, which still builds a foundation for a harmonised regional approach in the fight against organised crime.</li> <li>• From the regional point of view, stakeholders and practitioners highlighted the strengthening of regional co-operation and networking as a major result of the project.</li> </ul>	Effective
Judicial Systems & International Judicial Cooperation	2003	<ul style="list-style-type: none"> <li>• Provide a detailed conceptual and strategic framework for the establishment of an independent, reliable and functioning judiciary,</li> <li>• Enhance the judicial co-operation specifically in civil, commercial and</li> </ul>	<ul style="list-style-type: none"> <li>• Regional and national thematic meetings, conferences, round tables and seminars with judges, prosecutors, law enforcement staff</li> <li>• Expert Missions, Comprehensive Gaps and Needs Analysis Sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Overall the project was successful in developing initial capacities of judicial and prosecution bodies for improved regional co-operation in criminal matters.</li> <li>• The project also led to a Memorandum of Understanding for setting up a prosecutorial network in the region. This</li> </ul>	Effective

<sup>197</sup> Means of verification include previous evaluation reports, relevant ROM reports, project final reports, interviews with stakeholders

Title	Year	Expected results	Actual results at end of intervention <sup>197</sup>	Observed status as at April-May 2013/Observed outcomes	Assessment
		criminal matters	<ul style="list-style-type: none"> <li>Capacity building activities: training sessions, study visits, technical assistance.</li> <li>Establishment of information networks, libraries and support groups in order to pool information, enhance co-operation and facilitate co-ordinated action.</li> </ul>	network was later effectively continued by the 2006 regional project "Support to Prosecutors' Network in South-Eastern Europe".	
Water Resource Management - Pilot river basin plan for Sava River Basin	2003	<ul style="list-style-type: none"> <li>Improve management of the Sava river basin and thereby improve water quality and reduce pollution and flooding.</li> <li>Support the establishment of co-operation mechanisms between the countries of the Sava and its basin</li> </ul>	<ul style="list-style-type: none"> <li>One pilot project in each CARDS country (Bosnia-Herzegovina, Croatia, Serbia) following the guidelines of the EU Framework Water Directive conducted.</li> <li>Institutions for water management in each country strengthened.</li> <li>First elements of a trans-boundary/joint river basin management structure introduced.</li> </ul>	<ul style="list-style-type: none"> <li>The First Constitutional Session of the international Sava Commission ((Bosnia-Herzegovina, Croatia, Serbia and Slovenia) was held in June 2005.</li> <li>The permanent Secretariat of the Sava Commission started to work in January 2006. The seat of the Sava Commission is Zagreb, Croatia.</li> <li>Work and activities of the Commission contribute to a more sustainable river management and are reported on annual basis to the public.</li> </ul>	Effective
Public Administration Reform (SIGMA) and Regional School of Public Administration (ReSPA)	2006	The ReSPA is operational as a regional professional School on Public Administration, in line with the Protocol of Cooperation for the creation of ReSPA and the International Agreement on the establishment of the ReSPA; Corporate meetings, training events, technical assistance and other	The ReSPA is operational in terms of secured space and relatively balanced staffing of the school. However, the school did not manage to develop strong business plan and the financial contributions to the school from participating countries are not regular which makes the school dependent on EU funds. Relevant meetings, training events,	The ReSPA is a regional PA school with ensured premises and status in line with the agreement with Montenegrin government The school struggles to ensure regular flow of financial contributions by beneficiary countries which puts it in direct threat for sustainability as it depends on EU funds The school struggles to find its niche in the PA capacity building and reforms in the region, particularly as countries' needs, levels of	Partly effective

Title	Year	Expected results	Actual results at end of intervention <sup>197</sup>	Observed status as at April-May 2013/Observed outcomes	Assessment
		<p>activities have been delivered as decided by the Steering Committee and/or the Governing Board of ReSPA; The institutional development of ReSPA is completed;</p> <p>Secretariat support is provided to the ReSPA Steering Committee and Governing Board meetings until ReSPA is staffed appropriately to provide this service;</p> <p>The capacities of the staff of ReSPA to manage the School, deliver the activities, organise the work programme and implement it have been improved in line with the requirements of the ReSPA mandate and job profiles;</p> <p>The ReSPA activities have contributed to the strengthening of the administrative capacity of the beneficiaries and the regional cooperation as required by the European integration process.</p>	<p>technical assistance and other activities have been delivered to participants coming from the countries in the region</p> <p>The secretariat support has been provided, despite the delays in staffing of the school management and putting the institution in operation</p> <p>The capacities of the staff have been increased even though there is visible uneven ratio between expert and supporting staff in the school</p> <p>The ReSPA activities do contribute to strengthening capacities of beneficiaries, even though stronger role in this area is increasingly taken by the national training agencies. The ReSPA struggles to find its niche in the competition with national agencies. So far, the ReSPA is solving this issue by offering advanced specialized trainings lead by international experts, and also by organizing working groups of specialists in different areas of PA to exchange and develop some of the important areas of PA in beneficiary countries</p>	<p>development and motivations are different</p>	
Support to the Energy Community Secretariat	2006	<ul style="list-style-type: none"> <li>Provide assessment on the energy reform progress, mainly interconnection networks, dispatching centres and legislative</li> </ul>	<ul style="list-style-type: none"> <li>The project has been effective in facilitating and implementing the first actions of Energy Community in South-Eastern Europe</li> <li>The results were achieved as a part of the operational activities</li> </ul>	<ul style="list-style-type: none"> <li>The Energy Community is an international organisation dealing with energy policy. The organisation was established by an international law treaty in October 2005 in Athens, Greece.</li> <li>The Treaty entered into force in July 2006.</li> </ul>	Effective



