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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE
COUNCIL AND THE ECONOMIC AND SOCIAL COMMITTEE**

**2009 ANNUAL REPORT ON PHARE, TURKEY PRE-ACCESSION INSTRUMENTS,
CARDS AND THE TRANSITION FACILITY**

1. INTRODUCTION

Since 1 January 2007, EU pre-accession assistance to candidate countries¹ and potential candidates² is channelled through the Instrument for Pre-accession Assistance (IPA)³. IPA replaces five former pre-accession instruments, including PHARE⁴, the Turkish pre-accession instrument⁵ and the financial instrument for the Western Balkans, i.e. CARDS⁶.

This report and the associated background document cover the continuing implementation of 2006 and earlier programmes under PHARE, the Turkish pre-accession instrument and CARDS, as well as under the Transition Facility⁷ during the year 2009, with a cut-off date of 31 December 2009⁸.

No new programmes were launched under those instruments since 2006, which was the final programming year.

2. PROGRAMMES IMPLEMENTATION: GENERAL OVERVIEW

2.1. PHARE, Turkey pre-accession instrument and CARDS

During 2009, management performance of *CARDS* programmes in the beneficiaries was, overall, satisfactory. By the end of the reporting period, the 2001-2006 programmes (2001-2004 for Croatia) were almost fully contracted across the board (ranging from 97% of allocated funds for Albania and Bosnia and Herzegovina to 99% for Kosovo⁹). Disbursements were also generally approaching completion, reaching more than 90% of 2001-2006 allocations in all *CARDS* beneficiaries, with the only exception of Albania (72%).

At, respectively, 85% and 73% of allocated funds, the overall contracting and payment rates reached by the end of the contracting period in 2009 for the 2002-2006 programmes under the *Turkey pre-accession instrument* pointed to less than satisfactory performance by the relevant management authorities in Turkey. The situation is set to improve in the future following changes at management levels, new recruitments and resumption of monitoring activity. Organisational and procedural improvements introduced in the relevant managing structures as part of enhanced supervision of decentralised implementation under IPA should also have a positive impact on the management of assistance under the Turkey pre-accession instrument¹⁰.

During 2009 Bulgaria and Romania continued implementation of *PHARE* 2006 national and Cross-Border Cooperation programmes. Most of the activities under the projects implemented

¹ Croatia, Iceland (as of 2010), the former Yugoslav Republic of Macedonia and Turkey

² Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo

³ Council Regulation No 1085/2006 of 17 July 2006

⁴ Council Regulation (EEC) No 3906/89 of 19 December 1989

⁵ Council Regulation (EC) No 2500/2001 of 17 December 2001

⁶ Community Assistance for Reconstruction, Development and Stabilisation, Council Regulation (EC) No 2666/2000 of 5 December 2000

⁷ Article 31 of the Bulgaria and Romania Accession Treaty

⁸ The programming and implementation of subsequent programmes are reported on in the IPA 2009 Annual Report (COM (2010) 687 final, of 25 November 2010)

⁹ Under UNSCR 1244/99

¹⁰ For further details, see the IPA 2009 Annual Report (cf. footnote 8)

under these programmes were completed by the end of the year, but verification by the national authorities and by the Commission of the results achieved continued in 2010 and will do so also in 2011. Implementation of a number of projects under PHARE 2006 programmes for Romania will continue until mid 2011, so results were not yet available by the end of the reporting period. Disbursements reached, respectively, 77.10% and 65.10% of allocations under PHARE 2005 and 2006 in Bulgaria, while the corresponding figures for Romania were 79.62% and 69%. Contracting of PHARE 2005 and 2006 in Croatia was completed in 2009, at an overall rate of about 86% of allocations¹¹. Payments continued and reached 60% of overall allocations.

2.2. Transition Facility

The ten countries that acceded to the EU in May 2004¹² completed implementation of the 2006 Transition Facility programmes on 15 December 2009, achieving the expected results and impact, notably in terms of enhancing the beneficiaries' public administration and contributing to meeting the remaining needs of the *acquis*. By the end of the reporting period, disbursement rates under the 2005 Transition Facility ranged from over 84% in Malta to over 98% in Cyprus. The corresponding range for the 2006 Transition Facility went from 58% to almost 98% (again in Malta and Cyprus, respectively).

As for Bulgaria and Romania, in 2009 they carried on with contracting and implementation of the 2007 Transition Facility programmes. By the contracting deadline of 15 December 2009, both countries reached a contracting rate of slightly less than 70%. In Romania, this rate was due to slower than expected contracting, while the low performance in Bulgaria is explained by the prolonged suspension of accreditation for decentralised implementation of the relevant Implementing Agency (applied also to PHARE pre-accession funds).

2.3. Successful project examples

Pre-accession assistance not only helps to prepare the countries that wish to join the EU, but has also stabilised the situation in the Western Balkans in the last decade and supported a far-reaching economic and political reform agenda.

The following are concrete examples of achievements through pre-accession assistance in 2009¹³:

- In Albania, CARDS financed a *border crossing point* with Montenegro and a *reintegration centre for minors*, thus contributing to facilitate regional cooperation and the free movement of persons and goods and to strengthen the justice and home affairs sector in the country;
- In Bosnia and Herzegovina, CARDS financed a *border crossing point* with Montenegro as well as a *reception centre for irregular migrants*. The former helps to increase the efficiency of customs clearance, enables adequate control of freight and passengers crossing the borders and facilitates their smooth legal flow. The latter provides specialised detention facilities for the purpose of removal of irregular third country nationals in conformity with international and EU standards and best practices, while preparing for

¹¹ Funds that were not contracted by the deadline have been de-committed

¹² Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia

¹³ Projects completed or ongoing in 2009

their return to their country of origin or to another country. In addition, *municipal and cantonal court buildings* have been rehabilitated so that space can be used more efficiently, therefore contributing to a more efficient and effective conduct of administrative and judicial functions;

- In Croatia, PHARE has contributed to enforcing *intellectual property rights*, developing the *fisheries sector* and aligning it more closely to the Common Fisheries Policy and setting up “*Blue Border surveillance*” in line with EU best practices. In the first case, PHARE assistance has helped the relevant institutions raise public awareness and improve their cooperation, coordination and enforcement mechanisms through exchange of intelligence, information and best practices. In the second case, it has improved the institutional structure, administration and statistical system in the sector and strengthened inspection and monitoring. In the third case, it has helped the Croatian Border Police develop and implement a Blue Border surveillance component to its Integrated Border Management Action Plan. CARDS has contributed to the development and maintenance of a high quality *food safety* system by setting up a new food safety system and related institutional framework and upgrading the control activities of the institutions responsible for live animals and food products;
- In the former Yugoslav Republic of Macedonia, CARDS has contributed to strengthening the *fight against organised crime and corruption* by developing a comprehensive legal and institutional framework for a more effective policy and helping make a specialised anti-corruption Unit fully operational. CARDS has also established a national *visa management system* which enhances security in the EU through specialised software and equipment that improve visa issuing processes and introduce standardised procedures as well as rapid, consistent and accurate verification of visa applicants. Finally, CARDS has supported the setting up of a national *vineyard monitoring and management system* by supporting the responsible body, developing a vineyard cadastre and register and helping align national wine legislation with EU law;
- In Kosovo, CARDS has supported the creation of a *juvenile justice system* based on children’s rights through capacity building of juvenile justice professionals, research development and targeted prevention and rehabilitation programmes. CARDS has also promoted the establishment of modern, sustainable, competitive, environmentally friendly and financially sound *small and medium enterprises* and *employment creation*. Finally, this pre-accession instrument has support the *supply of coal* to existing power plants through the rehabilitation of heavy coal mining machinery;
- In Montenegro, CARDS financed the rehabilitation of a number of wastewater pumping stations in four municipalities, improving the situation of wastewater management in coastal towns;
- In Serbia, CARDS has supported a more transparent, effective and predictable functioning of *local governments* and has piloted a strategic planning methodology for sustainable development of local government. It has also sustained restructuring and development of *SMEs* in priority sectors, such as those with environmental and energy efficiency concerns, owned/run by women entrepreneurs and/or young high-tech enterprises. Finally, it has supported the reform of *Vocational Education and Training* through training of teachers, school managers and others in modernised teaching methods, implementation of pilot curricula, outcome-based assessment of students and preparation of teaching material;

- In Turkey, the pre-accession instrument has supported the definition of a national multiannual action plan on *gender equality*, produced a model for a gender equality body, established networks among relevant institutions and delivered training and awareness-raising. The instrument has also helped to combat domestic violence against women by contributing to develop a policy and a national action plan on the subject, building the capacity of public agencies to provide services to victimized women or to those at risk, raising public awareness and gathering data on the nature and scale of the problem at national level. Further, the instrument has helped to *reduce pollution of groundwater and the environment* by establishing a solid waste management system in the region concerned. Finally, the instrument has funded numerous *employment* projects in various provinces to assist public employment services implement more efficient employment measures in line with labour market needs at a local level and to increase employability of young people and women.

3. RELEVANT DEVELOPMENTS IN 2009, LESSONS LEARNED AND PERSPECTIVES

3.1. Main developments and lessons from implementation of PHARE and the Transition Facility in Bulgaria and Romania

One of the main developments in 2009 with regard to implementation of PHARE and Transition Facility assistance was related to the suspension of funds to Bulgaria in February 2008 and the subsequent withdrawal of accreditation from two Bulgarian Implementing Agencies in July of that same year¹⁴. 2009 saw improvements in the acknowledgement and quantification of control system weaknesses and in the follow-up of irregularities by the relevant Bulgarian authorities as of the month of July. At the end of October 2009, Bulgaria submitted to the Commission proposals for financial corrections. This led the Commission to lift the suspension of payments on 18 November 2009.

Learning from the above experience, during the reporting period the Commission engaged in a wider exercise aimed at addressing more comprehensively those standards of internal control that were most relevant for improving accountability, reinforcing the assurance process and enhancing the effectiveness of decision-making in programming and implementation of pre-accession assistance¹⁵.

Other actions taken in 2009 by the Commission and relevant also for the management of pre-accession programmes that were closing down included the adoption of a Control Strategy document and Instructions to Delegations aimed at guiding their setting up of the internal control standards, particularly in the newly devolved¹⁶ EU Delegations in the Western

¹⁴ In February 2008 the Commission suspended payments of PHARE and the Transition Facility funds managed by two accredited agencies and in July 2008 it withdrew the accreditation of those agencies, i.e. their right to manage those programmes, following controls on the spot which revealed that the national management and control systems set up to manage pre-accession funds were not reliable. See 2008 Annual Report on PHARE, Turkey Pre-Accession Instrument, CARDS and Transition Facility, COM(2009)700 of 21.12.2009

¹⁵ Namely, the internal control standards related to *objectives and performance indicators, risk management process, processes and procedures and management supervision*

¹⁶ Until the end of 2008, the major part of the CARDS programme was managed by the European Agency for Reconstruction (EAR). Since September 2008, the remaining tasks of implementing this programme in the former Yugoslav Republic of Macedonia, Kosovo, Montenegro and Serbia were taken over by the EU Delegations under the responsibility of Commission headquarters (DG Enlargement)

Balkans, and clarifying aspects of supervision at headquarters. A payment claims validation policy for centralised management¹⁷, including the preparation of *annual assurance strategies* by Authorising Officers by Sub-Delegation¹⁸ (AOSD), was also adopted in this context. Additional *ex post* controls of AOSD acts in centralised management were foreseen from 2010.

The experience from implementation of PHARE and the Transition Facility under EDIS¹⁹ in Bulgaria and Romania has brought home the lesson that decentralised management of EU assistance *without ex-ante* controls should be introduced before accession, so that its efficiency and effectiveness can be demonstrated and confirmed in practice under the close scrutiny of the Commission.

Mindful of this, the Commission has set tight conditions for the decentralisation of the management of IPA funds to the Croatian authorities. These conditions will ensure that the national authorities are capable of assuming the tasks of managing pre-accession (IPA) funds before accession and Structural Funds after accession. Similarly, the Commission will take further action to address outstanding recommendations from audits and evaluations to strengthen the management and control systems for decentralised implementation of IPA in Turkey.

Implementation of pre-accession assistance in Bulgaria and Romania has also indicated that issues remaining during the last year of implementation can still be complicated and resource demanding. Therefore in 2009 the Commission intensified its efforts to secure a closer monitoring and *ex-post* follow up of the programmes that were closing-down.

Finally, the experience in Bulgaria and Romania has also had an impacted on the coordination of the EU pre-accession assistance in those countries. Following from Parliament's request for regular reporting on the status of implementation of EU funds in Bulgaria and Romania, in 2009 the Commission has created an additional internal coordination mechanism to monitor the management of EU funds in those two countries.

3.2. Lessons from implementation of the pre-accession instrument in Turkey and perspectives

Turkey is the biggest recipient of EU pre-accession assistance. Management of this assistance is partially decentralised, i.e. conferred to the national authorities, but under *ex ante* control by the EU Delegation. Although recognizing that projects funded from the EU budget had achieved their intended outputs and that results were likely to be sustainable, in its Special Report 16/2009 on the management of pre-accession assistance to Turkey under the

¹⁷ Applicable *mutatis mutandis* to decentralised implementation, although subject to further clarification in this case

¹⁸ I.e. with powers of budget implementation conferred upon them (delegated) by the Commission, as per Art. 51 of the Financial Regulation applicable to the EU general budget, Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002

¹⁹ Extended Decentralised Implementation System. Management of pre-accession assistance is an important learning phase for the national authorities of a candidate country to prepare for future management of the – considerably higher – amounts the country will receive after accession. Therefore management of pre-accession funds is conferred to the national authorities gradually, first under supervision by the EU Delegation (DIS - decentralised implementation with *ex ante* controls) and later on without such *ex ante* controls (EDIS)

instrument applicable in the period 2002-2006²⁰, the Court of Auditors considered that, in the past, the link of the assistance to the priorities of the enlargement agenda and its effectiveness in supporting those priorities could not be sufficiently demonstrated.

Mindful of the above findings, the Commission is taking steps under the new instrument for pre-accession assistance (IPA) to increase its effectiveness. In addition to strengthening the management and control system under decentralised implementation, already mentioned above, the following steps are being taken:

- Programming of financial assistance will be better linked to political priorities and will be complemented with a more sectoral approach where appropriate, with sector strategies aiming at both improved ownership and impact.
- The Commission will ensure that future projects have clearer objectives that result in an improved intervention logic with relevant and measurable indicators and benchmarks.
- Where necessary, clearly defined conditionalities will be used to ensure that beneficiaries implement the commitments necessary for financial assistance to achieve results and impacts.
- Increased focus on results and impact of projects under implementation will be given in the monitoring systems.
- Audits, evaluations and close monitoring will ensure that improvements are effective and further adjustments are brought under way to the system if necessary.

For more details on perspectives related to management of pre-accession assistance, please refer to the IPA 2009 Annual Report²¹ and related background document²².

4. PERFORMANCE OF PHARE/CARDS/TURKEY PRE-ACCESSION INSTRUMENTS

In 2009 sector, thematic and ad-hoc evaluations were completed as part of the Interim Evaluation (IE) scheme in Turkey and Croatia, covering mainly the pre-accession financial instrument (Turkey) and PHARE and CARDS (Croatia). Retrospective evaluations of CARDS programmes were conducted also in the former Yugoslav Republic of Macedonia, Kosovo, Montenegro and Serbia²³.

According to the evaluations, overall the assistance which has been delivered has addressed the priorities and strategies agreed with the beneficiaries. Evaluation findings suggested the performance of assistance varied from moderately satisfactory to moderately unsatisfactory. *Positive results* have been achieved, including an increased capacity of people and institutions working with EU-funded programmes across all sectors, with beneficial impacts on government policy, institutions, private entities and individuals. The instruments have provided the means to modernise infrastructure, equipment, practices and procedures.

²⁰ Special Report No 16/2009 *The European Commission's management of pre-accession assistance to Turkey*, published on 13 January 2010

²¹ Cf. footnote 8

²² SEC(2010)1430 final of 25 November 2010

²³ For Albania as well as Bosnia and Herzegovina, CARDS evaluations were completed and reported on in 2008

Interventions in the evaluated sectors have therefore produced political, social, environmental and economic impacts.

The performance of assistance was often mitigated by *weaknesses* identified in the beneficiary countries related to programming (insufficient institutional implementation capacity and national strategies at the time of preparation of project proposals), implementation (limited beneficiary capacity in some areas and delays in implementation) and monitoring (limited functionality of the sectoral monitoring sub-committees) of assistance. There was also a lack of tools to assess cost efficiency and the absorption capacity of beneficiaries remained rather weak.

Based on evaluation findings, *recommendations for future programming* included that beneficiary institutions dealing with pre-accession assistance should ensure more adequate capacity for programming and project design. This should include, in particular, more solid assessment of the needs and absorption capacity of the institution making use of the project outputs, a more systematic embedding of assistance with national strategies and higher consideration for efficiency aspects. Regarding implementation, the administrative efficiency within both the national structures and the EU Delegations should be increased further to enable timely procurement procedures and prevent implementation delays. Once projects are being implemented, they should be subject to more systematic monitoring. The monitoring system should be further strengthened both in terms of functionality of sectoral monitoring sub-committees and quality of monitoring reports.

The *long-term impact and sustainability of pre-accession assistance* remained an open issue in most beneficiaries, mainly due to high turnover of staff and budget uncertainty to cover follow up activities and operational/maintenance costs of projects. National authorities therefore need to promptly address the problem of high staff turnover to ensure long-term impact and sustainability. Future programming should also address more systematically the question of financial resources needed to ensure that outputs delivered by programmes are translated into sustainable results.

The beneficiaries are addressing the findings and recommendations from the 2009 evaluations. For its part, the Commission has intensified its regular monitoring of progress in the actions undertaken by the beneficiaries to address evaluation findings. In addition, the Commission is drawing from the findings of these evaluations to improve management of pre-accession assistance under the new IPA instrument, with regard not only to implementation, but also to programming and the wider intervention logic of the new instrument, as outlined above.

5. CO-OPERATION WITH THE EIB AND INTERNATIONAL FINANCIAL INSTITUTIONS

Developments in 2009 under the PHARE funded financial facilities created in cooperation with IFIs²⁴ saw an additional EUR 35 million of incentives earmarked for projects under the *SME Finance Facility (SMEFF)* and EUR 5 million of additional incentives committed under the *Municipal Finance Facility (MFF)*. Overall, 31 PHARE programmes were under implementation in 2009 under the four existing facilities (i.e. the two facilities mentioned above, plus the *Municipal Infrastructure Facility (MIF)* and the *Energy Efficiency Finance*

²⁴ The European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the Council of Europe Development Bank (CEB) in association with Kreditanstalt für Wiederaufbau (KfW)

*Facility (EEFF)*²⁵). New projects were approved under all the facilities except the MIF, for which the contracting period with local financial intermediaries had expired. The difficult market conditions still prevailing in 2009 have caused difficulties in the implementation of programmes under some of the facilities (e.g. MFF 2005 and 2006) as well as requests for amending their scope (e.g. include renewable energy projects under the EEFF). In 2009 those facilities were being reshaped in order to align them with the Europe 2020²⁶ objectives. This process was still ongoing at the end of the reporting period.