Title	Year	Expected results	Actual results at end of intervention <sup>197</sup>	Observed status as at April-May 2013/Observed outcomes	Assessment
		framework; <ul style="list-style-type: none"> <li>• Strengthen the relevant energy institutions, create the legal basis for a regional energy market and follow up implementation and progress of the Energy Community;</li> <li>• Define necessary steps as established by the Athens Memoranda, Tirana Declaration and the Energy Community Treaty to create an Energy Community;</li> <li>• Enhance access to networks and security of supply throughout the area, contributing to those objectives within the EU</li> <li>• Raise the efficient use of resources throughout the area and contribute to energy efficiency policies, renewables and any other matter as directed by the Energy Community Treaty</li> </ul>	conducted by the Energy Community Secretariat (ECS).	The Parties are the EU, on one hand, and nine Contracting Parties from the South East Europe and Black Sea region. The Energy Community Secretariat (ECS) has its seat in Vienna, Austria. <ul style="list-style-type: none"> <li>• The 1 February 2006 marked the commencement of the Secretariat's operational activities.</li> <li>• Working on project basis, the association derived its financing from the EU CARDS Programme (2005 and 2006) and later from IPA Regional Programmes. I</li> <li>• In March 2011, the European Commission published its first assessment report on the Energy Community. The report concluded that after four years of existence, the Energy Community had grown into a mature organisation, which provides a solid institutional framework for cooperation, mutual support and exchange of experiences and therefore served as a model for regional cooperation on energy matters.</li> </ul>	
Regional Statistical Cooperation	2003	<ul style="list-style-type: none"> <li>• Improve data collection and increase regional co-operation between the National Statistical Institutes.</li> <li>• Align statistical methods and</li> </ul>	<ul style="list-style-type: none"> <li>• Pilot projects in the areas of purchasing power parities, external trade statistics, migration statistics and labour market statistics conducted,</li> <li>• Transfer of know-how by training,</li> </ul>	<ul style="list-style-type: none"> <li>• The project contributed to increased harmonisation of various sectoral statistics in order to be aligned with EUROSTAT standards.</li> <li>• The regional project was seen also as some benchmarking exercise in order to</li> </ul>	Effective

Title	Year	Expected results	Actual results at end of intervention <sup>197</sup>	Observed status as at April-May 2013/Observed outcomes	Assessment
		<p>gradually converging towards compliance with EC legislation in some key areas of statistics.</p> <ul style="list-style-type: none"><li>• Increase confidence in official statistics and raising the public profile of the National Statistical Institutes.</li><li>• Pilot Projects (test of methodology and data collection).</li></ul>	<p>traineeships, study trips, consultations and participation in Eurostat working groups.</p>	<p>see where different beneficiaries stand with developing their quality statistics and to identify common issues and solutions.</p>	

*Have the results delivered by the evaluated assistance translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities stated in the relevant programme documents? Were there any additional/unexpected impacts (negative or positive)? Can impacts be sufficiently identified /quantified?*

In a number of cases the regional projects provided a solid basis of achievements for further development post CARDS. Much work was successfully completed despite the politically dynamic environment evolving in the Western Balkans.

CARDS regional support strengthened the democratic stabilisation and development of civil society. The programme's support to the civil society development and networking (BCSDN – Balkan Civil Society Development Network) is likely to have an impact on its wider environment. The programme delivered the potential for development of one of the few successful regional initiatives. This is mostly because this network is an indigenous phenomenon; driven by the problems, needs *and* priorities of its membership and not necessarily by those of external stakeholders, such as the EC. The network also receives policy support from various countries; it can therefore be considered a contributing element in strengthening the democratic stabilisation process. The BCSDN has currently a network of 15 civil society organisations from 10 countries and territories in South East Europe<sup>198</sup>.

In the area of justice and home affairs, the projects added valuable inputs to on-going reforms or in stimulating new initiatives. Progress towards common regional benchmarks often developed well, and many recommendations were followed up in practice. Notable achievements were often communicated by signing of Memoranda of Understanding between beneficiary countries. An example for this has been in 2005 the establishment of the South East European Prosecutor Advisory Group that produced solid results regarding cross border prosecutions.