²⁵ For more information on the four programmes, see the 2008 Annual Report on PHARE, Turkey Pre-Accession Instrument, CARDS and Transition Facility (COM(2009)700 final of 21.12.2009)

²⁶ Europe 2020 is the new strategy for a smart, sustainable and inclusive growth, launched by the Commission on 3 March 2010 (COM(2010)2020 final, of 3.3.2010) to exit the economic crisis and prepare the EU economy for the next decade and adopted by the Council in June 2010 (EUCO 13/10 of 17 June 2010)

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COMMISSION STAFF WORKING PAPER
COUNTRY SECTIONS & ADDITIONAL INFORMATION

Accompanying document to the

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LIST OF ACRONYMS

| | |
|--------|---|
| BSP | Business Support Programme |
| CBC | Cross Border Cooperation |
| CFCA | Central Financing and Contracting Agency |
| CFCD | Central Financing and Contracting Department |
| CFCU | Central Finance and Contracts Unit |
| CfP | Call for Proposal |
| CI | CzechInvest |
| CP | Consumer Protection |
| CIPS | Citizen Identification Protection System |
| CODEF | Central Office for Development Strategy and Coordination of EU Funds |
| CPIE | Country Programme Interim Evaluation |
| CPMA | Central Programme Management Agency |
| CRD | Center for Regional Development |
| CBIB | Cross-Border Institution Building |
| CSER | Country Summary Evaluation Review |
| DABLAS | Danube-Black Sea Task Force for co-operation on water protection in the wider Black Sea Region |
| DEI | Directorate of European Integration |
| DFID | United Kingdom's Department for International Development |
| DIS | Decentralised Implementation System |
| EASA | European Aviation Safety Agency |
| ECENA | Environmental Compliance and Enforcement Network for Accession |
| EAR | European Agency for Reconstruction |
| EBRD | European bank for reconstruction and development |
| ECAA | European Common Aviation Area |

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| ECLO | European Commission's Liaison Office |
| ESCB | European System of Central Banks |
| EDIS | Extended Decentralised Implementation System |
| EEFF | Energy Efficiency Finance Facility |
| EFSE | European Fund for Southeast Europe |
| EIB | European Investment Bank |
| ENPI | European Neighbourhood and Partnerships Instrument |
| ESF | European Social Fund |
| EU | European Union |
| FDI | Foreign Direct Investment |
| FIAS | Multi-Donor Investment Climate Advisory Service |
| GOEA | Government Office for European Affairs |
| GIS | Geographical Information System |
| IA | Implementing Agency |
| IBM | Integrated Border Management |
| ICT | Information and Communications Technology |
| ICTY | International Criminal Tribunal for the former Yugoslavia |
| IFC | International Finance Corporation |
| IFI | International Financial Institutions |
| IMF | International Monetary Fund |
| IPA | Instrument for Pre-accession Assistance |
| IPF | Infrastructure Projects Facility |
| IPR | Intellectual Property Rights |
| ISR | Implementation Status Report |
| ISIS | Integrated Standby Instrument System |
| IT | Information and Telecommunication |
| JMC | Joint Monitoring Committee |
| LPIS | Land Parcel Identification System |

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| LSDS | Local sustainable development strategies |
| MAFWE | Ministry of Agriculture, Forestry and Water Economy (the former Yugoslav Republic of Macedonia) |
| MFF | Municipal Infrastructure Facility |
| MIS | Management Information System |
| MIPD | Multi-Annual Indicative Planning Document |
| NADSME | National Agency for Development of Small and Medium Enterprises |
| NAO | National Authorising Officer |
| NAC | National Aid Coordinator |
| NBS | National Bank of Serbia |
| NGO | Non-Governmental Organisation |
| NIPAC | National IPA Coordinator |
| NF | National Fund |
| NP | National Programme |
| NPP | Nuclear Power Plant |
| NROS | Civil Society Development Foundation |
| NTF | National Training Fund |
| OECD | Organisation for Economic Co-operation and Development |
| OSCE | Organisation for Security and Cooperation in Europe |
| PAED | Polish Agency for Enterprise Development |
| PAO | Programme Authorising Officer |
| PAR | Public Administration Reform |
| PARCO | Public Administration Reform Coordinator's Office |
| PCM | Project Cycle Management |
| PIU | Project Implementation Units |
| PPP | Public-Private Partnership |
| PSK | Probation service of Kosovo |
| RDSA | Regional Development Support Agency |

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|-------|--|
| ROM | Results-Oriented Monitoring |
| SAA | Stabilisation and Association Agreements |
| SCTM | Standing conference of towns and municipalities |
| SEE | South East Europe |
| SEETO | South East Europe Transport Observatory |
| SF | Structural Funds |
| SIGMA | Support for Improvement in Governance and Management |
| SME | Small and Medium Sized Enterprises |
| SMSC | Sector Monitoring Sub-Committee |
| SEMS | South-East European Messaging System |
| SPO | Senior Programme Officers |
| TA | Technical Assistance |
| TAIEX | Technical Assistance Information Exchange Unit |
| UKIE | Office of the Committee for European Integration |
| UNDP | United Nations Development Programme |
| UNFPA | United Nations Population Fund |
| UNODC | United Nations Office on Drugs and Crime |
| UNRC | United Nations Resident Coordinator |
| VAT | Value Added Tax |
| VET | Vocational Education and Training |

PART I: COUNTRY SECTION

1. ALBANIA

1.1. Summary

As in previous years, in 2009 the implementation of CARDS programmes in Albania was managed by the EU Delegation to Albania.

By the end of the reporting period, CARDS 2001-2004 were fully contracted and paid; CARDS 2005 was fully contracted and the contracting period of CARDS 2006 reached its deadline. During 2009, particular emphasis was given to progress in the implementation of the remaining CARDS 2005 and 2006 programmes. This goal was achieved with reaching for all CARDS programmes in Albania an overall contracting rate of 97% and a rate of almost 80% of allocations disbursed to beneficiaries.

Throughout 2009, the implementation of CARDS programmes was of valuable assistance to Albania, as programmes targeted mainly relevant EU accession-related areas such as the judiciary and fundamental rights, police and border management, civil society, agriculture, environment, transport and municipal infrastructure.

1.2. Financial assistance in 2009

i) Programmes launched

As of 2007, the CARDS instrument was replaced by the new Instrument for Pre-Accession Assistance. Therefore, no new CARDS programmes were launched in 2009.

ii) Overview of programmes implemented

In 2009, the sector of justice, freedom and security remained an important area of assistance under CARDS. Projects under the CARDS 2005 programme in the fields of the judiciary and fundamental rights supported the sustainability of the School of Magistrates and provided assistance to the strengthening of the administrative capacity of the General Prosecutor Office. A CARDS 2004 project provided substantial technical assistance to the juvenile justice system and penitentiary reform, offering alternative measures to detention at pre-trial, trial and post-trial stages and promoting prevention of juvenile delinquency and social reintegration of offenders.

Support provided to the justice sector through the Justice Assistance Mission of the EU to Albania (EURALIUS) brought the Albanian Justice System closer to European standards and EU best practices. The project was composed of technical assistance drawn from EU Member States and led to improvements in particular as regards: i) justice organisation; ii) drafting of legislation; iii) budget management; iv) penitentiary reform and development of probation services; v) enforcement of rulings; vi) criminal justice; vii) court administration and case management; viii) property rights.

In order to strengthen Border Police surveillance, patrolling and border control capacity along Albania's borders, a contract was signed in May 2009 for the refurbishment of 17 Special

Border police stations located in Bajze, Perrenjas, Vicsht, Kukes, Spille, Bllate, Divjake, Tropoja, Livadhja, Dhermi, Kakavije, Kapshtice, Liquenas, Pogradec, Shtik, Tri-port and Borsh. The value of construction works was EUR 1.43 million. The scope of works comprised main infrastructure upgrades such as civil construction and sanitary works, installation of new doors and windows, new heating, ventilation, air conditioning, security and fire fighting systems, other utilities and landscaping works.

In 2009, the EU Delegation to Albania launched, under CARDS 2006, three calls for proposals for Civil Society in the areas of support to the media, anti-corruption and the environment. As a result, eighteen contracts in total were awarded, among which four to supporting the media (totalling about EUR 380 500 of CARDS contribution), seven for the promotion of anticorruption activities (totalling about EUR 600 000 of CARDS contribution) and seven for the protection of the environment (about EUR 580 000 of CARDS contribution in total). Support under the first set of contracts was focused on enhancing the role of the media in the country's integration process, especially in terms of enhancing its independence and monitoring capacity. In the area of anti-corruption, assistance was provided to strengthen the role of Civil Society and promote transparency, accountability and good governance and fight corruption. Projects in the environment sector sought to empower civil society to contribute to solving the country's environmental problems by promoting cooperation among environmental organisations, government, private institutions, businesses and other stakeholders.

Through such targeted assistance, supporting civil society organisations to strengthen their role in the country's public affairs, the EU is contributing to promote democratisation and sustainable development in Albania.

In 2009, a CARDS 2006 funded project of EUR 5 million provided support to the Ministry of Environment to adopt environmental legislation in a 4-components project. In addition, in the context of remediation of hazardous waste hot spots, a PVC¹ factory in Vlora was supported - the factory had used mercury in the production process thus severely contaminating large areas around the factory site.

In the agricultural sector, in the last years wine consumption in Albania increased at an annual rate of 16 % and such an increased demand encouraged farmers to plant new areas with vineyards. In order for the sector to become competitive and to use better its resources, a project under the CARDS 2006 programme worth EUR 650 000 assisted the Ministry of Agriculture, Food and Consumer Protection to establish the vineyard cadastre, taking into consideration the relevant EU legal acts reflecting the most recent amendments of the legislation on the common market organisation in wine. About 9,000 vineyard units or around 50 % of the total number were registered into an open source GIS² system. The project terminated in May 2010.

With regard to economic and social development, a CARDS 2005 project establishing a National Food Authority worth EUR 3 million was ongoing in the course of 2009 and is foreseen to terminate in February 2011.

¹ Polyvinyl chloride (PVC), third most widely produced plastic

² Geographical Information System (GIS)

In the field of protection of cultural heritage, in 2009 the CARDS 2006 programme assisted the Ministry of Tourism, Culture, Youth and Sports to improve urban infrastructure around historical sites in Tirana, Kruja and Himara. The project included three works contracts and one supervision, as follows: in Tirana, the reconstruction of the road near Tirana castle was financed with EUR 1.98 million; the rehabilitation of the Old Bazaar road in Kruja and inner roads in the Kruja Castle were financed with EUR 760 000; infrastructure works in the old castle of Himara were supported with EUR 410 000. Finally, EUR 300 000 were contracted for the supervision of these works. The works are expected to be completed in 2011.

iii) Cards management performance

In 2009, performance in managing CARDS programmes in Albania was well on track. CARDS 2001-2004 were considered fully contracted and disbursed. CARDS 2005 was almost fully contracted (95%) and disbursement advanced well (72%). CARDS 2006 was also almost fully contracted by the end of the reporting period (96% of allocated funds, corresponding to EUR 40.8 million). However, payments for CARDS 2006 were lagging behind, with only EUR 14.6 million disbursed (42%).

Table 1 - Financial execution as at the end of December 2009 (in million EUR) – CARDS annual programmes

| | Allocated | Contracted | RAC ³ | % contracted | Paid | RAL ⁴ | % paid |
|-------------------|---------------|---------------|------------------|--------------|---------------|------------------|------------|
| CARDS 2001 | 33.50 | 32.68 | 0.82 | 98% | 29.16 | 3.52 | 89% |
| CARDS 2002 | 42.90 | 41.53 | 1.37 | 97% | 40.39 | 1.14 | 97% |
| CARDS 2003 | 38.50 | 37.83 | 0.33 | 98% | 37.40 | 0.43 | 99% |
| CARDS 2004 | 62.00 | 58.07 | 0.00 | 99% | 49.78 | 8.29 | 86% |
| CARDS 2005 | 40.20 | 38.03 | 2.17 | 95% | 27.57 | 10.46 | 72% |
| CARDS 2006 | 42.50 | 40.85 | 1.65 | 96% | 14.68 | 24.44 | 42% |
| TOTAL | 259.60 | 248.99 | 6.34 | 97.1% | 198.98 | 48.28 | 78% |

iv) Institution Building highlights

No twinning contracts were signed during 2009 under CARDS . However, some ongoing twinnings projects funded by CARDS continued to be implemented in 2009.

A CARDS 2004 Twinning project aiming at enhancing the Albanian judiciary in commercial matters was implemented in the period 2007-2009 and assisted the Judiciary through increasing court capacities to deal with commercial cases, as well as with training of judges and lawyers. It also supported the approximation and harmonisation of Albanian legislation on commercial issues with EU standards and best practices. In the framework of the project, the publication of the first legal commentary on the new Albanian Company Law was financed.

A CARDS 2005 Twinning project with the Albanian General Prosecutor's office on evaluations and inspections was implemented throughout 2009, starting in 2008 and terminating in 2010. The project supported the office capacity to inspect and evaluate those under its command and enable investigations and prosecutions to be conducted diligently and expeditiously, in order to result in a more efficient and transparent judiciary and decreased corruption within the judicial system.

³ Remains to be contracted (*Reste à contacter*)

⁴ Remains to be disbursed (*Reste à liquider*)

The CARDS 2004 project: "Training of prison staff: managing prisons in a humane way" was also implemented in the years 2007-2009 and provided support to the Albanian prison administration to improve prison management by adequate training of high management prison staff. It also developed the establishment of a complete human resources system from recruitment to basic training and other further adequate training of prison staff. The project further assisted the trainers' team coming from different penitentiary institutions by means of a better curricula and providing them with further training skills.

In 2009, the EU continued its contribution to the development and modernisation of the civil registry system in Albania (CARDS 2004). The project started in 2006 and ended in 2010. The project also assisted the development of data protection requirements and standards and the setting up of the Data Protection Commissioner's Office.

1.3. Results and impact

i) Monitoring and Evaluation Reports in 2009 - Lessons Learned

No new evaluations of CARDS financial assistance took place in Albania in 2009. However, some of the lessons learnt from the Ad-Hoc Evaluation of all CARDS Programmes in Albania⁵, for which the Final Report was issued on 17 December 2008, were relevant and were taken into consideration for the implementation of CARDS programmes in 2009.

- Lessons learned in relation to *projects' relevance*: i) the relevance of CARDS funded projects was good, but not consistently based on sector strategies and in-depth needs assessments; ii) CPS had a limited strategic planning value, the MIPs made a good effort in aligning CARDS priorities to the rapid development of Albania in line with SAP, but especially with NSSED; iii) Ownership in the programming process at the line ministry level was found to be weak in the beginning of the period, which had an impact on the needs assessment and thereby on the relevance of the assistance.
- Lessons learned in relation to *effectiveness*: i) the missing public administration reform strategy and the poorly-implemented civil service law were seen as impacting the effectiveness of CARDS assistance to the area, despite its limited level; ii) the impact of civil society projects was also assessed as limited, due to the focus and implementation mechanisms of civil society activities.
- Lessons learned in relation to *efficiency*: i) overall, CARDS support to strengthen institutional capacity for strategic planning was weak; ii) the sectors supported have suffered from inadequate project design or needs assessment, which has impacted on CARDS performance; iii) overall CARDS has performed better in *acquis*-related areas than in support to public administration as such; iv) the inadequate needs assessment reflects that there was a lack of capacity for both programming and project design and development, especially in line ministries; v) project implementation registered delays, due to lack of administrative capacity and shortage of staff allocated to this in line ministries.

⁵ Evaluation (EU/2008/154-009) covering the following sectors: Justice and Home Affairs, Administrative Capacity Building, Economic and Social Development, Environment and Natural Resources, Civil Society Development

- Lessons learned in relation to *impact*: i) weak project design impacted negatively on relevance and on the overall performance of CARDS; ii) while ownership of the overall programming process seemed satisfactory, thanks to the increasing coordinating role of Ministry of European Integration (MEI) and Department of Strategy and Donor Coordination (DSDC), future assistance should give more attention to increasing beneficiaries' ownership during the implementation phase;
- Lessons learned in relation to *sustainability*: i) further development of the administration in terms of staff numbers and competences as well as at the top level in the ministries engaging in the reform processes will be a prerequisite for sustainability; ii) the missing public administration reform strategy and the poorly-implemented civil service law were seen as impacting also the sustainability of the results of CARDS assistance to the area; iii) staff (at all levels) was no longer in place due to replacements generally in the administration (especially after the 2005 elections); iv) sustaining the results of many of the projects funded by CARDS in the sectors covered by the evaluation will demand a significant investment from both the Albanian state budget and donors.

ii) Sectors with positive results

One of the main sectors profiting from CARDS programmes in 2009 was the area of justice and home affairs. This sector had been identified as an area of special concern in previous progress reports, analyses and monitoring exercises, even if important work was achieved in the framework of the visa liberalisation dialogue. With this regard, progress in the areas of the judiciary, freedom and security was especially valuable. A project of particular importance in this respect was the EURALIUS project (Justice Assistance Mission of the EU to Albania), which successfully brought the Albanian justice system closer to European standards and EU best practices.

iii) Success stories

"Construction of reintegration centre for minors in Kavaja"/"On the Rights Track: Establishment of Preventive and Restorative Juvenile Justice System in Albania" (CARDS 2004)

The situation in pre-detention facilities in Albania was of great concern, as facilities were overcrowded and juveniles were not separated from adults. Albania lacked a proper juvenile reform institution and existing centres were in a state below human dignity. Therefore under CARDS 2004, the EU supported the strengthening of a functioning juvenile justice system in accordance with EU standards and international human/children rights instruments.

With the help of CARDS funds, the construction of a reintegration centre for juveniles for an amount of EUR 1.7 million (100% EU Contribution) was made possible. The Reintegration Centre for Minors in Kavaja provides accommodation for around 40 juvenile inmates. The centre consists of various blocks including areas for detention, classrooms, workshops, leisure facilities, doctors' facilities, kitchen, laundry, visiting areas and administration. The gross floor area is around 3.200 m². The new juvenile detention centre in Kavaja has been built in accordance with EU standards and international human/children rights instruments. The new facility is a specialised centre for minors fully operational in terms of adequate infrastructure, equipment and professional staff.

"Construction of the Joint Border Crossing Point at Murriqan/Sukobin with conventional building technologies" (CARDS 2004)

The EU helped to renovate the border police and customs facilities at the border crossing point between Albania and Montenegro (EUR 1.1 million of CARDS contribution). It also supplied border control equipment and provided specialised training and technical assistance to border police and customs agents operating at the border. Furthermore, it established operational inter-agency cooperation systems between the border police and the customs authorities at the border. From a wider perspective, this project aims at contributing to the prevention of illegal migration and the eradication of cross border crime. It should also facilitate *bona fide* cross border movement of people and goods by upgrading Albania's border management system to EU standards.

2. BOSNIA AND HERZEGOVINA

2.1. Summary

As in previous years, in 2009 the implementation of CARDS programmes in Bosnia and Herzegovina was managed by the EU Delegation to Bosnia and Herzegovina. CARDS continued to support key reform areas such as public administration reform, the rule of law, socio-economic development and the introduction of European Standards in the country.

2.2. Financial assistance in 2009

i) Programmes launched

As of 2007 the CARDS instrument was replaced by the Instrument for Pre-Accession Assistance (IPA). Therefore, no new CARDS programmes were launched in 2009.

ii) Overview of programmes implemented

In 2009, the EU Delegation to Bosnia and Herzegovina awarded contracts with a value EUR 4.3 million under the CARDS instrument and managed 180 ongoing CARDS contracts which had been concluded between 2004 and 2009, with a total value of EUR 60 million.

In the area of good governance and institution building, CARDS supported the reform of the judiciary and the police, and public administration reform including support to the Parliament and to the decentralisation of EU assistance. A considerable share of the assistance in the sector was spent on border management, asylum and migration. Further projects supported civil society, the media, minorities and returnees.

Examples of the assistance for the judicial sector are the rehabilitation of court buildings, the purchase of IT equipment and legal books for judges and prosecutors, support in the fight against corruption, money laundering and drugs as well as the assistance to the international Registry of the State Court. Police reform was supported with technical assistance and equipment.

Examples of the assistance to public administration reform and institution building are the support for the Directorate for Economic Planning, the Public Procurement Agency, the Agency for Healthcare, the Ministry of Security, the rehabilitation of the Parliament building and the delivery of IT equipment to a wide range of institutions.

CARDS provided technical assistance to the implementation of the Integrated Border Management Strategy and to the professional qualification of the State Border Police. Works contracts were used to construct border crossing points, to block illegal border crossings, to construct the reception facility for irregular migrants and the headquarters of the service for foreigner affairs. IT equipment, vehicles and office furniture were delivered to equip the above services.

The media were supported through technical and professional advice on radio and television news production. The economic and social re-integration of minorities and minority returnees

was supported as well as the cooperation between civil society organisations and authorities in the development of the social policy sector.

Socio-economic development received CARDS assistance for the reform of the education system and the labour market and further support was provided to economic operators, small and medium enterprises and tourism development.

Examples for the assistance to the education sector are the support to the general education reform through the establishment of the State Agency for Education, the support to the reform of the vocational education and training system and the delivery of technical equipment to vocational education and training centres. A labour information system was implemented and equipped with IT systems. Entrepreneurial development centres, including the Women's Entrepreneurship Academy, were supported, a business incubator in Prijedor was established and assistance to increase the competitiveness of small and medium size enterprises was provided. A variety of tourism development projects were implemented, e.g. eco-rural tourism in Sabici, the Bosnian Kingdom Trail, and the touristic development of the Vrbas valley.

A considerable share of CARDS assistance in 2009 was spent on approximation to the EU *acquis*. CARDS projects in the fields of agriculture and rural development, veterinary, statistics, transport and energy, trade, intellectual property rights and environment protection were implemented.

Prominent examples of *acquis* related projects are the promotion of organic farming, aquaculture, the establishment of an agro-incubator in Zepce, the institution building support to the State Veterinary Office, the supply of equipment to establish a common statistical IT system in the country, the delivery of designs for major railway sections and roads on the corridor Vc, the support to the State Regulatory Agency for Electricity and Gas, support to trade policy development, capacity building for the protection of intellectual property rights, the rehabilitation and construction of landfills, as well as the supervision of the construction of sewage collectors in Zivinice.

Further CARDS projects promoted EU awareness and culture, supported regional cooperation, science and research, cross-border cooperation and the participation of Bosnia and Herzegovina in Community Programmes, in particular in the 7th Research Framework Programme.

iii) Cards management performance

Table 1 - Financial execution as at the end of December 2009 (in million EUR) – CARDS annual national programmes

| | Allocated | Contracted | RAC | % contracted | Paid | RAL | % paid |
|-------------------|--------------|---------------|--------------|--------------|---------------|--------------|------------|
| CARDS 2001 | 105.2 | 98.56 | 6.64 | 94% | 98.12 | 7.08 | 93% |
| CARDS 2002 | 60.5 | 59.30 | 1.2 | 98% | 56.53 | 3.97 | 93% |
| CARDS 2003 | 50.6 | 49.38 | 1.22 | 98% | 46.07 | 4.53 | 91% |
| CARDS 2004 | 62.1 | 60.49 | 1.61 | 97% | 59.46 | 2.64 | 96% |
| CARDS 2005 | 44.0 | 43.21 | 0.79 | 98% | 41.76 | 2.24 | 95% |
| CARDS 2006 | 43.8 | 42.69 | 1.11 | 97% | 37.57 | 6.23 | 86% |
| TOTAL | 366.2 | 353.63 | 12.57 | 97% | 339.51 | 26.69 | 93% |

The performance in managing CARDS annual programmes as at the end of the reporting period was overall satisfactory. The CARDS programmes 2001 – 2006 could be considered

almost fully contracted (97 %) and payments for the six years period reached the level of 93%.

iv) Institution Building highlights

The EU Delegation continued the coaching and training programme for the preparation of the *decentralised implementation* of IPA in Bosnia and Herzegovina. The process financed by CARDS included coaching and training the Directorate of European Integration on strategic planning, project preparation and assessment and the setting up of a structured network of counterparts for project planning, design and implementation in all line ministries and State agencies.