Cards regional assistance to integrated border management (IBM) impacted positively in terms of better understanding of EU IBM standards/practice; developing or updating national IBM systems and structures based on EU Guidelines; developing/updating detailed Action Plans; operational techniques and compatible information systems; enhancing beneficiary cooperation and networking; and building institutional capacity. Most of the assistance however, was delivered through national projects but the regional component helped to increase the impact particularly in terms of more effective co-operation and co-ordination across borders.

CARDS regional support on asylum, visa and migration contributed to the development of a better and shared understanding by the beneficiaries of the EU standards and practices, the development by each of the concerned countries of detailed national strategies/action plans, and the fostering of cooperation between the SAp countries.

Institution building is one of the areas where the impacts of the CARDS regional programme have been most obvious. CARDS regional support strengthened institution building across the region and contributed actively to the dissemination of best practices. Institutions are a critical element for democracy to prevail, for the socio-economic development of the region and for the economic

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<sup>198</sup> <http://www.balkancsd.net>

competitiveness of the region. Institution building includes a wide range of means for support –from a stricter sense of the meaning where it covers development of technical skills in the area, by knowledge transfer, introduction of EU body of law and practice to establishment of new regional infrastructures. The fact of establishing a link between the national administration of the beneficiary countries and to start a cooperative process towards the adoption of European standards and procedures is an indisputable positive success. The national administrations of the countries of the region still have to be modernised or in some cases built basically from scratch.

The feedback from the beneficiaries in the participating countries is consistently positive as concerns public administration reform initiatives such as SIGMA and TAIEX. Both programmes succeeded in maintaining their brand as a quick response mechanism to the needs coming from a variety of public organisations in the participating countries. Whilst the overall public administration reform process in the region was often subject to delayed and incomplete reforms, the quick and tailor-made assistance of SIGMA and TAIEX provided hands-on support to civil service shortcomings and had often positive immediate effects, notably in terms of legislative and administrative impacts.

CARDS regional activities also supported the establishment of an effective and efficient Civil Aviation Authority in the CARDS countries, capable of fulfilling the international, regional and national responsibilities of the state in civil aviation matters. This has impacted in terms of improved air safety, air traffic control and their management for the countries in the region and has facilitated the implementation of a Single European Sky Initiative.

With the help of CARDS beneficiary countries made progress in aligning their Intellectual and Industrial Property Legislation and practice with the EU *acquis* and international requirements, and there is anecdotal evidence that the also the regional projects made a contribution to this (especially via its numerous and high-quality capacity building and awareness raising activities). However, previous assessments (e.g. the EC's regular progress reports) as well as interview feedback indicate that there was still significant outstanding work in the area of enforcement when the CARDS assistance terminated. Full alignment still requires often further support in this area (e.g. coordination between enforcement agencies) as well as additional human and operational resources for the National Intellectual and Industrial Property Offices and other relevant stakeholders.

Regarding cross-border institution building activities, the projects' impact was considered limited by stakeholders, but the interventions were nevertheless of primary importance in building up capacities for the future IPA CBC management mechanisms.

CARDS regional support strengthened the development of regional infrastructure. There has been some added value of regional cooperation in this sector, promoting economies of scope. In the case of road transport and infrastructure they have managed to cooperate together and establish regional priorities. An example of this is the assistance provided for the establishment and operation of the South-East Europe Transport Observatory (SEETO). There has been some impact in terms of interest generated in investment project amongst IFIs and beneficiaries within the region; increased awareness for the need to undertake effective investments in sector like environment, transport or energy and gradual improvements in the legislative sectoral frameworks under the SAP were achieved. There appears to be a gradually improvement of economic conditions in the region.

However, in the main the expected socio-economic impacts have not been achieved yet. Due to external factors, notably the adverse effects of the global financial crisis, infrastructure investments in the region remain moderate since State budgets are characterised by predominating needs to apply austerity measures and both IFIs and EU investors remain hesitating to invest into the region, reducing also the possibility to leverage pilot investments and to scale them up at regional levels. This is a pity since regional infrastructure presents an area where impacts are generally well visible and countries are extremely keen to work together.

The same is true for regional support given to private sector development. Some structures and legislation supported under CARDS regional projects have contributed to the beneficiary countries' economic reform processes. However, evidence suggests that CARDS assistance had not much significant impact on economic development. This is due to limited amounts of funds and wider macroeconomic factors beyond the programme's control.

Political instability in certain countries can be considered as the most relevant external factor that hampered the achievement of results and particularly affecting impacts and sustainability of the regional assistance. However, there has been in general confirmed that an atmosphere of goodwill was present in almost all the steering groups and project meetings that took place at that time. This indicates that the political tensions that affected the region had hardly any impact on the workings of the programmes and projects. Consequently, despite limitations a certain extent of co-operation was reached between national administrations also when daily political disputes affected the region. This is definitely a major achievement of the programme and in line with the Commission's strategy for the region.

#### *Were the identified results and impacts sustainable?*

The sustainability of regional projects cannot be envisaged independently from results generated by parallel/complementary CARDS national projects, when and where they existed.

Financial and economic viability was also the key question for the successful implementation of the various strategies feasibility studies and action papers financed or initiated by CARDS regional activities. Beneficiaries often struggled to meet the budgetary needs of their respective line ministries, with many priority areas to be addressed. Whereas the regional project often laid a solid foundation for future activities, the lack of a follow-on project meant that further external donor support was required (notably for equipment and supplies).

In many cases the sustainability of results and impacts of the regional projects depended to a large extent on continuous EU funding. Over time countries have been becoming more aware of the value added of regional cooperation but the means to effectively tackle networks generated by CARDS remain limited. In the main, IPA regional programmes continue with some of the organisations, structures and networks that were originally set up by CARDS. Besides funding limitations also technical and organisational capacities to manage for instance complex regional networks remain limited on the side of the benefiting countries and are considered less important than the fulfilment of national obligations.

#### *Were there any elements which could hamper the impact and/or sustainability of assistance?*

For various reasons, CARDS regional projects often had difficulties to produce more significant impacts.

On the recipients' side, the countries did not understand the need for a cooperation programme at the beginning. Although they were assessed also against their capacity and willingness to cooperate regionally, it took a long time for them to understand the value added from a regional programme. The fact that the programme was managed centrally did not help at this stage. Today stakeholders agree that the level of awareness is much higher and that both programming and implementation of IPA regional programmes proceed more smoothly.

The beneficiaries took part to a large extent in the CARDS regional programmes and activated their national administrations accordingly. However, the absorption capacity varied greatly throughout countries and areas of expertise, sometimes delaying projects' implementation. The level of technical expertise the countries were endowed with, varied greatly across sectors and countries themselves, but was generally fair with some exceptions for countries where the national administrations were in the process of being fully established. Kosovo's and Bosnia and Herzegovina's absorption capacity was particularly affected by their weak institutional framework, which also sometimes adversely affected on impact and sustainability.

The high level of personnel turnover has been a serious obstacle for some of the regional projects. This was due to the retention challenges that characterise public administrations in the regions and to a heavy spoil system used by politicians.

*To what extent were the EC's chosen implementation modalities relevant and efficient? To what extent have the beneficiary countries been actively involved in decision-making concerning CARDS Assistance orientation and implementation?*

As with other regional or multi-beneficiary programmes, the CARDS regional programmes, with some exceptions, were managed directly by the Commission (centralised direct management). During most of their implementation, the regional programmes were managed jointly by DG RELEX and DG AIDCO. In the beginning of 2005, DG ELARG took over responsibility for the management of the programmes from the other two Directorates-General. In order to manage the CARDS regional programmes, the Commission consulted regularly with the governments of the CARDS countries, civil society and other stakeholders and donors (Council of Europe, UN, OSCE, bilateral donors, IFIs, Stability Pact later Regional Co-operation Council).

The stakeholders in CARDS were extensively involved in the needs assessments and contributed to the design of the regional programme/projects. The fact that beneficiaries were not sufficiently involved in the design of the priorities of the programme has been confirmed by various evaluations and stakeholders. This was due to the lack of a mechanism of consultation that was introduced lately by DG ELARG. In the first years of CARDS the EAR was perceived as the main point of reference for the regional programme in the countries under the EAR mandate). This has been duly pointed out by the CARDS Evaluation undertaken in 2004. The level of involvement of the EC Delegations in designing the regional programme was very low or non-existent.

The situation improved when DG ELARG took over the CARDS programme from DG AIDCO in 2005. From 2007 onwards NACs and (later NIPACs) were more involved in the process and took part in regular coordination meetings organised by the regional programmes' unit of DG ELARG.

A degree of centralisation of the CARDS regional programme was a key weakness of the programme. The CARDS regional programmes are perceived as having been too centralistic and it did not much facilitate to establish buy-in from beneficiaries over time, particularly due to the lack of consultation that characterised the programme in the early days. Indeed the current IPA programme is also a centralised programme, but the stakeholders feel more involved. Nevertheless, also for IPA regional programmes certain NIPACs would like to play a more active role in managing and supervising regional assistance.

As confirmed by various ROM reports at that time, the results and outputs delivered by the regional projects were normally produced at a reasonable cost, considering the peculiar aspects of the regional projects. Comparison with national projects' cost structure would be misleading since the particularities of regional projects make them more expensive owing to high travel and logistics costs and other coordination costs (translations etc.). When delays occurred they were caused by procurement procedures lengthier than expected or by contractors that sometimes struggled to hire the human resources needed for the project or that did not manage to stick to the deadlines agreed with the Commission.