CARDS assisted *Public Administration Reform (PAR)*, one of the key European Partnership priorities, through strengthening the systems of public administration and through administrative capacity building of selected key sectors. It supported the PAR Coordinator's Office in the implementation of the PAR strategy and action plan. The well established coordination mechanism for the deployment of the PAR fund continued to work, involving government representatives from all administrative levels and different PAR donors.

The *Personal Data Protection Agency* received assistance through a twinning project with the objectives to harmonise the national legislation with the *acquis* and thus ensure full compliance with European data protection standards, to strengthen the institutional and administrative capacities of the Data Protection Agency to supervise the enforcement of the law on personal data protection, and to strengthen the awareness and capacities of civil servants and police bodies who are controlling or processing personal data.

The Directorate for the *Citizen Identification Protection System* received assistance through a twinning light project with the objective to ensure a more coordinated, systematic and methodological approach in the use of information and communication technology in the public sector and the management of identification documents related databases in Bosnia and Herzegovina.

Further good examples of institution building in 2009 were the support for the Directorate for *Economic Planning*, the *Public Procurement Agency*, the Agency for *Healthcare*, and the Ministry of *Security*, which received institution building support through technical assistance.

Donor coordination was ensured throughout the entire project management cycle from project design to implementation. In particular, the Commission together with other donors was involved in setting up an Aid Coordination Committee together with the Ministry of Finance and Treasury, the Directorate for European Integration and the Directorate for Economic Planning. Monthly coordination meetings on programming and assistance implementation were held with EU Member States.

2.3. Results and impact

i) Monitoring and Evaluation Reports in 2009 – Lessons Learned

No evaluation of EU assistance took place in Bosnia and Herzegovina in 2009. However most of the lessons learned from the last evaluation, the Ad-Hoc Evaluation of the CARDS Programme in Bosnia and Herzegovina in December 2008, as shown below, were still relevant in 2009:

- Lessons learned in relation to project's *relevance*: European Union assistance supported the key policy priorities of both donors and the national administration. Project designs were revised in response to changes in local political priorities but this was not always sufficient to ensure the assistance met beneficiary needs.
- Lessons learned in relation to *effectiveness*: The multi-faceted return programme was effective with high levels of initial return of refugees. Multi-annual sub-sectoral funding improved effectiveness of institution building despite an increasingly difficult project environment.
- Lessons learned in relation to *efficiency*: Good inter institutional collaboration improved the efficiency of reconstruction programmes. Administrative control within the Delegation led to rapid procurement but reduced beneficiary ownership. The use of different methods of contracting met the needs of different types of beneficiary and improved efficiency.
- Lessons learned in relation to *impact*: The impact of EU assistance on the return process and democratic stabilisation overall had more mixed success. The creation of durable State-level institutions, a main thrust of EU institution building support, was challenging with success varying considerably between sectors.
- Lessons learned in relation to *sustainability*: Sustainable institutional structures for the return process were created and taken over by the State. Many State-level institutions lack local ownership which threatens sustainability.

ii) Sectors with positive results

CARDS supported Bosnia and Herzegovina in achieving key benchmarks of the *visa liberalisation process* in the area of justice, freedom and security. resulting particular, a revised strategy and action plan on the prevention of anti-money laundering and financing of terrorist activities, a revised anti-corruption strategy and action plan and the law on the agency for prevention of corruption and on cooperation in the *fight against corruption* were adopted. The establishment of the latter will allow Bosnia and Herzegovina to start tackling the issue of corruption in a comprehensive manner.

With the support of CARDS, Bosnia and Herzegovina harmonised its confidential *data protection* legislation with EU standards and established EU- conform security infrastructure such as security areas, registries and communication and information systems in eight State-level institutions for safeguarding and secure transmission of confidential data. Furthermore, CARDS supported the Personal Data Protection Agency in the process of harmonising legislation with relevant EU regulations, strengthening the structure and capacity of the agency, developing of a central registry for hardware and software containing personal data throughout the country and training public servants in the security, telecommunication, finance and health sector. With this support Bosnia and Herzegovina started working on achieving the data protection level required for future European and international cooperation

Although there was a standstill with the progress of introduction of the *decentralised implementation system* due to the absence of key nominations, the assistance provided through CARDS to the Ministry of Finance and Treasury and to the Directorate for European Integration has greatly helped develop the capacity of the staff and the preparation of internal procedures and manuals that will be part of the accreditation package.

In the course of 2009, CARDS assistance supported the work of the Public Procurement Agency and the agencies for civil service. Two information management systems were developed - for the electronic publication of *public procurement* notices that will increase their visibility and accessibility and provide reliable information on procurement procedures conducted, and the *human resource management* information system that will provide a tool for efficient management of data on civil servants at all the levels of the administration.

iii) Success stories

“Rehabilitation of the Municipal and Cantonal Courts Building in Sarajevo” (CARDS 2006)

The rehabilitation works of these courts was successfully completed in November 2009 and a big inauguration event was organised. The total project cost was EUR 3.2 million out of which the EU provided over EUR 2 million for rehabilitation works, works supervision and provision of furniture for the rehabilitated premises. The project was co-funded by the Ministry of Justice and the Sarajevo Canton, Norway and Sweden. The ability of the Sarajevo Municipal Court and Sarajevo Cantonal Court to carry out their administrative and judicial functions more effectively and efficiently through the efficient and coordinated use of space in the existing building by upgrading the physical status of the premises was enhanced through this reconstruction.

“Construction of Reception Centre for Irregular Migrants in Bosnia and Herzegovina” (CARDS 2006)

The construction of the first closed reception centre for irregular migrants in Bosnia and Herzegovina was successfully completed in October 2009 and a big inauguration event was organised. The EU provided EUR 1.2 million for the construction, supervision, supply of furniture, equipment and vehicles for transportation of the migrants to the countries of origin. The centre provides for lawful detention of irregular third country nationals in conformity with international and EU standards and best practices, including but not limited to first aid and assistance, respect for the traditions, culture and religion, guarantee for the safety of the foreign nationals, protection of personal data and preparation for the return to the country of origin or to another country. The centre is located in Lukavica, near Sarajevo, as an extension of the existing facility of a temporary reception centre. The centre allows accommodation for 80 residents and includes also adequate space and facilities for staff working in the building.

“Construction of Border Crossing Point in Klobuk” (CARDS 2004)

The construction of the border crossing point in Klobuk was successfully completed and handed over to the project beneficiary, the Indirect Taxation Authority in November 2009. The EU provided EUR 2.6 million for the design, construction and supervision. The border crossing facility for passengers and freight traffic is located on the international road Trebinje-Niksic, connecting Bosnia and Herzegovina and Montenegro. The construction enhanced the performance and the efficiency of the customs clearance and border control, enabled adequate control of freight and passengers crossing the border, as well as facilitation of their smooth legal flow across the border and strengthened cross-border cooperation.

3. BULGARIA

3.1. Summary

In 2009, Bulgaria implemented both pre-accession and post-accession assistance to address the remaining needs related to Institutional Building for the implementation of the *acquis*, in line with the Extended Decentralised Implementation System (EDIS).

Since July 2007 implementation is carried out under the entire responsibility of the Bulgarian authorities applying national procurement rules. Four implementing agencies are fully responsible for daily implementation of projects.

In February 2008 the financing for the PHARE and Transition Facility (TF) programmes managed by two of the accredited Agencies - the Central Finance and Contracting Unit (CFCU) and the Implementing Agency at Ministry of Regional Development and Public Works (MRDPW) - was suspended and in July 2008 the Commission withdrew the right of those agencies to manage PHARE and Transition Facility programmes on a decentralized basis. The Bulgarian National Authorising Officer (NAO) was requested to prepare an assessment of the system weaknesses and an estimate of their impact. Such assessments and proposals for financial corrections were sent to the Commission by Bulgaria at the end of October 2009. This led to the lifting of the payment suspensions by DG Enlargement on 18 November 2009.

The National Aid Coordinator (NAC) continued to exercise the programming function for the Transition Facility programme and monitoring of both Pre-accession and Transition Facility Programmes. The NAO carried out the financial supervision.

DG Enlargement continued to exercise the residual functions related to Commission responsibilities (monitoring, payments, closure of projects) in line with the Financial Regulation.

3.2. Implementation of PHARE and the Transition Facility in 2009

i) PHARE 2005 – finalisation of payments

By the end of 2009, the payments disbursed by the Bulgarian authorities under PHARE 2005 reached 77.10%. There were several contracts whose period of execution continued until November 2009.

ii) PHARE 2006 – finalisation of payments

At the end of the implementation period for the 2006 PHARE programme, on 30 November 2009, 65.10% of the contracted amount had been disbursed. By the end of the reporting period, all the projects were implemented but still some payments remained to be executed, upon verification of the achieved results.

iii) Transition Facility 2007

The Transition Facility (TF) 2007 package comprised 28 twinning and twinning light projects, 14 technical assistance projects (TAs), 9 supplies and 2 grant schemes. The programme was managed by the CFCU. The deadline for contracting the 2007 TF programme

expired on 15 December 2009. Tendering and contracting of twinning projects were finalized successfully. However, since the accreditation of the CFCU had not been restored and only twinning projects could be contracted, the overall contracting rate reached by the deadline was only 68.8%. The disbursement rate was 50.34%.

iv) Institution Building highlights

In 2009 the National Aid Coordinator was moved from the Ministry of Finance to the Council of Ministers. All the four Implementing Agencies restructured their capacity, focusing it mainly on the monitoring and payments, since contracting was phasing out.

Twinning continued to remain a successful instrument in many areas and helped the Bulgarian administration to further strengthen its capacities to implement and enforce EU legislation. In particular, the twinning contracts under PHARE 2006 supported the capacity building of the National Revenue Agency, the institutional and administrative structures in charge of management, monitoring and control of Structural Funds for effective participation of Bulgaria in EU Cohesion Policy, the Agency for Economic Analysis and Forecasting and others.

As to the 2007 Transition Facility Programme, also in this case twinning remained an important implementation instrument. Altogether the Programme included a total of 22 standard twinning projects and 6 twinning light projects in areas such as agriculture, environment, justice and home affairs (with the majority of projects in the fields of reform of the judiciary, police, organised crime, but also border matters and migration issues), and social policy.

3.3. Results and Impact

i) Joint Monitoring Committee (JMC) / Sector Monitoring Sub-Committees (SMSC)

In 2009 the JMC continued to supervise progress of PHARE and TF assistance and to provide recommendations on the management of the programmes. Two JMC meetings took place, in February and July, discussing issues such as further improvement of project management and, mainly, monitoring and follow-up of the irregularities as well as reporting to the Commission and making proposals for remedial actions.

In 2009 two rounds of SMSC meetings also took place. Due to the phasing out of the PHARE Programme, the projects to be monitored were substantially reduced. During the JMC of July 2009 it was decided to close the Public Administration Reform sector and reallocate the remaining projects to the existing sectors, to merge the Energy and Telecommunications and Economic Development sectors and produce a dual report and to merge the Transport and Regional Development sectors and produce a single report.

ii) Monitoring and Evaluation Reports in 2009 (lessons learned)

Overall responsibility for monitoring the PHARE and Transition Facility programmes in Bulgaria lies with the NAC services within the Ministry of Finance. In 2009 the activities in this area were carried out on the basis of the Annual Interim Evaluation Plan 2009, which was endorsed by the Commission in July of that year.

The Interim Evaluation of 8 SMSC monitored sectors was launched during 2009. Moreover, three in-depth reports were prepared in the fields of economic development and justice.

In 2009, two Country Summary Reports were issued for the JMC meetings of July 2009 and March 2010. The reports provided useful information, based on the findings of the sectoral evaluation reports launched in 2009. Some issues in the sectoral parts gave rise to concerns, as for example the non-contracted commercial components related to twinning in justice and home affairs, which might negatively impact the overall achievement of projects results. Furthermore, the effectiveness of projects in the economic development sector is rated as 'barely satisfactory' and the independent evaluators recommended that detailed *ex post* evaluations of the grant schemes in this sector should be conducted by the Implementing Agency in order to identify key lessons learned in both administrative and operational aspects.

4. CROATIA

4.1. Summary

In 2009, Croatia continued to implement, under the Decentralised Implementation System (DIS), pre-accession assistance addressing needs related to preparations for EU membership.

The Central Finance and Contracting Agency (CFCA) was responsible for the implementation of projects and is therefore in charge of tendering, contracting and payments, the latter in collaboration with the National Fund. The technical implementation of projects was the responsibility of beneficiary institutions, through a series of Project Implementation Units (PIU) under the authority of Senior Programme Officers (SPO). The National Aid Coordinator (NAC) conducted monitoring of both PHARE and CARDS programmes. The National Authorising Officer (NAO) carried out the overall financial supervision.

Commission services were also extensively involved, with the EU Delegation exerting *ex ante* controls as well as monitoring.

PHARE and CARDS programs implemented in 2009 were generally well focused on the accession priorities established in the Enlargement Package and in some cases have addressed specific negotiations requirements (opening and closing benchmarks). In general, and as stressed in the 2009 Country Programme Interim Evaluation, completed projects have delivered the expected results. EU programs were partly used to draft or update the strategic framework in key areas of the accession process, while at the same time assisting Croatian institutions in their concrete implementation.

A strong alignment with accession requirements - and specific negotiations issues – was for instance evident in the assistance related to chapters like taxation, customs union, statistics, the internal market, agriculture and rural development, fisheries as well as food safety, veterinary and phytosanitary policy. To give examples, PHARE projects related to agriculture and rural development have *inter alia* supported the setting up of a Paying Agency operating in line with the EU requirements. PHARE 2005 helped the updating of the *Schengen Action Plan* (SAP).

With regard to the political criteria, EU assistance typically focused on comparatively longer-term needs, going beyond the dynamics of negotiations. In the field of judicial system reform, pre-accession assistance contributed to significantly reforming the legislative framework and concrete effects are already visible as regards the reduction of the backlog of cases. However, by the end of the reporting period, tangible results in the rationalization of the courts network, the reform of the selection and training system of judges and prosecutors, and full deployment of the integrated case management system had to further materialize. As regards civil society development, assistance successfully contributed to the strengthening of the administrations involved and to bring more attention and focus on civil society development and minority protection.

In the areas related to economic and social cohesion policy and preparation for structural funds, a substantial share of pre-accession assistance was oriented towards post-accession priorities.

4.2. Pre-accession assistance in 2009

i) Programmes launched

As of 2007, PHARE was replaced by the new Instrument for Pre-accession Assistance (IPA). Therefore, no new PHARE programmes were launched after 2006. EU assistance has been decisive in the elaboration of strategies and plans for the EU funds that will be made available in perspective under the Structural Funds, including the finalization of the National Strategic Reference Framework, which is the reference document for the programming of EU funds available to Member States.

ii) Overview of programmes implemented

Throughout 2009, particular emphasis was given to the implementation of PHARE 2005 and 2006. The former ended on 30 November 2009, while the latter progressed well.

The area of democracy and rule of law remained an important focus. Programmes supporting the judicial system contributed to modernizing the judiciary and improve its efficiency.

Already under CARDS, projects focused on reducing the backlog of cases and a project for management of misdemeanour cases already delivered important results in this respect. Though still at its initial stages, the rationalization of courts network was supported. Another achievement in this area concerned the enhancement of personnel's professionalism. A PHARE 2005 project elaborated a training strategy for the Judicial Academy. Building on previous assistance under CARDS and from the World Bank, a PHARE 2006 project contributed to establishing a more efficient court administration and case management system in Croatian courts.

On the whole, EU-funded programmes contributed to the overall reform of the judicial system in line with key Accession Partnership requirements. The process is still underway, but as acknowledged also in the 2009 Progress Report, significant progress has been achieved.

As regards *fundamental rights and civil society support*, the capacity of the Government Office for NGOs was strengthened. Furthermore, support was provided to civil society organizations (CSOs) selected under grant schemes. For instance, one of the PHARE 2006 projects enabled participation and active contribution of CSOs in developing, implementing and monitoring public policies in the areas of democratization, environment, human rights and youth. The project provided immediate support to CSOs and reinforced and established key bodies that can become driving forces behind these initiatives. Minority protection projects mainly dealt with improving living conditions of the Roma minority in Medimurje County. They also improved access for the Roma national minority to formal and non-formal education and training.

In the area of *economic criteria*, one project focused on land administration by improving harmonisation of data between the land registry and the cadastre and by establishing a Croatian positioning service network. Another project assisted in establishing an effective and sustainable financial management system through the modernisation of budget processes and by increasing the capacity for budget management. Budget preparation and execution were improved.

As regards the *internal market*, good results were achieved particularly in the field of competition policy and market surveillance. A project implemented in the area of free movement of goods

(market surveillance system in the field of technical products under PHARE 2005) reinforced the capacity of the State Inspectorate to carry out market surveillance activities in accordance with EU good practices and in cooperation with other national market surveillance authorities. This has also been acknowledged by the Commission in the 2009 Progress Report. Another project in the area of competition policy has strengthened the Croatian Competition Agency, the administrative body operating in the fields of anti-trust and state aid. A smaller project supported the upgrading of the accreditation system (PHARE 2006). One project was financed in the area of intellectual property law (PHARE 2006) and contributed to the alignment of Croatian legislation with Directive 2004/48 on the enforcement of Intellectual Property Rights.

In the area of cooperation in *justice and home affairs*, programs focused on supporting the adoption and implementation of the Schengen *acquis*, and especially on strengthening integrated border management capacities. Moreover, some horizontal projects were financed under PHARE 2005 (e.g. to assist the Police Academy). In general, there was a tight integration between projects in the area of integrated border management and very frequently PHARE projects were a follow up of previous initiatives funded under CARDS. This was for instance the case of projects for blue border surveillance (2006), border management information system (2002, 2003, 2006) and for combating drugs trafficking and abuse (2004). Various national strategies supported the programming of interventions in this area, e.g. the Integrated Border management Action Plan, the Schengen Action Plan, the Border Police Development Strategy of the Ministry of Interior, the National Strategy on suppression of abuse and narcotic drugs (2006-12). Most of the planned results were achieved and immediate impacts were obtained in the field of border management and adoption of the Schengen *acquis*. The PHARE 2005 project Preparation for the Implementation of the Schengen Acquis was successful in updating the Schengen Action Plan (SAP) and elaborating a strategy for the reduction of the crossing border points; a Reform Strategy for human resource management (HRM) elaborated with the contribution of PHARE 2005 (the project 'Strengthening of HRM') was adopted by the Ministry of Interior .

With regard to *sectoral policies*, taxation projects (PHARE 2005 and 2006) contributed to the adoption of EU standards and practices in line with *acquis* requirements. Statistics projects (also PHARE 2005 and 2006) assisted in building capacities at the Central Bureau of Statistics and aligning the Croatian statistical system to the European Statistical System. A PHARE 2005 customs project focused on developing national customs IT systems capable of communicating with EU customs IT systems, therefore enabling the exchange of information. Public procurement projects aligned the Croatian public procurement system to the *acquis*. Good progress was made in the area of public procurement, statistics, customs union and taxation, where projects covered a very wide range of issues and focused on a substantial share of the problems identified. As outlined also in the 2009 Country Programme Interim Evaluation, except for the area of public administration, pre-accession programs in those areas had a major impact on the development of the related sub-sectors. Projects related to public administration reform covered specific areas that may contribute to the enhancement of the public administration, but much effort was still needed beyond pre-accession assistance to achieve significant results.

Projects in the area of *agriculture and rural development*, fisheries as well as food safety, veterinary and phytosanitary policy benefited the Ministry of Agriculture, Fisheries and Rural Development. To a large extent, projects have delivered the expected results in this area. In terms of alignment with the *acquis*, along with the World Bank, EU assistance significantly contributed to leaps forward in Croatia's legislative and regulatory framework (e.g. the Law

on the establishment of the Paying Agency, the Act on the National Support to agriculture and rural development, the Act on the Establishment of the Croatian centre for agriculture, food and rural areas or the amendment to the ordinance on the minimum residue levels for pesticides). PHARE 2005/2006 projects related to agriculture and rural development supported capacity building for the implementation of pre-accession rural development instruments (SAPARD and IPARD) as well as post-accession rural development programmes. Furthermore these projects also contributed to the setting up of a Paying Agency operating in line with EU requirements, the latter being also related to one accession negotiations benchmark. A key focus of assistance in the field of food safety, veterinary and phytosanitary policy (FVP) was the improvement of the technical and administrative capacities within the veterinary and phytosanitary inspection system, in particular through the strengthening of the Border Inspection Posts (BIP). There were significant improvements in the alignment to the *acquis*, especially in the field of FVP (including CARDS projects); one project under PHARE 2005 dealt comprehensively with various accession priorities in the fisheries sector, e.g. administrative strengthening, developing a sector strategy in line with the EU *acquis*, supporting the establishment of a vessels monitoring system. The fishery sector was widely restructured in accordance with the Common Fisheries Policy.

As regards the *environment*, projects covered nature protection, pollution control and prevention, waste management and the water framework directive. Projects have strengthened the administrative capacity at the national and local level. A project on air quality control under PHARE 2006 contributed to the preparation of a monitoring system for effective control of air pollution and the definition of roles and functions within the system. Another important area of assistance concerned nature protection, in particular by establishing and implementing NATURA 2000 in Croatia. In the 2009 Progress Report, the Commission recognized good results in the field of air quality and industrial waste management (both addressed by two PHARE 2006 initiatives).

In the area of *transport*, the administrative capacity in the maritime sector was tackled with PHARE 2005 and 2006 projects, while some smaller interventions provided assistance in setting the appropriate policy to enhance the capacity in the Maritime administration. Impacts from the assistance on the implementation of the Vessel Traffic Monitoring Information System (VTMIS) were yet to be produced, as outlined by the 2009 Country Programme Interim Evaluation. EU assistance in the area of rail transport (PHARE 2006) delivered positive impact in establishing the legal and institutional framework for the Croatian rail sector in line with EU requirements.

Finally, in the area of *economic and social cohesion*, progress of PHARE 2005 and 2006 was generally satisfactory. The projects, embedded in the national Strategic Development Framework (SDF), strengthened existing and new management structures, introduced or updated management instruments and provided the necessary qualifications to institutions' staff. Additionally, the projects address the structural problems and inadequacies of the labour market, SME competitiveness and regional development. A key project, namely "Development of institutional capacity and project pipeline for the management of EU structural funds" (PHARE 2006) directly supported Croatia in making progress in the accession negotiations with relation to the chapter "Regional Policy and Coordination of Structural Instruments", including by the preparation of a project pipeline for institutions and stakeholders at the state and regional levels. As regards "Cross-Border Cooperation" (CBC) with Italy, Hungary and Slovenia, several activities referred to local issues of the implementation area and lacked cross-border relevance. Expected impacts, related in

particular to environmental protection, were positive: illegally disposed of waste and “wild dumps” were being removed and several rivers and lakes were cleaned.

iii) PHARE/CARDS management performance

Overall, programmes continued to be well focused on the accession priorities established for each area of the *acquis*, and in some cases have addressed specific negotiations requirements (opening and closing benchmarks). In general, completed projects delivered the expected results and most of the expected outputs, and the prospects for ongoing projects were fairly positive.

Initiatives addressing the legislative and policy framework (e.g. the Schengen *acquis*) or adopting EU common systems and standards (e.g. statistics) were comparatively more successful than those aimed at strengthening the administrative capacity. This is due to the fact that the assistance provided in areas related to the political criteria is comparatively more soft-*acquis* driven, and in many cases oriented to produce effects that will become apparent in a longer time perspective.

Some projects were negatively affected by administrative shortcomings (such as issues related to pre-conditions and sequencing; problems in the procurement process due to price issues or the impossibility to re-launch tenders prior to the contracting deadline: lack of contractor's performance), sometimes leading to the cancellation of part of the foreseen activities.

Difficulties in the handling of pre-accession assistance have led to a major overhaul of the institutional framework. The situation subsequently improved, although some problems remained at various stages of the process.

Besides the trainings organised for their own staff, the Central Office for Development Strategy and Coordination of EU Funds (CODEF) and the Central Finance and Contracting Agency (CFCA) organised trainings for members of Project Implementation Units (PIUs) in line ministries. Trainings in the CFCA, so-called ‘Open doors’, have intensified during 2009, so that they were held twice a month, covering topics related to implementation of projects and financial aspects of project management. In addition, CODEF organised regular trainings on Project Cycle Management, Preparation of Operational Programmes for Structural Instruments, Monitoring and Evaluation of EU funded projects, Community Programmes in Croatia and Introduction to EU Cohesion Policy. Strategic meetings continued to take place on a monthly basis in order to discuss current problems and actions to be taken at high-management levels.

The CFCA was able to boost staffing levels to about 100 staff. As regards PHARE and CARDS, the CFCA has shown good performance, as payments in 2009 were more than forecasted (EUR 49 225 295 paid, versus EUR 44 701 655 forecasted).

Table 1 - Financial execution as at the end of December 2009 (in million EUR) – CARDS/PHARE annual programmes

| | Allocated | Contracted | RAC | % contracted | Paid | RAL | % paid |
|--------------------|-----------|------------|------|--------------|-------|-------|--------|
| CARDS 2001 | 54.00 | 52.06 | 1.94 | 96.4% | 48.69 | 5.31 | 90.2% |
| CARDS 2002 | 56.00 | 53.81 | 2.19 | 96.1% | 51.46 | 4.54 | 91.9% |
| CARDS 2003 | 59.00 | 58.08 | 0.92 | 98.4% | 53.60 | 5.40 | 90.8% |
| CARDS 2004 | 77.00 | 74.48 | 2.52 | 96.7% | 68,92 | 8,08 | 89.5% |
| PHARE 2005* | 69.52 | 60.51 | 9.01 | 87.0% | 53.15 | 16.37 | 76.5% |

| | | | | | | | |
|--------------------|---------------|---------------|--------------|--------------|---------------|-----------|--------------|
| PHARE 2006* | 60.47 | 51.21 | 9.26 | 84.7% | 29.17 | 31.3 | 48.2% |
| TOTAL | 375.99 | 350.15 | 25.84 | 93.2% | 304.99 | 71 | 81.2% |

* *National (excluding Tempus and Community programmes), Cross-Border, and Nuclear Safety programmes.*

After a number of years of parallel centralised and decentralised implementation of EU assistance in Croatia, the implementation of the last centralised institution building contract managed by the EU Delegation came to an end in mid-2009.

Contracting for projects under CARDS and PHARE was completed and execution of the majority of the projects financed under these programmes either ended or was nearing completion.

Throughout 2009, further disbursement of PHARE 2005 and PHARE 2006 took place. The PHARE 2005 national programme amounted to EUR 71.5 million and was decentralised, except for the TEMPUS and Community Programmes funds. Out of EUR 62.882 million of decentralised funds, 88.3% were contracted and 77.7% were paid by the end of 2009.

In addition to the national programme, the PHARE 2005 Nuclear Safety programme amounted to EUR 641 000 and was fully decentralised. By the end of 2009, 66.5% of those funds were contracted and 66.5% disbursed.

Also under PHARE 2005, the Cross-border programmes (CBC) Croatia-Italy and Croatia-Slovenia-Hungary amounted to EUR 3 million each and were implemented under decentralised management. By the end of 2009, 60.4% were contracted and 49.4% were paid for CBC Croatia-Italy, and 90.7% were contracted and 79.2% were paid for CBC Croatia-Slovenia-Hungary.

Under PHARE 2006, the national programme amounted to EUR 61.062 million, the Nuclear Safety programme amounted to EUR 1.649 million, and the CBCs Croatia-Italy and Croatia-Slovenia-Hungary amounted to EUR 3 million each. They were implemented under the decentralised implementation modality, except for the TEMPUS and Community Programmes.

By the end of 2009, 84.8% of the national programme had been contracted and 45.6% paid; 74.9% of the Nuclear Safety programme was contracted and 48.4% was paid; 100 % of the CBC Croatia-Italy was contracted and 75.7% was paid and 72.7% of the CBC Croatia-Slovenia-Hungary was contracted and 67.8 % was paid.

iv) National Development Plans – State of Play

The Croatian Government adopted a national development strategy entitled Strategic Development Framework 2006-2013 in August 2006, which identifies a series of priorities that should promote Croatia's social and economic development. The Strategic Development Framework remained valid in 2009.

Efforts continued in 2009 to prepare a *National Strategic Reference Framework*, which is the reference document for the programming of EU funds available to Member States.

v) Institution Building highlights

The Commission considers twinning to be the most suitable instrument for the development of administrative capacities and promotion of legislative changes in Croatia. In general, the twinning instrument continues to be the preferred implementation modality for all transposition or legal approximation-related projects where the relevant expertise lies within the Member States. The relevance of twinning is set to further increase with the accession of Croatia to the EU.

According to a thematic interim evaluation on twinning in Croatia finalised at the end of 2008, the performance assessment of running and finalised twinning implementation was "satisfactory to good" in Croatia, notably in the sectors of home affairs, customs and taxation, internal market and competitiveness, free movement of goods and statistics.

Examples can be found in the twinning projects "Human Resource Management in the Ministry of Interior and Police Academy" (PHARE 2005), "Preparation for Schengen *acquis*" (PHARE 2005), "Strengthening of Croatian Tax Administration in the Field of Audit operations" (PHARE 2005, Twinning Light) or a PHARE 2005 twinning on competition and state aid.

The first twinning project abovementioned paved the way for the development a modern and integrated human resources management system for police staff, in line with the EU standards. The second one significantly contributed to the preparation of the Croatia Ministry of Interior in the implementation of the Schengen *acquis*, especially through staff recruitment for border police and a comprehensive training strategy. Continuous support in this field was maintained through further on going assistance. The third project was instrumental in strengthening the capacity of the Croatian Tax Administration regarding simplification of procedures as well as collecting evidence in order to effectively prosecute tax evasion. The project also significantly contributed to improving tax officials' knowledge in these fields, which in turn shall help decrease tax evasion and tax avoidance.

As regards competition policy, one of the major indicators of success in this area was the adoption by the Croatian Parliament of the new Competition Act, largely drafted with the assistance of a PHARE 2005 twinning project. The overall objective of this twinning was to improve competition and state aid policy in the Republic of Croatia by the effective implementation of the relevant Croatian rules, in line with the EU rules and practice. In the area of state aid, project activities were focused on the establishment of a comprehensive state aid list; the review of the regional aid and the establishment of a regional aid map; consultations on restructuring of enterprises in difficulty in the shipbuilding and steel sector and their privatisation; training of judges and local administration representatives. The project produced the desired results and successfully assisted the Croatian experts in the areas concerned.

In the case of the Government Office for NGOs, their position was significantly reinforced by pre-accession assistance under PHARE 2005 and PHARE 2006. As the future role of this Office as the intermediary body for European Social Fund projects aimed at civil society development appeared to be clearly established, the results of PHARE assistance will be carried on and it will be relatively easy to retain staff to pass the experience on. Hence, sustainability is ensured.

In general, sustainability is well ensured in cases where results have been made "part of the system", as was the case e.g. with the Ministry of Education's support for employing the Roma education assistants that were selected and trained during a PHARE 2005 project.

4.3. Results and impact

i) Joint Monitoring Committees / Sector Monitoring Sub-Committees

Decentralised CARDS and PHARE projects were monitored on the basis of two series of six Sectoral Monitoring Sub-Committee meetings, in April and October 2009. The monitoring system was functioning well, as witnessed for instance by the high acceptance rate (above 90%, as indicated also in the 2009 Country Programme Interim Evaluation) of monitoring reports by Sectoral Monitoring Sub-Committees.

This process led to the Joint Monitoring Committee (JMC) which took place on 15 December 2009. The JMC discussed the Synopsis Report that provided updated information on the latest developments with regard to 84 CARDS and PHARE projects in six sectors, the financial status of programmes as of 1 December 2009, supervision and control activities, including a summary of irregularities reported, as well as the preliminary findings of the Country Programme Interim Evaluation.

Conclusions and findings indicated that after difficulties experienced in the past (suspension of the endorsement of contracts by the EU Delegation between December 2007 and July 2008), the decentralised implementation system for PHARE and CARDS was further consolidated.

Overall the intervention logic showed good alignment between national programmes and the planning documents. The vast majority of projects showed a high degree of relevance. Effectiveness and prospects for impact were positive in general, but results were uneven in areas related to administrative capacity and public administration. Inadequate indicators often hampered a precise measurement of projects' effectiveness. Still, the completed projects delivered the expected results and the prospects for the almost completed ones were positive. Some projects experienced difficulties in implementation at the beginning of 2009 (e.g. harmonisation and publication of case law; strengthening of the Croatian tax administration; integration of the Croatian customs information system with the EU customs information system or establishment of an air quality monitoring and management system) but, following a closer monitoring of these projects, the situation improved significantly for most of them.

Further attention needed to be paid by Croatia to address issues related to the lack of appropriately qualified personnel and difficulties in retention of personnel.

ii) Monitoring and Evaluation Reports in 2009 - Lessons Learned

A thematic evaluation on Public Administration Reform was finalised in June 2009. Recommendations focused on the need for the Commission to continue encouraging efforts undertaken by the Croatian authorities in this area.

An *ad hoc* interim evaluation reviewed PHARE assistance to the preparation for Structural Funds in Croatia. A key evaluation finding was that PHARE contributed to Structural Funds preparations despite a difficult implementation. Overall, good progress was made towards meeting *acquis* requirements and effectively preparing for the Instrument for Pre-accession Assistance (IPA) and Structural Funds. On the other hand, there was a need to increase absorption capacity at national, regional and local levels.

The main evaluation activity carried out in 2009 was the Country Programme Interim Evaluation. This evaluation included a review of the ongoing programmes as well as capacity building of the CODEF Monitoring and Evaluation Department.

The evaluation report highlighted a number of lessons that could be drawn as regards the deployment of CARDS and PHARE assistance in Croatia. In many cases, assistance focusing on the alignment with specific *acquis* requirements produced positive results. In particular, some projects provided an essential contribution to the closing of negotiations in certain chapters. The impact of assistance aiming at strengthening public administration, especially with a view to forthcoming Structural Funds, was instead more difficult to assess.

The sustainability of programmes was potentially jeopardised by serious problems concerning staffing and staff retention in the public administration. There was a need to devise practical solutions for mitigating the impact of human resources-related issues on the performance of EU assistance.

iii) Sectors with positive results

In many cases, the draft legislation and strategy plans elaborated within the framework of EU-funded twinning and technical assistance projects were either fully endorsed by the Commission and national authorities, or significantly contributed to the policy-making process.

Concrete examples in this respect can be drawn from the Home Affairs sector, in particular: the PHARE 2005 project "Preparation for the Implementation of the Schengen Acquis" helped update the Schengen Action Plan and elaborate a strategy for the reduction of border crossing points; the PHARE 2005 project "Strengthening of Human Resource Management" contributed to the drafting of a Reform Strategy adopted by the Ministry of Interior. Similarly, the establishment of the Paying Agency for Agriculture, Fisheries and Rural Development and its action plan, as well as the Strategy to Develop the Fisheries Sector, were largely achieved through EU assistance. Projects in the field of information society implemented under the Technical Assistance Facility contributed to the Strategy for the switchover to digital broadcasting.

Furthermore, EU assistance was decisive for the elaboration of strategies and plans for the use of funds made available under IPA Components III, IV and V, and in perspective for Structural Funds. In particular, the assistance extended to CODEF - as the body responsible for regional policy and coordination of structural instruments - was particularly important with a view to the finalisation of the National Strategic Reference Framework, which is the reference document for the programming of EU funds available to Member States.

Chapters where assistance has been conducive to the fulfilment of accession priorities included the provisionally-closed chapters of information society, Intellectual Property Rights (IPR) policy, customs union, statistics and consumers and health protection (as far as consumers protection was concerned). Chapters where assistance yielded encouraging results included agriculture, food safety and veterinary policy, public procurement and taxation.

iv) Success stories

“Further Capacity Building in the Area of Live Animals and Food Products” (CARDS 2004)

The twinning project supported the Croatian Ministry of Agriculture, Fisheries and Rural Development as well as other target institutions (Croatian Ministry of Health and Social Welfare, Croatian Veterinary Institute, Croatian Food Agency and Croatian Accreditation Agency) in the upgrading of control activities and originated a new food safety system and new institutional framework capable of addressing the needs and challenges of the new revised system. The knowledge and experience transposed to the Croatian administration in various fields of food safety will continue to be of great use in the future development and maintenance of a high quality food safety system in Croatia. As a matter of fact, Chapter 12 "Food Safety, Veterinary & Phytosanitary issues" was provisionally closed 9 months after the end of the project.

“Support to Croatia in the Preparation and Implementation of the Strategy to Develop the Fisheries Sector within the Context of Alignment and Enforcement of the *acquis* comprising the Common Fisheries Policy” (PHARE 2005)

The project, whose objective is laid down in the title, consisted of 7 components implemented through 13 contracts. The project improved the institutional structure, administration (monitoring of the time at sea) and statistical system (Fishing Vessel Register) in the fisheries sector. Fisheries inspectors were trained in the standard inspection procedures used in EU Member States. A Vessel Monitoring System and the Fisheries Monitoring Centre were established

"Blue Border Surveillance" (PHARE 2006)

This twinning project was a continuation of the efforts undertaken under previous initiatives: the Stability Pact for South East Europe, the CARDS 2001 project “Integrated Border Management - Border Police”, the CARDS 2003 project “Continued Support and Capacity Building for the Border Police Directorate”, as well as the PHARE 2005 twinning project "Preparation for the Implementation of the Schengen Acquis".

The overall objective of the project was to prepare the ground for the Croatian Border Police to be able to perform its tasks efficiently in accordance with Schengen regulations. The project (lasting 15 months, with a budget of EUR 1 million) was implemented in partnership with the Federal Police of Germany and in cooperation with the Italian Coast Guards.

The following results were achieved:

- (1) Providing support to the Croatian Border Police in the revision and further elaboration of the Action Plan for Integrated Border Management with a particular component on Blue Border protection.
- (2) Identifying the necessary measures and activities for the implementation of the Action Plan, focusing on:
 - setting up Blue Border surveillance procedures in accordance with Schengen regulations;
 - developing specific solutions for the Maritime Police in the field of interagency cooperation as well as IT strategy and communication;
 - strengthening the capacity of the Maritime Police in the field of risk assessment;

- training the Maritime Police, including on EU approaches on Blue Border management, and providing best practices.

"Strengthening the Enforcement of Intellectual Property Rights" (PHARE 2006)

The Commission committed already EUR 3.3 million in the area of Intellectual Property Rights (IPR) in Croatia in recent years. The additional EUR 1.2 million under this project aimed at improving cooperation, coordination and enforcement mechanism of the Croatian institutions (Customs, State Intellectual Property Office, Ministry of Interior, Ministry of Justice and State Inspectorate) and at raising public awareness about the issue of counterfeited goods.

Faced with the growing spread of the phenomenon, reinforcing the administrative cooperation to fight illicit goods, both among different agencies within Members States and across the board on a European level, was crucial. This project recommended the setting up of a National IPR Enforcement Forum. The key element of cooperation was enhancing the exchange of intelligence, information and best practices.

The capacity building component of the project aimed at better preparing the Police, Customs, State Inspectorate and judges and prosecutors on issues related to IPR enforcement. Representatives from the different enforcement institutions were meeting and getting acquainted with the tasks and duties of colleagues from other institutions – and were given an opportunity to establish operational contacts in the other institutions. Experience has shown that personal contacts between the institutions facilitate substantially day-to day cooperation.

With regard to awareness raising, the project supported the existing IPR Information Centre which provides access to customer services, search facilities, library services and a variety of training activities for an external audience.

5. CYPRUS

5.1. Summary

In 2009, Cyprus completed the implementation of the Transition Facility instrument, which addressed the remaining needs related to institution building for the implementation of the *acquis*, in line with the Extended Decentralised Implementation System (EDIS).

Since July 2004 implementation was carried out under the entire responsibility of the Cypriot authorities applying national procurement rules. A number of implementing agencies were fully responsible for daily implementation of projects.

The National Aid Coordinator (NAC) continued to exercise the monitoring of both PHARE and Transition Facility Programmes. The National Authorizing Officer (NAO) carried out the financial supervision.

5.2. Implementation of the Transition Facility in 2009

i) - Transition Facility 2005 – finalisation of payments

The implementation of the Transition Facility (TF) 2005 programme was completed successfully by the end of 2008. 98.06% was disbursed by the end of the 2009.

ii) - Transition Facility 2006 – finalisation of payments

On 15 December 2009, at the end of the implementation period for the 2006 TF programme, 97.66% of it had been disbursed.

iii) - Institution Building highlights

A total of around EUR 19 million of post-accession assistance has been allocated to Cyprus from the Transition Facility programmes 2004-2006 (national allocation, excluding horizontal and multi-country programmes).

During the reporting period, there was substantial overall progress towards the achievement of objectives and results of EU assistance. The projects under TF 2006 were successfully completed and achieved their intended results, which further contributed to the enhancement of the Cypriot public administration.

5.3. Results and Impact

i) Joint Monitoring Committees / Sector Monitoring Sub-Committees

In 2009 no physical JMC meeting was held. Two JMCs were concluded via written procedure. The Implementation Status Reports were of good quality, including sufficiently detailed information regarding projects implementation and the achievement of their intended results.

No particular monitoring actions were undertaken by the Commission, since the amount of the assistance and number of the projects implemented in 2009 were rather small.

ii) Monitoring and Evaluation Reports in 2009 - Lessons Learned

Overall responsibility for monitoring and evaluation of the Pre-accession and Transition Facility programmes in Cyprus lies with the Planning Bureau, as the executive body of the NAC.