*To what extent was the support provided by the EC instruments coherent and complementary with national and other donor assistance?*

In the main the regional projects were often complementary to national CARDS projects. The prevailing strong centralised approach ensured that the Commission Headquarters could safeguard a strong degree of coherence and complementarity both of national and regional programmes in the target region.

The consultation process included regular communication with other various regional coordination platforms and initiatives such as the Regional Cooperation Council (RCC), the South East Europe Transport Observatory (SEETO), the Energy Community Secretariat (ECS), and the DABLAS Task Force and the Priority Environmental Investment Programme (PEIP) for South East Europe, which was replaced by the Regional Environmental Network for Accession (RENA) in the second half of 2009.

The Commission made in particular significant efforts to enhance coordination and cooperation with IFIs operating in the region. In 2003, the DG ELARG signed a Memorandum of Understanding (MoU) with the EIB and the EBRD, IBRD, IFC, the Nordic Investment Bank, the Nordic Environment Finance Corporation, the Council of Europe Development Bank and the Black Sea Trade and Development Bank. This MoU was confirmed and strengthened in April 2006. Within this context, in March 2007 an IFI Advisory Group was created focusing on South Eastern Europe, which later on received technical support under IPA (IFI Coordination Office in Brussels). Most of these activities in the longer run positively impact on the quality of investment policies and support programmes for the Western Balkans. Increased coordination and cooperation of EC and IFIs will also allow for a more efficient use of public funds being delegated to the target regions.





**Annex 5: List of interviewees**

Institution	Interviewee
<b>European Commission</b>	
European Commission DG ELARG	Konstantinos Niafas, Policy Officer Albania
European Commission DG ELARG	Christos Gofas, Senior Officer
European Union Delegation to Albania	Luigi Brusa, Head of Operations Audrone Urbonaviciute, Deputy Head of Political, Economic & Information Section Ardian Metaj, Task Manager Llazar Korra, Task Manager Adem Duka, Task Manager Andrea Chalupová, Task Manager Vidmantas Ruplys, Task Manager
European Union Delegation to Bosnia and Herzegovina	Normela Hodzic-Zljadic, Coordination of Programming, Donor coordination, Monitoring & Evaluation Martin Schieder, Head of Operations Jelena Milos, Task Manager Jadranka Mihic, Task Manager Dzemaal Hodzic, Task Manager Dzenita Polic, Task Manager Renata Abduzaimovic, Task Manager Dijana Sikima, Task Manager
European Union Delegation to Croatia	Sandro Ciganovic, Task Manager Davor Percan, Task Manager Paulina Stanoeva, Task Manager Vedrana Ligutic, Task Manager Alexander Zenebe, Task Manager Zoran Kostic, Task Manager Barbara Rotoznik, Task Manager
European Union Delegation to FYR Macedonia	Emil Dankov, Coordinator Ivan Borisavljevic, Task Manager Maja Bogdanovska-Zendelska, Task Manager Danica Stoshevska, Task Manager
European Union Delegation to Montenegro	Andre Lys, Head of Operations Danijela Radan, Task Manager Dona Prodanova, Task Manager Yves Pierre Bellot, Task Manager Jadranka Milic, Task Manager Dragan Radanovic, Task Manager
European Union Office in Kosovo	Melvin Asin, Head of Operations Christof Stock, Head of Operations Aferdita, Tahiri, Task Manager Agron Orana, Task Manager Merita Govori, Task Manager Lendita Gashi, Task Manager Gazmend Selimi, Task Manager Besime Kajtazi, Task Manager Samir Selimi, Task Manager
European Union Delegation to Serbia	Martin Kern, Head of Operations Konstantinos Soupilas, Programme and Coordination Manager Gligo Vuckovic, Task Manager Dejan Rebric, Task Manager Ana Stankovic, Task Manager