During the reporting period, the national authorities delivered to the Commission the Interim Evaluation Report concluded by the external experts contracted under TF 2006 to carry out an Interim Evaluation of EU funded projects. The overall rating of TF 2005 and TF 2006 projects was satisfactory, with the exception of project 2005/017-643.02.02 "*Study and implementation of intelligent transport systems and development of GIS to incorporate information on Trans-European Networks as part of an EU-wide GIS*", which was rated as 'barely satisfactory'. This project experienced some delay but finally was successfully completed. All implemented projects were found to be highly relevant. In addition, under the same contract, the Second Country Evaluation Summary and the Thematic Evaluation Report "Assessment of the impact and sustainability of EU funded projects" were completed. Both the impact and the sustainability of the implemented projects were found to be satisfactory.

6. CZECH REPUBLIC

6.1. Summary

In 2009, the Czech Republic continued to implement successfully post-accession assistance, to address the remaining needs related to institution building for the implementation of the *acquis*, in line with the EDIS.

Since December 2004 implementation was carried out under the entire responsibility of Czech authorities applying national procurement rules. The Central Finance and Contract Unit (CFCU), the Civil Society Development Foundation (NROS), CzechInvest (CI), the National Training Fund (NTF) and the Centre for Regional Development (CRD) were fully responsible for the daily implementation of the projects.

The National Aid Coordinator (NAC) continued to exercise the monitoring of both PHARE and Transition Facility Programmes. The National Authorizing Officer (NAO) carried out the financial supervision.

6.2. Implementation of the Transition Facility in 2009

i) - Transition Facility 2005 – finalisation of payments

The implementation of the Transition Facility (TF) 2005 programme was completed successfully by the end of 2008. 95.15% was disbursed by the end of the 2009.

ii) - Transition Facility 2006 – finalisation of payments

On 15 December 2009, at the end of the implementation period for the 2006 TF programme, 93.36% of it had been disbursed.

iii) - Institution Building highlights

A total of around EUR 32 million of post-accession assistance has been allocated to the Czech Republic from the Transition Facility programmes 2004-2006 (national allocation, not including horizontal and multi-country programmes).

Implementation of the Transition Facility in the Czech Republic was completed successfully in the areas of nuclear safety, justice and home affairs, social protection and health, environment, agriculture and finance and banking and the internal market.

6.3. Results and Impact

i) Joint Monitoring Committees / Sector Monitoring Sub-Committees

In 2009 no physical JMC meeting was held. Two JMCs were concluded via written procedure. The Implementation Status Reports were of good quality, including sufficiently detailed information regarding projects implementation and the achievement of their intended results.

No particular monitoring actions were undertaken by the Commission since the amount of the assistance and number of projects implemented in 2009 were rather small.

ii) Monitoring and Evaluation Reports in 2009 - Lessons Learned

Overall responsibility for monitoring and evaluation of Pre-accession and the Transition Facility programmes in the Czech Republic lies with the Ministry of Finance (MoF). Activities in this area were carried out on the basis of the Action Plan on decentralisation of monitoring and evaluation, which was endorsed by the Commission in May 2005.

In 2009 two Implementation Status Reports were prepared by the NAC services and two Country Summary Evaluation Reports were issued by an independent evaluator (with cut-off dates at 30/04/2009 and 16/10/2009) on Transition Facility programmes. The country review reports provided a consolidated review of the findings of the Interim Evaluations and examined programmes and projects progress towards the objectives stated in the formal programming documents. The reports were of good quality and concluded that, in general, projects implementation was smooth and no major problems were identified.

The Country Summary Evaluation Reports rated the relevance, efficiency, effectiveness, impact and sustainability of the overall TF Programmes as 'good'. Issues concerning projects impact and sustainability were raised by the independent evaluator with regard to several projects, for which the EU requested the national authorities to continue reporting on. Overall, performance of the TF assistance in the Czech Republic was rated as good.

7. ESTONIA

7.1. Summary

In 2009, Estonia continued to implement successfully post-accession assistance to address the remaining needs related to institution building for the implementation of the *acquis*, in line with the EDIS.

Since November 2004 implementation is carried out under the entire responsibility of Estonian authorities applying national procurement rules. The Ministry of Finance, Central Financing and Contracting Department (CFCD) is fully responsible for the daily implementation of the projects.

The National Aid Coordinator (NAC) continued to exercise the monitoring of both PHARE and Transition Facility Programmes. The National Authorizing Officer (NAO) carried out the financial supervision.

7.2. Implementation of the Transition Facility in 2009

i) - Transition Facility 2005 – finalisation of payments

Implementation of the Transition Facility (TF) 2005 programme was completed successfully by the end of 2008. 96.68% was disbursed by the end of 2009.

ii) - Transition Facility 2006 – finalisation of payments

On 15 December 2009, at the end of the implementation period for the 2006 TF programme, 94.81% of it had been disbursed.

iii) - Institution Building highlights

A total of around EUR 18 million of post-accession assistance has been allocated to Estonia from the Transition Facility programmes 2004-2006 (national allocation, not including horizontal and multi-country programmes).

In 2009, Estonia completed successfully the implementation of projects under the Transition Facility 2006. It can be concluded that all projects contributed to meeting the remaining needs of the *acquis* and enhanced the Estonian administrative system.

7.3. Results and Impact

i) Joint Monitoring Committees / Sector Monitoring Sub-Committees

In 2009 no physical Joint Monitoring Committee (JMC) meetings were held. Two JMCs were concluded via written procedure. The Implementation Status Reports were of good quality, including sufficiently detailed information regarding projects implementation and the achievement of their results.

No particular monitoring actions were undertaken by the Commission since the amount of the assistance and the number of projects implemented in 2009 were rather small.

ii) Monitoring and Evaluation Reports in 2009 - Lessons Learned

As from 2008 the Estonian Monitoring Unit is in the State Budget Coordination and Monitoring Department, and no longer in the Foreign Financing Department. Activities in this area were carried out on the basis of the Action Plan on decentralisation of monitoring and evaluation, which was endorsed by the EU in February 2005.

All evaluation activities of external experts contracted by the national authorities were finalized by the end of October 2008. The final evaluation report for the TF 2006 was sent to the Commission and positive feedback was given. In addition, a summary report was composed – “Transition Facility Interim Evaluation Country Summary Report VIII” - where all the TF evaluations made in the evaluation period were summarized. Evaluators rated all the TF 2006 projects as "satisfactory", with ‘relevance’ of the projects being rated high. According to the evaluators, although delays in implementation timetables affected the effectiveness and efficiency of project implementation, the projects were expected to achieve their mandatory results.

8. THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

8.1. Summary

In 2009, following the closure of the European Agency for Reconstruction, the EU Delegation in Skopje took over responsibility for the remaining CARDS projects. Implementation of these projects was carried out under centralised management, applying EU procurement rules.

The EU Delegation continued to exercise the procurement, contracting, monitoring, evaluation and audit of these funds, being fully responsible for daily implementation of the programmes.

8.2. Pre-accession assistance in 2009

i. Programmes launched

As of 2007 the CARDS instrument was replaced by the new Instrument for Pre-Accession Assistance. Therefore, no new CARDS programmes were launched in 2009.

ii. Overview of programmes implemented

The CARDS Programme was mainly managed by the European Agency for Reconstruction. At the end of 2008, the EU Delegation took over 159 assistance contracts worth EUR 26 million under CARDS.

Most of the CARDS projects were in the final stage of implementation or they were closed in 2009.

All CARDS 2004 projects were practically completed (with one exception – see below) at the beginning of the year, when only a few final payments were pending. They were cleared in the course of 2009.

In the *justice and home affairs* sector, the activities related to the reform of the judiciary system (CARDS 2006 project) were finalised with the expiry of the maintenance period for the construction/refurbishment of prison facilities. The CARDS 2005 twinning contract within the project ‘support to the public prosecutor’s office’ also ended successfully.

In the field of *police and the fight against organised crime*, contracts were completed (supplies in warranty period). For the remaining funds, a contract for renovation of a police station was launched. A small contract under CARDS 2005 for preparation of structural/architectural design for renovation of police stations was completed.

A CARDS 2005 twinning project in the field of *combating money laundering* (phase II) was also completed.

In the field of *integrated border management*, a relatively big (EUR 1.2 million) CARDS 2006 contract was launched for the Construction of Veterinary and Phytosanitary Border Inspection Facilities at Tabanovce. Regarding the equipment for the Police Service, the CARDS 2004 contract for supply of police digital radio communication system (TETRA Phase 1) had to be terminated due to the fact that the contractor could not deliver up to 100% the supplies and the provisional acceptance procedure failed twice. It is expected that the

deficiencies will be amended and the TETRA system will further be spread over the country's territory during the TETRA Phase 2 project, financed through IPA 2008.

In the area of *management of public finances*, the CARDS 2006 twinning contract for Strengthening the Public Internal Financial Control ended successfully.

The CARDS 2006 programme included important projects in the fields of *administrative capacity* and *decentralised management of EU assistance*, including technical assistance to the Secretariat for European Affairs for drafting the 2009 IPA Component I National Programme, capacity building to the Audit Authority operating under the IPA implementing Regulation and support to the IPARD Agency (only the last contract being still under implementation in 2009, the other two having been completed).

In the field of *decentralisation and local self government*, a number of municipal service centres were refurbished under CARDS 2006 and 2005 and were equipped under CARDS 2006. In 2009, a number of small municipal projects (works) were implemented under CARDS 2006 and 2005. The works were completed and the defects liability period expired for most of them by the end of 2009. The few cases for which the defects liability period was still under way after the reporting period were due to *force majeure* circumstances.

In the field of *capacity building support to the decentralisation of management of assistance*, the respective CARDS 2005 project had a limited success, due to the lack of cooperation and donor coordination by the beneficiary.

With regard to the *investment climate*, the CARDS 2006 project 'Improvement of the investment climate' comprised three technical assistance (TA) contracts, one supply contract and one grant. The TA contracts were practically completed by the beginning of 2009 and provisional acceptance was granted for the supplies. Activities under the grant contracts were also successfully finalised by the end of 2009, with positive feedback from the beneficiaries.

In the field of *support to the trade sector*, the main contracts related to agriculture and food safety. Two TA contracts ('National vineyard monitoring and management system-Phase 2' and 'National animal identification programme - Phase 3') were completed in the second quarter of 2009, while the supplies for the animal identification and registration system and for food testing and control were delivered at the end of 2009.

In the field of *social cohesion*, the CARDS 2006 project 'Employment policy reform (Phase III) and lifelong learning' was implemented (5 contracts). The TA contract to support employment policy - Phase III was successfully completed and the supplies for ESA and its 30 local offices were delivered.

The remaining contracts in the areas of *co-operation with international financing institutions* (IFIs) and *environment* were at the stage of final reporting at the beginning of 2009. The projects in these sectors have been fully completed.

The CARDS Neighbourhood Programme 2005 included two sectors:

a) Cross Border Cooperation (CBC) with Greece – out of 12 projects, 8 were still under implementation at the beginning of 2009. At the end of 2009 virtually all projects were completed, but the approval of final reports/final payments was not completed for all of them, due to the late submission and inadequate quality of the documents submitted by the beneficiaries.

b) CBC with Bulgaria – the 6 projects involved were completed in 2009, while approval of final reports/final payments was not completed for all of them, due to the late submission and inadequate quality of the documents submitted by the beneficiaries.

iii. **PHARE/CARDS/Pre-accession assistance Management performance**

Table 1 - Financial execution as at the end of December 2009 (in million EUR) – CARDS annual programmes

| | Committed | Contracted | RAC | % Contracted | Paid | RAL | %Paid |
|-------------------|---------------|---------------|----------|---------------|---------------|-------------|---------------|
| CARDS 2001 | 56.64 | 56.64 | 0 | 100.00% | 56.64 | 0 | 100.00% |
| CARDS 2002 | 33.03 | 33.03 | 0 | 100.00% | 33.03 | 0 | 100.00% |
| CARDS 2003 | 36.01 | 36.01 | 0 | 100.00% | 36.01 | 0 | 100.00% |
| CARDS 2004 | 53.18 | 53.18 | 0 | 100.00% | 52.85 | 0.14 | 99.39% |
| CARDS 2005 | 34.04 | 33.50 | 0 | 98.40% | 32.62 | 1.63 | 95.80% |
| CARDS 2006 | 33.40 | 30.74 | 0 | 92.03% | 28.15 | 4.18 | 84.29% |
| TOTAL | 246.30 | 243.10 | 0 | 98.70% | 239.30 | 5.95 | 97.16% |

The Agency portfolio in the former Yugoslav Republic of Macedonia amounted to approximately EUR 326 million. It covered projects financed under CARDS (2002-2006), projects financed under PHARE (1997-2000) and the Emergency Response Programme (2001).

The CARDS programmes were focused on three main sectors: i) strengthening of local and municipal governments (22%), ii) justice and home affairs (21%) and iii) economic development (11%). Integrated Border Management was another major sector which received 9% of the total allocation.

Implementation of financial assistance during 2009 concerned the CARDS programmes 2002-2006 and focused on completion, including disbursements, of CARDS 2002-2005 programmes and contracting of the remaining funds under the CARDS 2006 programme.

Completed projects have generated the expected outputs and results and some accession priorities have received continued support under IPA (i.e. integrated border management, local infrastructure and municipal awards, judicial and police reforms, etc.).

Strategic meetings with the National Aid Coordinator Office (Secretariat for EU Affairs) took place regularly in order to discuss problems with the ongoing projects and allow the Government to address administrative shortcomings on the side of final beneficiaries (e.g. inappropriate appointment of staff dealing with project implementation; improper allocation of working space and facilities; untimely issuance of construction permits; urban plan amendments; necessity of appointing appropriate staff for trainings; etc.).

iv. **National Development Plan – State of Play**

The first National Development Plan (NDP) was created in 2006 with assistance from the UNDP, covering the period 2007-2009. The NDP 2007-2009 is *de jure* a government document, but implementation of the development/investment priorities identified under the NDP did not receive any government commitment.

v. **Institution Building Highlights**

Although all projects contracted in 2009 were supply contracts, the ongoing CARDS projects completed in 2009 provided further institution building support to strengthen the capacities relevant for decentralised implementation of EU funds (DIS) and were followed by the

appointment of key actors as the Competent Accrediting Officer (CAO), the National Authorising Officer (NAO) and the National IPA Co-ordinator (NIPAC). Under CARDS cross-border support activities, through the participation in these programs the country enhanced its institutional capacities, contributing to the recovery of border regions, regional reconciliation and stability.

8.3. Results and Impacts

i. Joint Monitoring Committees/Sector Monitoring Sub-Committees

There is no information regarding JMC/SMC meetings on CARDS in 2009.

ii. Monitoring and Evaluation Reports in 2009 – Lessons Learned

The CARDS 2002-2006 retrospective evaluation made the following recommendations:

- The EU Delegation would benefit from the Project Cycle Management training, to support a unified approach and common understanding on project cycle.
- The EU Delegation should conduct thorough needs assessments during the projects design phase, with close involvement of national stakeholders at all intervention levels, including during the preparation of Project Fiches and Terms of Reference, in order to ensure local ownership and commitment.
- Administrative procedures needed to be upgraded in terms of efficiency, within both the national structures (the MoLSG, MoF) and the EU Delegation, to enable timely procurement procedures and prevent implementation delays.
- As impact was very often linked to a sustainability and partner cooperation, the EU Delegation could consider the use of conditionality or pre-condition instruments in the programming documents (i.e. national partners appropriately staffed, adequate premises provided, strategies or laws adopted, etc).
- Phasing-out strategies should routinely be integrated in programme planning and solutions for maintaining activities after EU-funded interventions ended needed to be thoroughly discussed with stakeholders.
- Commitment at the national level needed to be strengthened to ensure full scale sustainability (MoLSG). National authorities needed to promptly address the lack of resource capacities (MoF) in order to be able to continue activities after programmes were closed down.
- The EU Delegation should insist that cross-cutting issues be more strongly integrated in planning documents to reflect contributions to men and women or minority groups and to assess gender-specific impacts.
- Since IPA procedures were so far unfamiliar to most local stakeholders, the EU Delegation should provide training in IPA general rules and procedures as well as guidelines on how to apply for future funds.

All the above recommendations were fully implemented during the reporting period or were under implementation after that.

iii. Sectors with positive results

Integrated border management and agriculture can be seen as areas where CARDS assistance contributed to positive results. In addition, infrastructure support for the municipalities, as part of the overall EU support for decentralisation, has proven very effective in improving the daily life of the citizens and stimulating social and economic cohesion.

iv. Success stories

"Fight against Organised Crime and Corruption Unit – Public Prosecutors' Office" (CARDS 2005)

The fight against organised crime and corruption is one of the key priorities of the Accession Partnership. The main objective of this twinning project was, firstly, to ensure an effective policy in this field through the development of a comprehensive and quality legal and institutional framework and, secondly, to implement and create a sustainable track record.

The EU offered support to make the Unit for the fighting against organised crime and corruption (now Basic Prosecutor's Office) operational. Thirteen training seminars and three study visits were organised during the lifetime of the project.

The results achieved are: i) the Special Unit for the fight against organised crime and corruption is operational. The contract provided consistent support (i.e. delivery of assessment reports, provision of training sessions, study visits) to the specialised Unit which is now an operational autonomous Basic Public Prosecutor's Office; ii) a comprehensive analysis of the legal framework in the field of organized crime and corruption was delivered under the contract.

"Technical assistance to the establishment of a national visa management system" (CARDS 2006)

In August 2007, the EU (through the European Agency for Reconstruction) allocated EUR 750,000 for software design of the National Visa Information System (N-VIS), as part of a technical assistance project to enhance the operational capacity of the Consular Department within the Ministry of Foreign Affairs. Alongside the advisory support, the EU has also provided the necessary EUR 450,000 worth of equipment for the Centre. The N-VIS introduces significant changes in visa issuance processes in the country. It implements clearly defined, standardised visa procedures and rapid, consistent and accurate verification of each and every applicant through the existing database. The training of trainers workshop delivered for 16 staff members from the relevant ministries offered valuable insight into all aspects of the use of N-VIS.

"National Vineyard Monitoring and Management System - Phase II" (CARDS 2006)

A pilot project to develop a vineyard cadastre started in 2004 in the Tikves region, financed through CARDS. During its first phase, the project opened a local office in Kavadarci, designed and put into function a software application, contributed to the passing of a new law on wine and two acts of secondary legislation and carried out several training courses for project staff. After the expiry of this pilot phase began the second phase of the project, again financed through CARDS, which aimed at extending the entire system and software and put them into function throughout the country.

The specific objectives of the second phase of the project were to align the national wine legislation and secondary legal acts with those of the EU and support the Wine and Vine Department within the Ministry of Agriculture, Forestry and Water Economy (MAFWE).

In addition to the main office in Skopje, based in MAFWE, the project established six regional offices in the main wine regions, namely in Kisela Voda, Sveti Nikole, Ohrid, Kavadarci, Negotino and Valandovo.

The system is based on rules that require mandatory declaration, i.e. that every vine grower is obliged to register himself in the vineyard register if he wishes to sell his production on the market, following a EU regulation that has become mandatory also in this country. An aerial photo-interpretation has been made to define the vineyard parcels in the country, which accounts for 95% of the wine-producers. All vineyards have been photo-interpreted and put into the system.

The system will provide wine traceability and will be used for programming the support policy in the wine sector, being an indispensable instrument which can give data on what and where something exists, who cultivates it, yields, what has been produced, what has been placed on the market, what has been shown in the declarations, etc.

This was a first attempt of a project based on GIS (Geographical Information System). It was a pioneer project and will convey the experience gained directly to the well-known LPIS (Land Parcel Identification System) that is currently under development for the whole agricultural sector, also with support from IPA Component I.

“Regulation of Luda Mara River in Kavadarci” (CARDS 2006)

The project was proposed from the Municipality of Kavadarci as a priority to be financed under the awarded first prize within the EU funded Municipal Award 2006 Programme. This Project covered works for regulating part of the Luda Mara River bed in the centre of Kavadarci, with a total length of 800 m. The works included earthworks for forming the river bed, concrete works of the bank of the minor bed, 6,080 m² of cobble-stone layer on the river bed, several cascades for regulation of the water flow and sets of steps to the river.

Several interruptions occurred during the construction period, mainly resulting from the unexpected discovery of unexploded destructive mines on site. The strong commitment of all parties involved in this project resulted in the successful completion of the works.

9. HUNGARY

9.1. Summary

In 2009, Hungary continued to implement successfully the post-accession assistance to address the remaining needs related to institution building for the implementation of the *acquis*, in line with the EDIS.

Since June 2004 implementation is carried out under the entire responsibility of Hungarian authorities applying national procurement rules. The CFCU-Central Finance and Contract Unit, the ESF-European Social Fund Agency and the VATI-Hungarian Public Company for Regional Town Planning are fully responsible for the daily implementation of the projects.

The National Aid Coordinator (NAC) continued to exercise the monitoring of both PHARE and Transition Facility Programmes. The National Authorizing Officer (NAO) carried out the financial supervision.

9.2. Implementation of the Transition Facility in 2009

i) - Transition Facility 2005 – finalisation of payments

The implementation of the Transition Facility (TF) 2005 programme was completed successfully by the end of 2008. 96.89% was disbursed by the end of 2009.

ii) - Transition Facility 2006 – finalisation of payments

On 15 December 2009, at the end of the implementation period for the 2006 TF programme, 87.32% of it had been disbursed.

iii) - Institution Building highlights

A total of around EUR 36 million of post-accession assistance has been allocated to Hungary from the Transition Facility programmes 2004-2006 (national allocation, not including horizontal and multi-country programmes).

Implementation of the Transition Facility in Hungary has been considered successful in all the areas, where most projects reached the foreseen objectives and assistance provided real value added.

9.3. Results and Impact

i) Joint Monitoring Committees / Sector Monitoring Sub-Committees

In 2009 no physical Joint Monitoring Committee (JMC) meetings were held. Two JMCs were concluded via written procedure. The Implementation Status Reports were of good quality, including sufficiently detailed information regarding projects implementation and the achievement of their results.

No particular monitoring actions were undertaken by the Commission, since the amount of the assistance and the number of the projects implemented in 2009 were rather small.

ii) Monitoring and Evaluation Reports in 2009 - Lessons Learned

Overall responsibility for monitoring of the Pre-accession and the Transition Facility programmes lies with the National Aid Coordinator (NAC) in the National Development Agency. Activities in this area were carried out on the basis of the Evaluation Plan on decentralisation of monitoring and evaluation, in line with European Commission requirements.

The independent evaluator prepared two consolidated Interim Evaluation reports in order to evaluate 7 sectors monitored in 2009. The evaluator prepared also the Country Summary Evaluation Review (CSER) for the JMC meeting in July 2009, which was carried out by written procedure, and for the JMC meeting scheduled in January 2010.

The conclusions available from the Interim Evaluation reports and the Country Summary Evaluation Review are that, on the whole, projects implementation was running smoothly in its final phase and no major problems were identified. Many of the recommendations regarding the 2004 and 2005 Transition Facility programmes referred to visibility or dissemination of information issues, but also staffing issues, notably in the area of civil society (political criteria) and transport.

Depending on the sector, the effectiveness was considered from adequate to satisfactory.

10. Kosovo⁶

10.1. Summary

The European Commission Liaison Office (ECLLO) in Kosovo⁷ took over the responsibility for projects financed under the CARDS programme from the European Agency for Reconstruction (EAR) in July 2008. The EAR completed its operations in Kosovo at the end of that year. Initially, CARDS projects transferred to the ECLLO represented some EUR 57 million and involved 134 contracts. The ECLLO implements remaining CARDS and IPA programmes in Kosovo under deconcentrated centralised management.

10.2. Financial assistance in 2009

i) Programmes launched

As of 2007 the CARDS instrument was replaced by the new Instrument for Pre-Accession Assistance. Therefore, no new CARDS programmes were launched in 2009.

ii) Overview of programmes implemented

In continuation of programmes implemented during 2008, the main developments of the CARDS programme in 2009 included the following:

Enhancing economic and social sustainability of minority communities

CARDS funds supported employment generation and community development in disadvantaged minority communities. Examples include cheese and milk production, textile production, carpentry, sweets and pastry production, auto-mechanic workshops, dry herbs and mushroom production, furniture production, dairy farming, horticulture, blacksmiths, barber and hairdresser shops. Furthermore, the Roma, Ashkali and Egyptian communities were specifically targeted so as to improve children's education and reduce school drop-out levels, as well as health and family planning by providing health sessions on hygiene, reproductive health, waste management, infectious and cardiovascular diseases. In addition, CARDS funds supported direct assistance to the returns process as well as building the institutional capacity of the Ministry of Communities and Returns to effectively coordinate this process. A special emphasis was put on assisting the reconstruction of Kosovo's religious sites damaged in March 2004.

Guiding Kosovo on the path towards Europe

The CARDS programme continued to build the institutional capacity of the newly established ministries and municipalities to more effectively perform their governance roles and to strengthen the rule of law, in line with European Partnership priorities and EU best practices. Support was provided to the construction of the Ministry of Internal Affairs' headquarters and to its institutional capacity to strengthen internal security, public order, border and boundary management. The Agency for Coordination of Development and European Integration, since April 2010 part of the newly created Ministry of European Integration, was supported to

⁶ Under UNSCR 1244/99

⁷ Under UNSCR 1244/99

enhance the professionalism of the civil service. Other support included improving public finance management and national statistics. During 2009 CARDS also funded capacity building for Kosovo's institutions for the preparation and implementation of cross-border cooperation programmes.

Fighting poverty through sustainable industrial and rural development

CARDS supported economic and social development by assisting municipalities and socially owned enterprises. Assistance was provided to increase domestic and foreign direct investment, develop quality standard infrastructure, improve industrial competitiveness and exports, support enterprise development in disadvantaged areas and among marginalised groups, strengthen corporate finance, continue the privatisation process and incorporate publicly owned utilities. The development of the rural economy and natural resource management was targeted through support to the Ministry of Agriculture, Forestry and Rural Development. Further support was provided to rural communities in the establishment of Local Action Groups and local development strategies, addressing specific local problems.

Shaping Kosovo's participation in the Energy Community of South East Europe

The CARDS programme provided support to the upgrading of heavy coal mining machinery for the removal of waste, including a bucket wheel excavator, conveyor belt and spreader. The refurbished system should be used to open the new mine in the Sibovc SW field. The programme should lead to reduced damage to machinery, unplanned forced outages and increase the reliability of the excavating system.

Strengthening local government to support democratic governance

CARDS support to local governance followed a cross-sector approach. Projects provided assistance to local government institutions targeting different sectors, reflecting the multi-faceted responsibilities increasingly assumed by local authorities. Reconstruction of physical infrastructures was the main objective of several municipal development projects. At the central level, the CARDS programme built the institutional capacity of the Ministry of Local Government to effectively perform its mandate and provided hands-on advice directly to the municipalities to improve service delivery to citizens including an integrated Public Investment Programme.

iii) Cards management performance

Table 1 - Financial execution as at the end of December 2009 (in million EUR) – CARDS annual programmes

| | Allocated | Contracted | RAC | % contracted | Paid | RAL | % paid |
|-------------------|---------------|---------------|-------------|--------------|---------------|--------------|------------|
| CARDS 2001 | 143.21 | 142.53 | 0.68 | 100% | 142.53 | 0.68 | 100% |
| CARDS 2002 | 162.54 | 162.08 | 0.45 | 100% | 161.80 | 0.74 | 100% |
| CARDS 2003 | 62.28 | 58.24 | 4.04 | 94% | 57.53 | 4.75 | 92% |
| CARDS 2004 | 72.60 | 72.60 | 0.00 | 100% | 67.85 | 4.75 | 93% |
| CARDS 2005 | 76.50 | 75.53 | 0.97 | 99% | 71.33 | 5.18 | 93% |
| CARDS 2006 | 46.50 | 46.48 | 0.02 | 100% | 40.85 | 5.66 | 88% |
| TOTAL | 563.63 | 557.46 | 6.16 | 99% | 541.89 | 21.76 | 96% |

iv) Institution Building highlights

The CARDS programme continued to support the institutions of Kosovo by building their capacity to effectively implement their mandates.

In close coordination with EULEX, the CARDS programme provided *support to the justice institutions* in Kosovo to develop and strengthen the justice structure so as to guarantee an area of freedom, security and justice for all Kosovo citizens, in accordance with EU standards and best practices.

Support to *local government institutions* targeted different sectors, reflecting the multi-faceted responsibilities increasingly assumed by local authorities. Complementary to this, a EUR 15 million CARDS programme sought to upgrade the social and economic infrastructure of a number of municipalities throughout Kosovo.

CARDS supported Kosovo on the path towards Europe by strengthening the capacity of the government to carry out its duties in line with the European Partnership. This included the continuation of the Young Cell Scheme, which provides *scholarships for Kosovo graduate students* to gain Master's degrees in European Studies at some of Europe's most prominent universities.

10.3. Results and impact

i) Monitoring and Evaluation Reports in 2009 - Lessons Learned

Kosovo is included in the target area of the Results Oriented Monitoring (ROM) project managed by the Commission. All contracts with a value of more than EUR 1 million are subject to ROM, providing an independent opinion on the efficiency, impact and sustainability of project implementation.

In 2009 a total of 50 projects were monitored, of which 36 Kosovo projects and 14 components of regional projects. These included 23 CARDS projects⁸.

- Lessons learned as concerns *project relevance*: i) results and indicators are set at a very general level, stating only overall development and reconstruction goals; ii) indicators are often a mix of activities and results; iii) inaccurate needs assessments reflect a lack of capacity, notably within ministries, related to project design and development; iv) neither the European Agency for Reconstruction (EAR) nor the beneficiary set aside sufficient resources for projects preparation; v) CARDS assistance had positive effects in supporting the development of new institutions and the legal or strategic framework in a majority of the sectors, and in building the capacity of staff in some sectors.
- Lessons learned regarding *effectiveness*: i) overall, CARDS has performed better in concrete and specific technical projects than in strategic and planning type of projects; ii) in some sectors, project design has not taken the administrative situation into account; iii) donor coordination was generally a weak point, not functioning effectively in a majority of the areas subject to the evaluation; iv) too few resources have been set aside by the government to ensure donor coordination and generally donors have only led the process on a case by case basis.

⁸ In the areas of justice, energy, economic development and rural development

- Lessons learned regarding *efficiency*: i) delays in implementation have been registered because institutions were being set up when projects started and lacked administrative capacity and staff; ii) it has been difficult to assess CARDS in relation to national sector strategies, as these did not exist in most sectors; iii) lack of developed sector strategies and prior needs assessments may have contributed to inadequate project design, which has impacted CARDS performance; iv) some projects, which were still under implementation in the justice sector (Further Support to Justice), economic development (Kosovo Development Plan) and rural development (IMPARD II and Local Development Strategies), would benefit from an extension.
- Lessons learned as concerns *impact*: i) impact can be noticed in particular at the institutional level in many projects in all four sectors subject to the evaluation, but lack of institutional capacity will limit wider impact; ii) CARDS assistance has focused on direct training more than on training-of-trainers and developing training capacity, and is therefore vulnerable to staff turnover and movement; iii) many projects have been implemented in a continuously changing environment, with new staff at all levels; iv) frequent project extensions were required because project design did not set sufficient time for implementation.
- Lessons learned in the area of *sustainability*: i) project design has not taken the administrative situation into account; ii) further development of the administration in terms of staff numbers and competences, as well as top level management in the ministries engaging in the reform processes, will be prerequisites for sustainability, i.e. factors which cannot be influenced by CARDS assistance as such; iii) sustaining the results of many of the projects will demand significant investment from both the state budget and donors.

ii) Sectors with positive results

CARDS supported Kosovo in achieving positive results in the *justice sector*, notably as concerns youth. A CARDS project implemented by UNICEF aiming to support the reform of the juvenile justice system, based on the rights of children and adolescents and evidence-based research, offered alternatives to detention and promoted a juvenile crime prevention programme and social rehabilitation of juveniles. A main result was the mobilisation of a network of child protection service providers and community stakeholders, which laid the foundation for future work in establishing a coordinated response in preventing juvenile delinquency, despite the challenging political context. Please refer to section *iii) Success stories* for more details on this project.

With the support of CARDS, Kosovo promoted *economic development and employment creation*. CARDS supported the establishment and expansion of growth oriented enterprises in the agro-processing, industry manufacturing and service sectors through employment creation and export potential in the northern region of Kosovo. One of the projects in this sector assessed current market needs and priorities, identified points of synergy and prevented duplication, evaluated business profiles and awarded grants to the best ones, conducted monitoring and inspection visits, promoted dialogue between government and the business community, conducted final evaluation and audit of supported enterprises, analysed monitoring and inspection visits' results, and conducted SME development workshops. The new business ventures are expected to create a total of 295 new jobs. A further project in this sector created employment opportunities in two targeted municipalities, Mitrovica/a and Zvecan, and stimulated their economic development by increasing the capacities to establish new or to expand existing businesses. Working conditions were improved through the

refurbishment of existing facilities and equipment and new infrastructure facilities for the development of mostly small and medium sized business schemes were provided

CARDS furthermore helped to *alleviate poverty in marginalised municipalities* by creating income generating and employment opportunities among vulnerable groups in the targeted municipalities. It thus contributed to stabilising socio-economic conditions and stimulating the economic development of marginalised groups in Kosovo's economy and supported the growth of entrepreneurial spirit. CARDS projects contributed to the growth of positive community development, to increased local entrepreneurs' capacities to establish or expand businesses, and to the improvement of the marketability of locally produced goods.

CARDS assistance supported a balanced economic and social development at the municipal level through a *municipal and social infrastructure development* programme. The municipalities' capacity to design and implement municipal development strategies was strengthened and the quality of public services infrastructure was enhanced. Technical assistance was provided to the municipalities to prepare their bids. Finally, 43 municipal infrastructure project schemes were selected and eleven works contracts awarded to local construction companies. The main results of these schemes included: 12 new municipal buildings of which 10 schools were constructed, 1 archive building was refurbished and one sports centre was constructed; 12 new local roads were built in different villages increasing mobility and access of citizens, and 19 water and sewage projects were carried out improving the drinking water and wellbeing of citizens.

iii) Success stories

“Support to Kosovo Juvenile Justice System” (CARDS 2006⁹)

The overall aim of this action, worth EUR 1 million, was to establish a Juvenile Justice System based on children's rights and evidence based research, offering alternatives to detention and promoting a juvenile crime prevention programme and social rehabilitation of boys and girls in conflict with the law. The main activities focused on building the capacity of juvenile justice professionals, research development, and prevention of juvenile delinquency through a targeted prevention and rehabilitation programme. A key strategy was also to reach the minority population and notably children at risk in the northern part of Kosovo covering Mitrovicë/a North and Zvečan/Zveçan.

The main project result was the mobilisation of a network of child protection service providers and community stakeholders, which laid the foundation for future work in establishing a coordinated response in preventing juvenile delinquency, despite the challenging political context. Through regular meetings, this action successfully mobilised and sensitised professionals from various sectors including education, health, police, NGOs and young people themselves with a view to the importance of a cross-sectoral and coordinated approach in dealing with children at risk and/or in conflict with the law.

Some of the concrete outcomes were as follows:

- Research on violence in schools conducted in all primary and secondary schools in Mitrovicë/a North and Zvečan/Zveçan: in total, 557 students and 83 adults working with children participated in the quantitative and qualitative research. The main finding showed

⁹ Also further supported by IPA 2009

that 45% of the students experienced some forms of violence against them at least once during the previous three months.

- Training activities for different sectors on working with children and youth: AMITY trained 171 professionals and community members (teachers, social workers, police - including also parents and young people) from 27 institutions in the following areas: working with children at risk or in conflict with the law, child abuse/neglect, domestic violence, drug abuse in children, prevention of peer violence in schools, role of the Centres for Social Work (CSW) in working with children at risk, and international standards on juvenile justice.
- Establishment of a Youth Club: a local school took the ownership of the Youth Club with the technical support of AMITY and established the club in its premises. The objective of the Club is to empower young people to become active partners in their own protection and development and for young people to serve as role models to their peers while also providing peer support and mediation to those engaged in risky behaviour. Established in early 2009, the Youth Club gathers 60 children aged 15-18 from all high schools in the north of Kosovo, of which 19 are trained peer mediators and 41 are young people with behavioural problems at risk of entering into conflict with the law. The Youth Club hosts vocational trainings and different workshops in line with interest expressed by children (e.g. non-violent communication, consequences of drug abuse, peer violence, etc.).

“Promoting Local Enterprise Development and Employment Creation in the Mitrovicë/Mitrovica and Zvečan/Zveçan Areas (FAIR Grant Programme)” (CARDS 2004)

This overall objective of this EUR 3.2 million project was to stimulate economic growth, encourage greater local and foreign investment and promote greater adherence to European standards of environmental protection and financial accountability. More specifically, the project aimed to encourage the establishment of modern, sustainable SMEs that are competitive, environmentally friendly and financially sound in the municipalities of Vushtrri/Vucitrn, Mitrovicë/a Zvečan/Zveçan, Leposavic/Leposaviq and Zubin Potok, particularly in the agro-processing, industry and service sectors. Furthermore, the project sought to increase employment opportunities in these municipalities, promote greater transparency and accountability in business and in environmental protection, financial planning and accounting.

The Fund for Agro-Processing & Industrial Revitalization (FAIR), implemented under the PLEDEC project, supported the establishment and/or expansion of growth-oriented enterprises in the agro-processing, industry/manufacturing and service sectors, aiming to increase employment and raise the export potential in Kosovo’s five northern municipalities. FAIR offered financial and technical support to entrepreneurs who were selected through a competitive application process. New and expanding businesses could receive grants ranging from EUR 50,000 to EUR 200,000 for new investments. FAIR provided 75% of the investment value and recipients had to secure the remaining 25%.

A total of 17 beneficiaries through three rounds of calls for proposals (nine in the first round, five in the second, and three in the third round) were selected and subsequently approved for funding by the FAIR Grant Approval Committee. In total, FAIR had received 395 applications in response to the three calls. The majority of applications submitted were from Vushtrri/Vučitrn municipality, followed by Mitrovicë/Mitrovica municipality.

“Ministry of Internal Affairs headquarters” (CARDS 2006)

The overall objective of this EUR 3.2 million project was the construction of a functioning headquarters for the Ministry of Internal Affairs, including sufficient resources to carry out its responsibilities. Furthermore, the project assisted the development and strengthening of effective performance of the Ministry, in accordance with EU standards and best practices.

“Support the supply of coal to existing power plants” (CARDS 2005)

This programme involved the rehabilitation of heavy coal mining machinery for waste removal, including bucket wheel excavator, conveyor belt and spreader. The refurbished system will be used for opening the new mine in the Sibovc SW field. The programme will lead to reduced damages of the machinery, unplanned forced outages and increase the reliability of the excavating system. The total amount of the programme is EUR 20.3 million: EUR 17.3 million from CARDS plus EUR 3 million from the KCB. The programme is being implemented in close cooperation with the beneficiary (KEK) and relevant stakeholders such as the World Bank and particularly KfW, who are considering complementary assistance for the coalmines in particular and the energy sector in general.

11. LATVIA

11.1. Summary

In 2009, Latvia continued to successfully implement post-accession assistance to address remaining needs related to institution building for the implementation of the *acquis*, in line with the Extended Decentralised Implementation System (EDIS).

Since May 2004 procurement is carried out under the entire responsibility of the Latvian authorities applying national procurement rules. The Central Financing and Contracting Agency (CFCA) in the Ministry of Finance and the Society Integration Foundation are fully responsible for the daily implementation of the projects.

The National Aid Coordinator (NAC) continued to exercise the monitoring of both PHARE and Transition Facility Programmes. The National Authorizing Officer (NAO) carried out the financial supervision.

11.2. Implementation of the Transition Facility in 2009

i) - Transition Facility 2005 – finalisation of payments

Implementation of the Transition Facility (TF) 2005 programme was completed successfully by the end of 2008. 90.62% was disbursed by the end of the 2009.

ii) - Transition Facility 2006 – finalisation of payments

On 15 December 2009, at the end of the implementation period for the 2006 TF programme, 93.26% of it had been disbursed.

iii) - Institution Building highlights

A total of around EUR 19 million of post-accession assistance has been allocated to Latvia from the Transition Facility programmes 2004-2006 (national allocation, not including horizontal and multi-country programmes).

During the period, there was substantial overall progress towards the achievement of objectives and results of EU assistance. The projects under TF 2006 were successfully completed and achieved their results.

In 2009, Twinning continued to be the main implementing instrument in many areas of the *acquis* in Latvia and has helped the Latvian administration to further strengthen its capacities to implement and enforce EU legislation. Although extensive reorganisation of public sector institutions was necessary in Latvia in the light of the financial crisis, the sustainability of project results was not hampered, as the issue continued to be carefully monitored by the national authorities and the main observations were regularly reported to the Commission.

11.3. Results and Impact

i) Joint Monitoring Committees / Sector Monitoring Sub-Committees

In 2009 no physical Joint Monitoring Committee (JMC) meeting was held. Two JMCs were concluded via written procedure. The Implementation Status Reports were of good quality, including sufficiently detailed information regarding projects implementation and achievement of their results.

No particular monitoring actions were undertaken by the Commission since the amount of the assistance and number of the projects implemented in 2009 were rather small.

ii) Monitoring and Evaluation Reports in 2009 - Lessons Learned

Overall responsibility for monitoring and evaluation of the Pre-accession and the Transition Facility programmes in Latvia lies with the Ministry of Finance (MoF). The contract with the independent evaluator was completed in August 2008 and no Evaluation Reports were submitted in 2009. Since most of the TF 2006 projects were not evaluated by the external evaluators due to the contracting dates, almost all of these projects were included to the on-the-spot monitoring plan developed by the NAC office.

The issues raised during these on-the-spot monitoring visits were the following: the status of the guidelines / strategy papers / concepts developed within the Twinning/Twinning Light contracts, quality of training materials, efficiency and sustainability of training activities and their assessment practices and visibility issues. The conclusions mainly concentrated on risks of project implementation, measurement of effectiveness of training results, ownership of project results and more efficient management of visibility guidelines.

12. LITHUANIA

12.1. Summary

In 2009, Lithuania completed the implementation of the Transition Facility instrument, which addressed the remaining needs related to institution building for the implementation of the *acquis*, in line with the Extended Decentralised Implementation System (EDIS).