Institution	Interviewee
	Vladan Petrovic, Task Manager Danka Bogetic, Task Manager Svetlana Djukic, Task Manager
<b>National Institutions</b>	
<b>Albania</b>	
Ministry for European Integration, NIPAC	Greta Rakaj, Head of Unit
Ministry of Justice	Tetis Lubonja, Director of Integration and Projects Brikena Shehu, Head of Project Management Sector
General Directorate for Metrology	Majlinda Hoxha, Director of Department of Scientific & Industrial Metrology and Senior Programme Officer
Ministry of Environment, Forestry and Water Administration	Enkelejda Malaj, Senior Programme Officer
Department of Public Administration	Blerta Selenica, Director
<b>Bosnia and Herzegovina</b>	
Communication Regulatory Agency	Jasna Dzemic, Senior Advisor for research and analysis
Directorate for Economic Planning	Aida Sofic, Assistant Director
Civil Service Agency	Zdravko Kujundzija, Head of the Department for training
BiH Ministry of Security	Ismail Saric, Head of Department for border protection, airport security, protection of persons and premises
Directorate for EU Integration	Tarik Cerić, Head of M&E Department
BiH Ministry of Finance	Radmila Pustahija, Head of the Department for programming of EU funds
Office of the Coordinator of the Public Administration Reform	Anita Raic, Head of Unit for Donor Coordination, Finance, Monitoring and Evaluation
<b>Croatia</b>	
Ministry of Regional Development and EU Funds (NIPAC)	Martina Stuka, Head of Monitoring and Evaluation Unit Tihana Suzancic, Senior Expert Advisor, Boris Micin, Senior Expert Advisor Snejzana Simunovic-Suknaic, Senior Expert Advisor Tomislav Belovari, Head of Sector Marko Žabojec, Head of Service Damir Tomasović, Head of Department Zoran Ivanković, Senior Expert Adviser
Government of Croatia/ Office of the Prime Minister	Spomena Rakusic, Adviser to the Prime Minister for the Economy
Central Finance and Contracting Agency	Tifani Simunovic Boban, Education and HRD Director
Croatian Bureau of Statistics	Robert Knezevic, Head of Department
Ministry of Entrepreneurship and Crafts	Ljiljana Zajc, Head of Service for Investment Support
Ministry of Environmental and Nature Protection	Mira Medić, Head of Independent Sector for EU Biserka Puc, Head of Service for European Integration Anamarija Matak Head of Service for Environmental Assessment Damir Rumenjok, Head of Department for Integrated Environmental Protection Requirements Višnja Grgasović, Head of Service for Protection of Climate, Ozone Layer and Sea
Ministry of Interior	Drazen Vuleta, Acting Head of Department for Implementation and Monitoring of Projects
Ministry of Agriculture, Water Management Directorate	Karmen Cerar, Head of Department
<b>FYR Macedonia</b>	
Secretariat of European Affairs	Evgenija Kirkovski, Head of Monitoring and Evaluation

Institution	Interviewee
	Unit
Ministry of Interior	Sasko Kocev, Head of IPA Unit, Sector for European Union and International Cooperation Risto Spritov, Police Adviser for Border Surveillance Kiro Mitrev, Police Adviser for Training
Ministry of Economy	Maja Kjurcieva, Deputy Head of Department for Stimulating Investment & Social Responsibility
Ministry of Environment and Physical Planning, Environmental Information Centre	Svetlana Gjorgjeva (Ms. Kozuharova, Ms. Vasileva) Head of Department
Ministry of Justice	Frosina Tasevska, Head of EU Department Marija Dzabirova - Velkov, IPA Monitoring Officer/ EU Department
Association of the Units of Local Self-Government	Dusica Perisic , Executive Director
<b>Montenegro</b>	
Ministry of Economy	Šefika Kurtagić, Head of State Aid Unit
Judicial Training Centre of Montenegro	Maja Milošević, Executive Director
Authority for Inspection Affairs of Montenegro	Rada Markovic, Deputy Director
Human Resource Development Authority	Jadranka Djurkovic, Director
Ministry of Foreign Affairs, NIPAC	Tijana Ljiljic, Arta Lika
Ministry for Sustainable Development & Tourism	Siniša Stanković, Assistant Minister
Ministry of Interior	Milan Paunović, Head of Department for Integrated Border and Border Crossings Management Zoran Asanović, Senior Programming Officer
Bar Municipal Water Company	Srdjan Ilickovic, Technical Director Miroslav Vukovic, Senior technician
Centre for Vocational Education	Lilijana Garic, Deputy Director
<b>Kosovo</b>	
Ministry of Environment and Spatial Planning	Hazir Çadraku, Head of Division for General Water Policy
Ministry of Local Governance Administration	Agron Maxhuni, Head of Legal Department and Monitoring Municipality
	Besim Kamberaj, Head of Department for Cooperation and Regional Development
	Vjollca Selimi, Programme Officer
Ministry of Agriculture, Forestry and Rural Development	Isuf Cikaqi, Director, Department for Agriculture Policy and Trade
Ministry of Public Administration	Burim Balaj, Fitim Sadiku, Department for policy coordination and European integration
Ministry of European Integration	Florim Canolli, Director, Department of Development Assistance
	Rajmonda Kukalaj, Department of Economic Criteria
Ministry of Trade and Industry	Irfan Lipovica, Director, Department for Policy Coordination and European Integration
<b>Serbia</b>	
European Integration Office	Ognjen Miric, Deputy Director
	Ana Ilic, Assistant Director
	Luka Pivljanin, Advisor
	Milan Delic, Advisor
Ministry of Energy	Dejan Gojkovic, Senior Advisor
	Natalija Lukovic, Sector for EU integration and international cooperation
	Isidora Armus, Sector for EU integration and international cooperation