Since July 2004 implementation is carried out under the entire responsibility of the Lithuanian authorities applying national procurement rules. The Ministry of Finance, Central Programme Management Authority (CPMA) is responsible for *ex ante* control and twinning. The CPMA is fully responsible for daily implementation of projects.

The National Aid Coordinator (NAC) continues to exercise the monitoring of both PHARE and Transition Facility Programmes. The National Authorizing Officer (NAO) carries out the financial supervision.

12.2. Implementation of the Transition Facility in 2009

i) - Transition Facility 2005 – finalisation of payments

Implementation of the Transition Facility (TF) 2005 programme was completed successfully by the end of 2008. 91.28% was disbursed by the end of the 2009.

ii) - Transition Facility 2006 – finalisation of payments

On 15 December 2009, at the end of the implementation period for the 2006 TF programme, 93.26% of it had been disbursed.

iii) - Institution Building highlights

A total of around EUR 36 million of post-accession assistance has been allocated to Lithuania from the Transition Facility programmes 2004-2006 (national allocation, not including horizontal and multi-country programmes).

During the period, there was substantial overall progress towards the achievement of objectives and results of EU assistance. The projects under TF 2006 were successfully completed and achieved their results, which further contributed to the enhancement of Lithuanian public administration.

12.3. Results and Impact

i) Joint Monitoring Committees / Sector Monitoring Sub-Committees

In 2009 no physical Joint Monitoring Committee (JMC) meeting was held. Two JMCs were concluded via written procedure. The Implementation Status Reports were of good quality, including sufficiently detailed information regarding projects implementation and achievement of their results.

No particular monitoring actions were undertaken by the Commission since the amount of the assistance and the number of projects implemented in 2009 were rather small.

ii) Monitoring and Evaluation Reports in 2009 - Lessons Learned

Overall responsibility for monitoring and evaluation of the Pre-accession and the Transition Facility programmes in Lithuania lies with the NAC Office which is in the Ministry of Finance.

The evaluators concluded that the overall performance rating in 2009 for all sectors of the EU Transition Facility 2005 and 2006 programmes (environment, justice and home affairs, public administration, public finance and customs, nuclear safety, energy and transport, internal market and statistics, agriculture) is *good*. The thematic evaluation report also showed that the relevance of all PHARE and Transition Facility projects in the area of IT was *good*. In total there were 9 recommendations provided after these evaluations (5 recommendations were provided by the Interim Evaluation Report and 4 recommendations were provided by the thematic IT evaluation report).

13. MALTA

13.1. Summary

In 2009, Malta completed the implementation of the Transition Facility instrument, which addressed the remaining needs related to institution building for the implementation of the *acquis*, in line with the Extended Decentralised Implementation System (EDIS).

Since June 2004 implementation is carried out under the entire responsibility of the Maltese authorities applying national procurement rules. The role of Accredited Implementing Agency is performed by the Department of Contracts in the Ministry of Finance. The Planning and Priorities Coordination Division in the Office of the Prime Minister is acting as NAC service. The National Aid Coordinator (NAC) continued to exercise the monitoring of both Pre-Accession and Transition Facility Programmes. The National Authorizing Officer (NAO) carried out the financial supervision.

13.2. Implementation of the Transition Facility in 2009

i) - Transition Facility 2005 – finalisation of payments

The implementation of the Transition Facility (TF) 2005 programme was completed successfully by the end of 2008. 84.35% was disbursed by the end of the 2009.

ii) - Transition Facility 2006 – finalisation of payments

On 15 December 2009, at the end of the implementation period for the 2006 TF programme, 57.96% of it had been disbursed.

iii) - Institution Building highlights

A total of around EUR 21 million of post-accession assistance has been allocated to Malta from the Transition Facility programmes 2004-2006 (national allocation, not including horizontal and multi-country programmes).

During the reporting period, there was substantial overall progress towards the achievement of objectives and results of EU assistance. The projects under TF 2006 were successfully completed and achieved their results, which further contributed to the enhancement of the Maltese public administration.

Regarding the Unallocated Institution Building Facility, Malta has fully absorbed the funds available under TF 2006. The small-scale projects, implemented under this facility have proved to be very efficient and have generated good and sustainable results.

13.3. Results and Impact

i) Joint Monitoring Committees / Sector Monitoring Sub-Committees

In 2009 no physical Joint Monitoring Committee (JMC) meetings were held. Two JMCs were concluded via written procedure. The Implementation Status Reports were of good quality, including sufficiently detailed information regarding projects implementation and achievement of their results.

No particular monitoring actions were undertaken by the Commission since the amount of the assistance and the number of projects implemented in 2009 were rather small.

ii) Monitoring and Evaluation Reports in 2009 - Lessons Learned

Overall responsibility for monitoring and interim evaluation of the Pre-accession and the Transition Facility programmes in Malta lies with the NAC services located at the Office of the Prime Minister (OPM). Activities in this area were carried out on the basis of the Action Plan on decentralisation of monitoring and evaluation, which was endorsed by the European Commission in February 2005.

In 2009, the following evaluation reports were prepared by external evaluators: First and Second Interim Evaluation Report 2009 and Country Summary Evaluation Report on TF 2005 and TF 2006 programmes.

The average rating stated in the Interim Evaluation Reports per cluster in terms of relevance, effectiveness, efficiency, impact and sustainability was "satisfactory", whereas the main recommendations were related to the need for timely implementation of projects and for additional funds as well as human resources to guarantee the sustainability of project results. The only recommendation presented in the final Country Summary Evaluation Report also addressed the sustainability issues of four projects under TF 2005 and TF 2006.

14. MONTENEGRO

14.1. Summary

As in previous years, the implementation of CARDS programmes in Montenegro was centrally managed by the EU Delegation to Montenegro.

Altogether, CARDS 2001 – 2006 can be considered almost fully contracted and paid in Montenegro. Throughout 2009, the implementation of remaining CARDS programmes has been of valuable assistance to the country. Programmes were realised in the area of wastewater infrastructure, public administration reform, trade and single market policies, environmental sector, preparation for decentralised management and fostering the economic and business environment.

14.2. Financial assistance in 2009

i) Programmes launched

As of 2007 the CARDS instrument was replaced by the new Instrument for Pre-Accession Assistance. Therefore, no new CARDS programmes were launched in 2009.

ii) Overview of programmes implemented

In the area of *wastewater infrastructure*, existing wastewater pumping stations were rehabilitated in four municipalities (Bar, Herceg Novi, Budva, Ulcinj). Existing equipment from pumping stations was removed, cleaned and repaired. In addition, new pumps and other equipment were installed in altogether 13 pumping stations.

The 2006 CARDS project "*Implementation of budgeting and salary system reform*" was divided into two components, focusing on Montenegro's Budgeting System and Salary System. The Project had a positive impact on the ability of the Ministry of Finance to prepare a realistic budget and medium term financial framework.

The project *development of the environment sector* supported the establishment and functioning of the Environmental Protection Agency (EPA) and Project Implementation Unit (PIU), as well as supported the drafting of necessary legislation. Implementation of both established organisations had started by the end of the project.

In the *energy sector*, a project supported the government of Montenegro in investigating new power production capacities in the north of the country. Assessments and feasibility studies were carried out to establish a financial and economic model including price scenarios and risk analyses for the existing and possibly a second thermal power plant in Pljevlja. The project also provided recommendations for further transactions required in the energy sector of Montenegro.

A technical assistance project carried out in 2009 aimed at enhancing the existing legal framework and developing institutional capacity within the Government for establishing *Private Public Partnerships* (PPP). The project provided support on how to attract investments in the strategically important sectors of the Montenegrin economy, including

support for implementation of at least two concrete high priority PPP projects promoting sustainable tourism development in Montenegro.

iii) Cards management performance

Table 1 - Financial execution as at the end of December 2009 (in million EUR) – CARDS annual programmes

| | Allocated | Contracted | RAC | % contracted | Paid | RAL | % paid |
|-------------------|---------------|--------------|-------------|--------------|--------------|-------------|--------------|
| CARDS 2001 | 16.10 | 16.07 | 0.06 | 99.6% | 16.04 | 0.06 | 99.6% |
| CARDS 2002 | 12.00 | 11.95 | 0.05 | 99.6% | 11.95 | 0.05 | 99.6% |
| CARDS 2003 | 12.00 | 11.89 | 0.11 | 99.1% | 11.89 | 0.11 | 99.1% |
| CARDS 2004 | 16.76 | 16.71 | 0.05 | 99.7% | 16.62 | 0.13 | 99.2% |
| CARDS 2005 | 23.12 | 22.98 | 0.14 | 99.4% | 22.69 | 0.43 | 98.2% |
| CARDS 2006 | 20.71 | 20.09 | 0.62 | 97.0% | 19.88 | 0.83 | 96.0% |
| Total | 100.69 | 99.69 | 1.03 | 98.9% | 99.07 | 1.61 | 99.0% |

iv) Institution Building highlights

Main achievements of the technical assistance project “*Support to the Labour Market Reform*” in terms of policy making were the preparation of a number of significant strategic documents, such as the National Strategy for Employment and Human Resource Development 2007-2011 and related 2007-2008 National Action Plan, the National Life-Long Entrepreneurship Learning Strategy 2008-2010 and related 2008-2009 National Action Plan. In terms of capacity building in the Ministry of Labour (Employment Agency) relevant institutions, trainers and teachers were supported. The project provided training on labour market information and statistics, on Life-Long Entrepreneurship Learning and on policy development and implementation issues related to the above mentioned. The positive results of this project served as a basis for the implementation of IPA programmes in the sector of vocational education and training and labour market development.

In the area of *EU Approximation in trade and single market policies*, a project covered three components: trade, competition as well as state aid and consumer protection. The main results involved the improvement of the regulatory framework in the above mentioned sectors, strengthening of the relevant institutions and civil society organisations, establishment of complaints mechanisms and raising of the public awareness in the target sectors.

14.3. Results and impact

i) Monitoring and Evaluation Reports in 2009 - Lessons Learned

A thematic evaluation of CARDS assistance in three sectors (justice, public administration reform and civil society development) was completed in 2009. It has been concluded that CARDS was focused on the objectives of the relevant planning and strategic documents, but the documents were not adequately detailed and developed. Due to limited institutional and absorption capacity only some projects show results and short-term impacts. Some results and impacts may be sustainable if supported by sufficient staff and resources. In general, results and impacts have not been achieved in an efficient and effective manner due to the lack of experienced institutions. CARDS has addressed gender equality and inclusion of minorities, primarily in civil society development projects, but there has been less focus on sustainable development. Donor coordination, especially at sectoral level has to be further developed.

- Lessons learnt in relation to *projects relevance*: i) projects are in compliance with strategic documents, but project design has been made without in-depth institutional assessment and national strategies;
- Lessons learnt regarding *effectiveness*: i) irrespective of implementation problems, most projects have met most of their objectives. However, the projects were designed with focus on the delivery of specific outputs rather than on capacity building; ii) lack of staff and staff capacity have in many projects been identified as key obstacles to achieving full effectiveness and thereby using and implementing projects results.
- Lessons learnt regarding *efficiency*: i) contractors have in general been efficient and flexible in their implementation, but in some instances they met a lack of ownership which delayed implementation; ii) Montenegro has become an independent state in the period covered by the CARDS programme, which may also have impacted efficiency as there have been many competing tasks.
- Lessons learnt related to *impact*: i) some project results in public administration reform and justice will have impacts beyond the immediate institutional and project environment; ii) monitoring of overall and medium to long-term impacts only takes place in a very limited number of ministries.
- Lessons learnt in the domain of *sustainability*: i) lack of staff and budget allocations is a key impediment to sustainability of capacity building projects. Adding to this is the budget uncertainty and lack of institutional stability which make sustainability of project results uncertain; ii) ownership of project results is mixed in CARDS projects. Ownership has in some projects been present at the time of the planning and programming phases, but has been missing with regard to implementing the operational commitment or resources; iii) despite sustainability being a key issue for most projects, it has only been directly addressed in a few projects as part of the reporting.

ii) Sectors with positive results

In 2009, one of the sectors profiting most from CARDS was the labour market. The labour market reform project has been carried out with tangible success and sustainable long-term impact on the Montenegrin social and economic development. The monitoring reports were positive on all aspects of the action, although they also identified some remaining challenges and emphasised the lack of personnel at the Ministry of Labour and the weakness of the department for social statistics at MONSTAT.

iii) Success stories

"Rehabilitation of Wastewater Pumping Stations, Bar, Herceg Novi, Budva and Ulcinj" (CARDS 2006)

During the 1990's the wastewater infrastructure in Montenegro became increasingly degraded and many of the existing wastewater pumping stations caused environmental pollution due to improper functioning. The CARDS programme financed the rehabilitation of a number of these wastewater pumping stations (removal, cleaning of old pumps and installation of new ones) in four municipalities, improving the situation of wastewater management in these coastal towns and having hereby a positive impact on the environmental sector as such.

15. POLAND

15.1. Summary

In 2009, Poland continued to implement successfully the post-accession assistance to address the remaining needs related to institution building for the implementation of the *acquis*, in line with the EDIS.

Since February 2005 implementation is carried out under the entire responsibility of Polish authorities applying national procurement rules. The Central Finance and Contracts Unit (CFCU), the Polish Agency for Enterprise Development (PAED) and the Implementing Authority for European Programmes (formerly Implementing Authority for PHARE Cross-Border Cooperation Programmes, IA-CBC) are fully responsible for the daily implementation of the projects.

The National Aid Coordinator (NAC) continued to exercise the monitoring of both PHARE and Transition Facility Programmes. The National Authorizing Officer (NAO) carried out the financial supervision.

15.2. Implementation of the Transition Facility in 2009

i) - Transition Facility 2005 – finalisation of payments

Implementation of the Transition Facility (TF) 2005 programme was completed successfully by the end of 2008. 86.60% was disbursed by the end of the 2009.

ii) - Transition Facility 2006 – finalisation of payments

On 15 December 2009, at the end of the implementation period for the 2006 TF programme, 83.79% of the programme had been disbursed.

iii) - Institution Building highlights

A total of around EUR 115 million of post-accession assistance has been allocated to Poland from the Transition Facility programmes 2004-2006 (national allocation, not including horizontal and multi-country programmes).

Implementation of the Transition Facility in Poland is considered generally successful and projects provided notable value added. During the period, there was substantial overall progress towards the achievement of objectives and results of the EU assistance.

15.3. Results and Impact

i) Joint Monitoring Committees / Sector Monitoring Sub-Committees

In 2009 no physical Joint Monitoring Committee (JMC) meeting was held. One JMC was concluded via written procedure.

The Implementation Status Report has not been approved by the EU since it did not provided comprehensive and updated information on the achievement of the projects' objectives, purpose, results and sustainability for TF projects.

No particular monitoring actions were undertaken by the Commission since the amount of the assistance and the number of projects implemented in 2009 were rather small.

ii) Monitoring and Evaluation Reports in 2009 - Lessons Learned

Overall responsibility for monitoring of the Pre-accession and the Transition Facility programmes in Poland lies with the NAC department within the Office of the Committee for European Integration (UKIE). The NAC department assures the proper monitoring of the projects and information about the monitoring results are delivered to the European Commission on a regular basis.

During 2009, NAC services prepared the Implementation Status Report and an independent evaluator issued nine Interim Evaluations Reports, covering agriculture, the environment, transport, the internal market, justice and home affairs and public administration.

The Implementation Status Report, submitted in June 2009, did not provide updated information on projects implementation, did not cover all projects for which activities were implemented in the reporting period and did not inform on achievement of projects objectives, purpose and results. As the report was not updated following an initial request by the Commission, it was exceptionally approved with a reservation that missing information on TF 2005 should be provided in the progress report for the Final Declaration and that comprehensive information for TF 2006 projects should be provided in the next Implementation Status Report.

16. ROMANIA

16.1. Summary

In 2009, Romania implemented both pre-accession and post-accession assistance to address the remaining needs related to Institution Building for the implementation of the *acquis*, in line with the Extended Decentralised Implementation System (EDIS).

Since January 2007 implementation is carried out under the entire responsibility of the Romanian authorities applying national procurement rules. Three implementing agencies are fully responsible for daily implementation of projects (two of them accredited in December 2006 and one in April 2007).

The National Aid Coordinator (NAC) continued to exercise the programming function for the Transition Facility programmes and monitoring of both Pre-accession and Transition Facility Programmes. The National Authorizing Officer (NAO) carried out the financial supervision.

DG Enlargement continued to exercise the functions related to Commission responsibilities regarding the monitoring, payments, closure, etc., in line with the Financial Regulation.

16.2. Implementation of PHARE and the Transition Facility in 2009

i) PHARE 2005 – finalisation of payments

At the end of 2009, 79.62% were disbursed. The Romanian authorities requested the extension of the execution period for 3 components under the 2005 Economic and Social Cohesion PHARE programme. The Commission approved the request.

ii) PHARE 2006 – finalisation of payments

At the end of the implementation period for the majority of the 2006 PHARE programmes, 69% of the funds were disbursed. The Romanian authorities requested the extension of the execution period for 33 projects under PHARE 2006, that the Commission approved.

iii) Transition Facility 2007

At the end of the contracting period for the 2007 Transition Facility, on 15 December 2009, 68.63% of the programme was contracted. The disbursement rate was 39.45%.

iv) Institution Building highlights

The tasks and responsibilities related to twinning are dealt with by CFCU as Administrative Office, whereas DG Enlargement is responsible for issuing the Steering Committee Opinion on twinning contracts. Sixteen such opinions were issued during 2009, to which added another 29 twinning light projects contracted under Transition Facility which continued to be useful in many priority areas and helped Romania prepare for implementation of EU policies and laws.

In order to address unforeseen needs, additional assistance from the unallocated Institutional Building 2007 envelope referring mainly to the Cooperation and Verification Mechanism continued to be provided for projects mainly in the justice and public administration sectors.

16.3. Results and Impact

i) Joint Monitoring Committees / Sector Monitoring Sub-Committees

In 2009, two Joint Monitoring Committee (JMC) meetings took place, in January and June, in line with the revised JMC Mandate introduced in the new Member States in May 2004, which establishes an integrated monitoring and evaluation system over the programmes under implementation.

Two rounds of Sector Monitoring Sub-Committee (SMSC) meetings took place in spring and autumn 2009. The number of sub-committees was reduced to seven by unifying 'justice' and 'home affairs' in a single SMSC, split in 2 sessions. Also 'transport' and 'agriculture' were merged in a single SMSC, with 2 sessions.

ii) Monitoring and Evaluation Reports in 2009 (lessons learned)

The overall responsibility for monitoring of the PHARE and Transition Facility programmes in Romania lies with the Central Evaluation Unit within the Authority for the Coordination of Structural Instruments in the Ministry of Public Finance. Activities in this area were carried out in 2008 with the support of a PHARE Interim Evaluation external contractor. In November 2009, although with significant delay, the Romanian authorities concluded a contract for Interim Evaluation to ensure the evaluation of the last PHARE/Transition Facility projects under implementation.

17. SERBIA

17.1. Summary

As from September 2008, the implementation of CARDS programmes in Serbia is centrally managed by the EU Delegation in Serbia.

By the end of 2009, CARDS 2001 and 2002 were fully contracted and disbursed. Regarding CARDS 2003, the final date of disbursement expired in June 2008 with 97.18% of the overall allocation contracted and 97.07% disbursed.

The contracting deadline of CARDS 2004 and CARDS 2005 fell in December 2008, with a final date for payments scheduled for December 2012. By the end of the reporting period, 99.71% of the overall allocation was contracted and 94.41% disbursed. Concerning CARDS 2005, contracting reached 98.35% of the overall allocation and disbursements totalled 91.93%. Furthermore, 98.48% of the CARDS 2006 allocation was contracted by the end of the reporting period, with disbursements at 65.96%, due to a large number of CARDS 2006 projects being still on-going.

Throughout 2009, the implementation of CARDS continued with a specific emphasis on launching the remaining CARDS 2006 projects, notably covering civil society and health. In parallel, projects in the infrastructure sector worth almost EUR 13.5 million were brought to a successful completion. In addition, CARDS 2006 programmes in the fields of municipal support (completed in 2009) and enterprise development (on-going) were of an extremely valuable assistance to Serbia, providing immediate impact and added value.

17.2. Financial assistance in 2009

i) Programmes launched

As of 2007 the CARDS instrument was replaced by the new Instrument for Pre-Accession Assistance. Therefore, no new CARDS programmes were launched in 2009.

ii) Overview of programmes implemented

Democratic stabilisation

Refugees and Internally Displaced Persons

The 2005 CARDS funded institution-building support to the Commissariat for refugees (EUR 1.2 million) was completed in March 2009. The CARDS 2005 "Legal aid programmes for internally displaced persons" was successfully implemented from May 2008 to December 2009. The value of the contract was EUR 1.5 million.

Civil society

Within the CARDS 2006 programme supporting civil society, the following projects were contracted and were being implemented during the reporting period:

- "Strengthening the role of civil society in shaping poverty-related policies and practices" (EUR 4.5 million grant agreement with UNDP): this project is contributing to the

decentralisation of social protection services by supporting the 'Social innovation fund'. Through a second pillar, the project is supporting civil society organisations in drafting regulation, advocate for a better enabling environment and monitor government policies in the area of poverty reduction and social exclusion.