Institution	Interviewee
	Sladjana Vukmirica, Sector for EU integration and international cooperation
	Vesna Stojanovic, Head of Department for electrical energy
National Agency for Regional Development	Ana Zegarac, Assistant Director
	Srdjan Beljan, Head of Department for International and interregional Development, education and mentoring
Electric Power Industry of Serbia	Milan Petkovic, Deputy Director
	Djordji Biljanovski, Deputy Director, Nikola Tesla Power Plant, Obrenovac
	Dusan Zivkovic, Investment sector manager
<b>Other</b>	
Energy Community Secretariat	Violeta Kogalniceanu, Head of Infrastructure and Energy Efficiency Unit
Regional School for Public Administration	Suad Music, Director
UNDP Serbia	Irma Lutovac, National Project Officer
UNDP Serbia	Jelena Tadzic, Programme Officer
UNDP Serbia	Danilo Vukovic, former Task Manager for Social Development
Independent Consultant Serbia	Bernard O'Sullivan , former Programming Manager European Agency for Reconstruction (EAR), Belgrade, 2004-8
Standing Conference of Towns and Municipalities Serbia	Zorica Vukelic, Deputy Secretary General
Standing Conference of Towns and Municipalities Serbia	Nikola Tarbuk, Managing Assistant Secretary General for Advocacy
Standing Conference of Towns and Municipalities Serbia	Aleksandar Marinkovic, Strategic Planning Coordinator
Centre for Legal Competence, Austria	Christof Kopecky , Team Leader, Euralius II
Ecorys, Albania	Sabina Ymeri, Evaluator

**Annex 6: List of documents**

Origin	Date	Title
<b>Programming Documents</b>		
European Commission	2001, 2002, 2003, 2004, 2005, 2006	National and Regional Annual Action Programmes for 2001-2006
European Commission	-	Regional Strategy Paper 2002-2006, including Multi-annual Programme 2002-2004
European Commission	-	Regional Multi-annual Programme 2005-2006
European Commission	-	Country Strategy Papers 2002-2006, including Multi-annual Programme 2002-2004
European Commission	-	Country Multi-annual Programmes 2005-2006
European Commission	February 2013	CRIS list of CARDS projects 2004-2006
European Communities	2009	Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and Bosnia and Herzegovina, of the other part; European Communities No. 4 (2009)
European Communities	2010	Stabilisation and Association Agreement between the European Communities and their Member States and the Republic of Montenegro
European Communities	2009	Stabilisation and Association Agreement between the European Communities and their Member States and the Republic of Albania
European Commission	2010	ANNUAL REPORT ON PHARE, TURKEY PRE-ACCESSION INSTRUMENTS, CARDS AND THE TRANSITION FACILITY
European Commission	2012	Kosovo Analytical Report
European Commission	2001 - 2006	Project Fiches for Interventions in the Evaluation Sample from Annual Programmes
<b>EU Progress Reports</b>		
European Commission	2006	Progress Report: Albania, Bosnia and Herzegovina, Croatia, Kosovo, Former Yugoslav Republic of Macedonia, Montenegro, Serbia
European Commission	2007	Progress Report: Albania, Bosnia and Herzegovina, Croatia, Kosovo, Former Yugoslav Republic of Macedonia, Montenegro, Serbia
European Commission	2008	Progress Report: Albania, Bosnia and Herzegovina, Croatia, Kosovo, Former Yugoslav Republic of Macedonia, Montenegro, Serbia
European Commission	2009	Progress Report: Albania, Bosnia and Herzegovina, Croatia, Kosovo, Former Yugoslav Republic of Macedonia, Montenegro, Serbia
European Commission	2010	Progress Report: Albania, Bosnia and Herzegovina, Croatia, Kosovo, Former Yugoslav Republic of Macedonia,

Origin	Date	Title
		Montenegro, Serbia
European Commission	2011	Progress Report: Albania, Bosnia and Herzegovina, Croatia, Kosovo, Former Yugoslav Republic of Macedonia, Montenegro, Serbia
European Commission	2012	Progress Report: Albania, Bosnia and Herzegovina, Croatia, Kosovo, Former Yugoslav Republic of Macedonia, Montenegro, Serbia
<b><i>Evaluation, Monitoring and Court of Auditor Reports</i></b>		
Development Researcher's Network Consortium	June 2004	Evaluation Of The Assistance To Balkan Countries Under Cards Regulation 2666/2000 Contract N.: B7-6510/2002/005, Brussels
Ramboll Management	December 2008	Ad Hoc Evaluation of the CARDS Programme in Bosnia and Herzegovina
COWI	July 2009	Retrospective evaluation of CARDS programmes in Kosovo
COWI	December 2008	Retrospective evaluation of CARDS programmes in Albania
COWI	July 2009	Retrospective evaluation of CARDS programmes in Montenegro
European Evaluation Consortium 2007	September 2009	Retrospective evaluation of CARDS programmes in Serbia
Soges Consortium	November 2009	Evaluation of CARDS Environment Programme in Bosnia and Herzegovina and Recommendations for Assistance under IPA
European Evaluation Consortium 2007	July 2009	Retrospective evaluation of CARDS programmes in the former Yugoslav Republic of Macedonia
-	2007	Evaluation of the Institutional Capacity Building support to Serbia
European Court of Auditors	2007	Special Report No. 5/2007 on the Commission's Management of the CARDS programme together with the Commission's replies
European Court of Auditors	2011	Has EU Assistance Improved Croatia's Capacity To Manage Post-Accession Funding?
EAR	2001 - 2008	Internal Evaluations of CARDS support managed by EAR (executive summaries only were available)
Deloitte Consulting	December 2008	Ad Hoc Evaluation of the EU CARDS Regional Programmes in the Western Balkans
Minority Rights Group International	2010	EU Financial Assistance to the Western Balkans: a minority-focused review of CARDS and IPA
ECOTEC	December 2007	Ad Hoc Evaluation of the EU CARDS Programme, Country:

Origin	Date	Title
		Croatia
Ecorys	August 2012	IPA - interim evaluation and meta-evaluation of IPA assistance - Country Report Albania
CODEF	2006, 2007, 2008, 2009	JMC Synopsis Report
Various	2008, 2009, 2010	ROM Western Balkans 2007, 2008, 2009 – Annual Reports ROM Results
Various	2002-2009	Available ROM reports for CARDS national and regional projects
SEIO	2013	Evaluation of effectiveness and efficiency of development assistance to the Republic of Serbia per sector
<b>Other Documents</b>		
European Commission	August 2004	The European Union and the Western Balkans: Building the future together
Ministry of Economy of Macedonia	December 2011	Programme for stimulating investment in the Republic of Macedonia 2011-2014
The wiiw Balkan Observatory	November 2003	Croatia's preparation for EU accession
Dane Taleski	September 2005	Decentralisation in the Republic of Macedonia
Centre For Legal Competence, Vienna	June 2010	Euralius II final report
Ministry of Justice of Albania	May 2013	Summary Table from 2008 until May 2013 of cases heard and executed at the Serious Crimes Court
EAR	-	Annual Report 2007
EU Liaison Office Kosovo	2008	Paths towards Community Stabilisation Programme Assessment
Department of Public Administration, Ministry of Interior of Albania	October 2009	Intersectoral strategy of Public Administration Reform 2009 - 2013
EAR	April 2007	Presentation – Investment Projects' development and preparation: EC support through the EAR
Eurecna Srl	February 2008	Capacity Building Human Resources Management Agency and line Ministries, Republic of Montenegro

Origin	Date	Title
Ellerman, David	2005	Helping People Help Themselves – An Alternative Philosophy to Development Assistance (Ann Arbor)
Institute for International Relations	May 2003	CARDS programme – preliminary assessment and perspectives of introducing elements of pre-accession strategy for Croatia
Institute for Security Studies	June 2011	The Western Balkans and the EU
IREX	2013	Media Sustainability Index 2013: Development Of Sustainable Independent Media In Europe And Eurasia
Poverty Reduction and Economic Management Unit	November 2011	South East Europe Economic Report
European Council on Foreign Relations	-	The Periphery of the periphery: The Western Balkans and the Euro Crisis
Energy Community	September 2012	Annual Implementation Report
Council of Ministers	2004	The Medium Term Development Strategy of Bosnia and Herzegovina 2004-2007 (PRSP)
KAS International	2011	Free, But Not Independent: The Role Of The Media In South East Europe
OECD	2012	OECD Journal on Budgeting - Montenegro
SIGMA	2010	Assessment: Bosnia and Herzegovina 2010
SIGMA	2011	Assessment: Bosnia and Herzegovina 2011
SIGMA	2012	Assessment: Bosnia and Herzegovina March 2012
SIGMA	2008	2008 Governance Overview For Bosnia and Herzegovina
SIGMA	2004	Public Administration in the Balkans: Overview
SIGMA	2010	Assessment: Serbia 2010
SIGMA	2011	Assessment: Serbia 2011
SIGMA	2012	Assessment: Serbia March 2012
SIGMA	2008	2008 Governance Overview for Serbia
SIGMA	2010 - 2012	Assessments for Montenegro, Albania, Kosovo
World Bank	2012	South East Europe Regular Economic Report No.3: From Double-Dip Recession to Accelerated Reforms
World Economic Forum	2013	The Global Competitiveness Report 2012–2013
USAID	2005	The 2005 NGO Sustainability Index for Central and Eastern Europe and Eurasia
USAID	2013	2011 CSO Sustainability Index For Central And Eastern Europe And Eurasia 15th Anniversary Edition
UNDP	2011	Functional review of the HR function and management capacities in Montenegrin municipal administrations
<b>Internet Sources</b>		
World Bank		Doing Business: How to Reform;



Origin	Date	Title
		<a href="http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB07-FullReport.pdf">http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB07-FullReport.pdf</a>
World Bank		<a href="http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG/countries">http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG/countries</a>
Heritage Foundation		<a href="http://www.heritage.org">http://www.heritage.org</a>
World Economic Forum		<a href="http://www.weforum.org">http://www.weforum.org</a>