- "*Support to the introduction of the legislative framework for anti-discrimination and set up for institutional and technical structures for its implementation*" (EUR 2 million). The project is aiming to introduce mediation and alternative dispute resolution for prevention of discrimination in Serbia.
- "*Roma assistance programme*" (EUR 1 million grant agreement with OSCE). This project is supporting State institutions in the implementation of the action plans adopted by the Serbian government within the framework of the Roma decade. The priorities of the project have been formulated on the basis of the action plans, which cover education, healthcare and legalisation of the Roma settlements.

Good governance and institution building

Public Administration Reform

The CARDS 2004 project '*Support to Parliamentary Institutions*' (EUR 1.5 million), implemented by the Council and aimed at reinforcing the efficiency of the Serbian Parliament, including the introduction of new procedures, ended in October 2009.

Police

The CARDS 2006 twinning "*Implementation of the Serbian integrated border strategy*" (EUR 1.5 million) was still on-going by the end of the reporting period. Achievements included the following:

- The Law on border control and State border protection has been reviewed and updated according to EU-best practises and the Schengen *acquis*.
- The new Law on international police co-operation has been elaborated and subsequently the Law on police has been amended.
- The Serbian veterinary Law has been revised and proposals have been made for further amendments. Additionally a separate Law for veterinary border inspection has been drafted.
- The Serbian customs Law has been revised and proposals have been made for further amendments.
- The Law on plant health has been reviewed and updated.
- The guidelines for risk analysis in border police have been reviewed and updated.
- The guidelines for customs inspection of phytosanitary goods have been elaborated.
- The guidelines for customs inspection of veterinary goods have been elaborated.

In addition, a strategy paper regarding human resources in the border police directorate has been drafted. This strategy paper, which has to be approved by the border police directorate and other relevant departments within the Minister of Interior, will serve as the strategic basis for the elaboration of the related action plan. It will then also be necessary to involve relevant people from the Ministry of Finance, in order to guarantee results. Working groups to implement the integrated border management action plan have been established at the central level.

Border crossings

Implementation of the CARDS 2006 EUR 1.6 million supply project for the “*Procurement of equipment for the border police and customs administration*” was completed in December 2009. Assistance included also project preparation and acceptance of supplies to nine secondary border crossing locations.

Public administration

Through the CARDS 2006 project “*Support to the Serbian tax administration*”, a supply of IT equipment (EUR 0.8 million) and technical assistance (EUR 1.7 million) were provided in order to establish a "Tax administration contact centre" with a client-oriented approach, to ensure that citizens are provided with systemized information so that they fulfil their rights and obligations regarding the tax system requirements. The project was finalised in November 2009.

The on-going CARDS 2006 technical assistance project “*Support to national investment planning and implementation*”, started during the summer 2009, has already delivered several useful outputs for the beneficiary. The most important ones are the following:

- i) A mechanism for intra- and inter-sectoral prioritisation of public investment projects;
- ii) A model for forecasting monthly revenues of the budget, by main items;
- iii) Guidelines for improving the cash management function of the treasury;
- iv) Recommendations for elaborating a fiscal responsibility law ;
- v) Medium-term macroeconomic projections of main economic indicators;
- vi) A methodology for assessing the index of macroeconomic stabilisation in the Serbian economy.

Through a contribution agreement from the CARDS 2006 programme, the European System of Central Banks (ESCB) has delivered a “*Needs analysis report for the National Bank of Serbia (NBS)*”. The project was completed in June 2009. The report assessed the regulatory and operational framework of the NBS, as well as its policies and practices, against EU standards. The analysis covered six areas: 1) Supervision of banks; 2) Harmonisation with the *acquis* of legislation under the competence of the NBS; 3) Liberalisation of capital movements; 4) Conduct of monetary policy and the exchange rate regime; 5) Monetary, financial and balance-of-payments statistics; 6) Financial services consumer protection.

The report and its annexes provide very valuable input to the follow-up project on “*Strengthening the institutional capacities of the NBS*”, to be financed under IPA.

Health

Within the CARDS 2006 programme for the support of the health sector the following projects were contracted and are currently implemented:

- A direct grant agreement of EUR 1 million was signed with the European Investment Bank (EIB) for the provision of technical assistance to the Ministry of Health's Project Implementation Unit, to support the implementation of a EUR 200 million loan provided by the EIB. A first contract was signed for the amount of EUR 8 million, for the design and supervision of the four university clinical centres in Serbia.
- The EUR 2.5 million technical assistance project “*Support to the implementation of capitation payment in primary health care in Serbia*” aims to facilitate the completion on a single fiscal year using the new payment model.
- The EUR 4 million service contract for “*Training in health service management*” completed the education of two generations of Master’s course students, the accreditation of which is pending through appropriate national bodies. The designs for the construction works to set up the School of Health Management were delivered. A works contract worth EUR 0.4 million for the building of the health management school was contracted. The works are on-going.

Local government

The CARDS 2006 technical assistance project for the “*Municipal infrastructure support programme*” (EUR 4 million) started in January 2008. Up to December 2009, the programme covered implementation of three environmental infrastructure projects worth EUR 12 million, delivered fully fledged feasibility studies for infrastructure projects, prepared tender documents for five works projects totalling close to EUR 90 million and prepared a green paper and chapters of the draft National strategy for the transformation of public utility companies.

The CARDS 2006 “*EXCHANGE 2*” programme of EUR 5 million, consisting of technical assistance and an operating grant to the Standing Conference of Towns and Municipalities (SCTM), started at the beginning of 2008. Among five other components, the project developed and piloted until December 2009 a methodology, to be the future SCTM recommended methodology of all local self-governments in Serbia, for the development, management and monitoring of Local Sustainable Development Strategies (LSDS).

Four municipal infrastructure contracts worth EUR 13.5 million, under the CARDS 2006 “*Municipal support programme to North-East Serbia*”, and four municipal infrastructure contracts close to EUR 14 million, under the “*Municipal infrastructure support programme*” which covers the whole Serbian territory, were contracted and are under implementation.

Economic and social development

Enterprise development

An on-going EUR 1.5 million project for the development of “*Enterprise policy and innovation*” (CARDS 2006) is providing technical support to the following components:

1. *Small and Medium Size Enterprise (SME) policy development and implementation* - technical assistance to the Ministry of Economy and Regional Development and the National Agency for Regional Development in the implementation of the strategy for competitive and

innovative SMEs 2008-2013. Also, a European Enterprise Network Office was established and managed with assistance from the project since June 2009.

2. *Assistance to SMEs in developing competitiveness through innovation* – direct assistance is delivered to 150 SMEs from Belgrade and six other regions, with emphasis on the implementation of innovative practices and innovation management 'best practice' (IMP3rove Innovation Assessment Tool - EU INNOVA award winning Innovation Assessment Tool in October 2008). Innovation management best practices are benchmarked against similar enterprises across the EU and in other accession countries. The "Top Twenty" from the 150 SMEs covered will receive intensive technical assistance in a range of technical and management disciplines.

Education

The CARDS 2004 project "*Strengthening higher education system in Serbia*" (EUR 0.7 million), enhancing the harmonisation with the Bologna process, ended in December 2009.

Vocational education and training

The CARDS 2006 project "*Additional support to the Vocational Education and Training (VET) reform*" of EUR 0.8 million was successfully completed by the end of August 2009 - some 1.050 school staff was trained.

Social inclusion

The CARDS 2006 ongoing project "*Transforming residential institutions and sustainable alternatives*" (EUR 1.4 million) has been implemented throughout 2009 with good results: a master plan for transformation of residential institutions was prepared for adoption in 2010, foreseeing a high number of trainings (institutions staff: 200 persons; foster families: 300 persons; health staff: 400 persons). Furthermore, the project aims at the deinstitutionalisation of children (disabled and without parental care) through the transformation of the institutions, development of fostering and special fostering and social services given at local level, and tailored for the special needs of the children.

Agriculture

The new agricultural Law has been prepared with the assistance of two EU funded twinning projects - "*Capacity building within the veterinary directorate*" and "*Capacity building of the food chain laboratories administration*" -, both part of the CARDS 2005 annual programme. The renovation of the Batajnica complex was funded from counterpart funds generated within previous EU-funded food commodities and agricultural inputs supply programmes. The Batajnica complex hosts the national reference laboratories directorate established by the food safety Law adopted in May 2009. The projects were completed in July 2009.

Furthermore, preparations for the "*Legislation on wine, ethanol, spirits, animal welfare, agriculture and rural development*" were supported through a twinning under CARDS 2005. The legislation was part of a package of 15 agricultural/food safety laws adopted by the National Parliament. The project was completed in November 2009.

Trade

An on-going EUR 1.2 million CARDS 2006 project “*Technical assistance to quality infrastructure sector in Serbia*” is assisting the Ministry of Economy and Regional Development (MoERD) and other relevant institutions in the field of standardisation, accreditation and metrology in the adoption of the policies and legislation harmonised with the EU *acquis*. EU and WTO/TBT enquiry points for standards and technical regulations have been established. The capacities of the MoERD, Sector for quality infrastructure, the accreditation body of Serbia, the Institute of Standardization of Serbia and the Directorate of Measures and Precious Metals are being strengthened and the technical knowledge of the relevant staff is being increased through a number of hands-on trainings abroad, workshops in country, inter-laboratory comparisons and peer reviews, as part of the process of preparation for application for membership of the relevant EU bodies. The process of removal of technical barriers to trade and thus free movement of goods is seen as one of the priorities that are tackled by this project.

Infrastructure and energy

The CARDS 2006 construction of the new road border crossing Presevo (at the border with the former Yugoslav Republic of Macedonia) was successfully finalised in September 2009. The assistance covered works and supervision, for an amount of EUR 5.5 million.

The CARDS 2006 reconstruction of the rail border crossing Dimitrovgrad (at the border with Bulgaria) was successfully finalised in October 2009. The assistance covered works and supervision, for an amount of EUR 3 million. The border crossing facilities include the railway station and offices for border police and customs which are to be shared by the authorities of both countries.

The CARDS 2005 preparation of “*General transport master plan for Serbia*” has been finalised in December 2009. The plan consists of an updatable transport model and a priority list of infrastructure transport projects for Serbia until 2027, covering all modes of transport. It is intended to be used by the Serbian authorities as a tool for more detailed planning and guidance for attraction of investments from IFIs.

To enhance the security of transport and the freedom of movement around the most important bridges across the Danube and the Sava rivers, CARDS 2005 funds were used for “*Survey and recovery services for unexploded ordnance (UXO) removal in the Inland waterway transport System*” in Serbia. The project was executed in March 2009 to help the Serbian Government in locating UXO.

The CARDS 2004 works for the environmental project – “*Ash disposal in Nikola Tesla B power plant*”, with a budget of EUR 30 million, were on-going by the end of the reporting period. The first power plant unit was connected to the new system and the trial run was in progress. Activities for the connection of the second unit started after the reporting period.

The CARDS 2005 contract “*Renewable energy feasibility studies for the preparation of secondary legislation and preparation of 15 pre-feasibility studies for small scale hydro projects in Serbia*” was completed in April 2009. The whole package of secondary legislation was adopted by the Serbian Government.

Two CARDS 2006 works contracts for construction of 400kV line Nis-Leskovac (EUR 7 million, 40 km) and Leskovac-the former Yugoslav Republic of Macedonia border (EUR 20 million, 100 km) were signed in 2008. The first phase, from Nis to Leskovac, started in 2008

and was due to be finalised after the reporting period. The second phase, from Leskovac to the former Yugoslav Republic of Macedonia border, started in 2009. The purpose of the project is to assist in developing the investments needed in cross-border electricity interconnections in order to help creating a functioning regional energy market. Section Nis-Leskovac was completed (September 2009) and put into operation under lower voltage than constructed for (110 kV instead of 400 kV) because the substation Leskovac 2 was not yet completed for a 400 kV level. The electricity transmission system and market operator is finalising the installation of high voltage (HV) equipment and a HV transformer is expected under an IPA 2010 project. Works on the section Leskovac-the former Yugoslav Republic of Macedonia border are ongoing with some delay and completion is expected by May 2011.

Regional cooperation

Serbia's territorial cooperation programme under CARDS (2004-2006) is gradually drawing to a close. By the end of 2009, the following summary can be drawn:

The three bilateral cross-border cooperation programmes with Hungary, Romania and Bulgaria, as well as the two transnational cooperation programmes Adriatic and CADSES had a total budget of around EUR 17.5 million. There is considerable enthusiasm for regional cooperation on the ground. A total of 856 project applications were received, and 174 projects were selected for funding, in response to a total of 13 calls for proposals that were launched in the period 2006–2008.

While the implementation of a number of beneficiary grant contracts is ongoing, the programme has achieved an overall contracting rate of about 97%, and is expected to achieve a disbursement rate of about 92%.

Project beneficiaries included municipalities, non-governmental institutions, chambers, agencies, academic, educational and cultural institutions. The funded projects targeted a variety of sectors such as economy, culture, tourism, environmental and social issues.

Many of the organisations/citizens involved in implementation of these projects have experienced cross border cooperation and working according to EU standards and procedures for the first time.

The CBC unit at the Ministry of Finance performs essential management functions to support EU authorities with programme implementation. The Serbian authorities are committed to CBC programme management on an operational level. CBC unit staff continues to build their experience. This is a good basis for management of IPA and preparation for a Decentralised Implementation System (DIS).

Efforts need to continue to build the capacity of beneficiaries to generate more strategically oriented projects that achieve a higher level of socio-economic impact.

iii) CARDS management performance

Table 1 - Financial execution as at the end of December 2009 (in million EUR) – CARDS annual programmes

| | Committed | Contracted | <u>RAC</u> | %Contracted | Paid | <u>RAL</u> | %Paid |
|-------------------|------------------|-------------------|-------------------|--------------------|---------------|-------------------|---------------|
| CARDS 2001 | 143.50 | 143.50 | 0.00 | 100.00% | 143.50 | 0.00 | 100.00% |
| CARDS 2002 | 161.00 | 161.00 | 0.00 | 100.00% | 155.28* | 0.00 | 100.00% |
| CARDS 2003 | 220.00 | 213.78 | 6.21 | 97.18% | 213.54 | 6.45 | 97.07% |
| CARDS 2004 | 207.13 | 206.52 | 0.60 | 99.71% | 195.55 | 11.58 | 94.41% |
| CARDS 2005 | 147.17 | 144.74 | 2.43 | 98.35% | 135.29 | 11.87 | 91.93% |
| CARDS 2006 | 157.46 | 150.97 | 6.49 | 95.88% | 103.85 | 53.60 | 65.96% |
| TOTAL | 1036.26 | 1020.51 | 15.73 | 98.48% | 947.01 | 83.5 | 91.39% |

* All contracts closed and paid, balance on the decision has been de-committed and decision is closed

iv) Institution building highlights

Through a Preparation Facility project financed under CARDS 2006, national authorities were supported in programming of IPA 2009 and 2010, with assistance in drafting related project fiches (10 fiches for IPA 2009 and 27 fiches for IPA 2010) and in preparing the IPA 2009 budget support (EUR 100 million). Beneficiary institutions were assisted in improving programming mechanisms and in having an integrated and coordinated system for project identification that should be applied as of IPA 2011. Training events/workshops for the Serbian administration involved in programming and project preparation were also completed. The total number of training courses held in 2009 was 23, out of which 2 specific training courses, 10 general training courses and 11 tailored training courses. The trainings included the following topics: programming of EU funds, project preparation, procurement rules, cost-benefit analysis and IPA Components III and IV.

The total number of participants attending the trainings was 550 (the number of public servants trained being closer to 250, out of which some attended more than one training). The project developed an open source web-based platform called MOODLE (Modular Objective-Oriented Dynamic Learning Environment) that is accessible at different levels of data queries.

The project was due to be completed after the reporting period.

17.3. Results and impact

i) Monitoring & evaluation Reports in 2009 - Lessons learned

During 2009 monitoring progressed according to plan. Specifically, the following developments occurred during the year:

Over the year some fifty contracts under the national CARDS were monitored by the Results Oriented Monitoring (ROM) team, providing findings and conclusions on relevance and quality of design, efficiency of implementation to date, effectiveness, impact prospects and potential sustainability. Projects were generally graded as “good”.

Apart from the above-described external monitoring, the EU Delegation also ensures regular/internal monitoring, e.g. through attendance to project steering committee meetings

and project visits. In December 2009 the EU Delegation prepared its monitoring plan for 2010.

A retrospective evaluation of 2000-2006 CARDS programs in Serbia with a special focus on local and municipal development, economic development, justice and integrated border management was conducted by an independent evaluator and the debriefing meeting was organized in Belgrade on October 2009. The evaluation report assessed the relevance, efficiency, effectiveness, impact and sustainability of the CARDS assistance in the above sectors. Recommendations could be summarized as follows:

- *Relevance*: i) active coordination with all stakeholders during the design phase and close involvement of local stakeholders in the preparation of project planning documents should be ensured; ii) systematic use of logical frameworks needs to be stressed; iii) contractors should be instructed to carefully reassess the project context during the inception phase, in order to control compliance between planned *versus* actual targets and costs, as well as securing a realistic timeframe.
- *Efficiency*: i) administrative procedures need to be upgraded in terms of efficiency within national structures, to enable timely delivery of outputs, timely procurement procedures and prevent implementation delays; ii) interventions should utilise and strengthen economic tools to assess unit costs and benefits in order to create benchmarks and allow the assessment of cost efficiency.
- *Effectiveness*: i) relevant expertise of consultants must be ensured i.e. experts with practical experience and good knowledge on the beneficiary country.
- *Impact*: i) as impact is often linked to sustainability and partner cooperation, the use of conditionality or pre-condition instruments should be considered (e.g. national partners appropriately staffed; adequate premises provided; strategies or laws adopted).
- *Sustainability*: i) phase-out strategies should be integrated in the programme planning; ii) line ministries need to adequately and timely address lack of human resources in order to be able to continue activities after the closure of interventions.
- *Cross-cutting issues*: i) integration of gender aspects during design and implementation (e.g. gender aggregation of log frame indicators, encouraging gender-balanced TA teams, gender-specific impact analysis in project documents) needs to be continued.

Based on the above recommendations, the addressee institutions have commented and a debriefing table was prepared and circulated.

ii) Sectors with positive results – Success stories

Among other sectors, EU support for local government, enterprise development and vocational training was successful. As examples:

“EXCHANGE 2, Joint support to local government” (CARDS 2006)

Throughout two years of implementation, this EUR 4.5 million worth project produced local government legal review and sector analysis providing key recommendations to the central Government on how to make the functioning of the local administrations more transparent, effective and predictable. Furthermore, the Local Sustainable Development Strategies (LSDS)

methodology for strategic planning of sustainable development of local governments in Serbia has been created and piloted in 25 Serbian municipalities. The methodology was developed and adopted through a wide consultative process with more than 14 national ministries and agencies, with the general aim to serve as a standard methodology for Serbian local governments. The project also designed and applied an innovative approach in the delivery of technical assistance/capacity building in 10 Serbian municipalities. In this way, selected municipalities received demand driven Municipal service packages (MSP) that are transferable to all municipalities within the country through 6 toolkits in areas such as municipal budgeting, property management, human resource management.

“Enterprise development” (CARDS 2006)

The third phase of the Turn-around management (TAM) project from CARDS 2006 (EUR 4 million), implemented by the EBRD – TAM team, was completed in December 2009. The project provided support to restructuring and development of 72 SMEs in priority sectors, enterprises with environmental and energy efficiency concerns, enterprises owned/run by women entrepreneurs and young high-tech enterprises. Also, high-quality training was provided to more than 100 SMEs. The impact of this project on the Serbian SME sector is considered very high.

“Additional support to the Vocational Education and Training (VET)” (CARDS 2005)

This project, for a value of EUR 0.8 million, trained a large number of teachers, school managers, change agents (i.e. the focal points in VET schools in charge of the reform) as well as the staff of the regional school departments in modernised teaching methods, implementation of pilot curricula, outcome based assessment of students and preparation of teaching materials. The project resulted in increased motivation on the side of students and teachers, more regular presence of pupils, better performance and achievements as well as increased interest of future pupils for the pilot profiles. The result of this project brought the reform to the attention of trained staff and further dissemination is ensured through peer-learning.

18. SLOVAKIA

18.1. Summary

In 2009, Slovakia continued to implement successfully post-accession assistance, to address the remaining needs related to institution building for the implementation of the *acquis*, in line with EDIS.

Since October 2004, implementation is carried out under the entire responsibility of Slovak authorities applying national procurement rules. The Central Finance and Contracting Unit (CFCU), the Regional Development Support Agency (RDSA) and the National Agency for Development of Small and Medium Enterprises (NADSME) are fully responsible for the daily implementation of the projects.

The National Aid Coordinator (NAC) continued the monitoring of both PHARE and Transition Facility Programmes. The National Authorizing Officer (NAO) carried out the financial supervision.

18.2. Implementation of the Transition Facility in 2009

i) - Transition Facility 2005 – finalisation of payments

The implementation of the Transition Facility (TF) 2005 programme was completed successfully by the end of 2008. 92.87% was disbursed by the end of the 2009.

ii) - Transition Facility 2006 – finalisation of payments

On 15 December 2009, at the end of the implementation period for the 2006 TF programme, 97.57% of it had been disbursed.

iii) - Institution Building highlights

A total of around EUR 29 million of post-accession assistance has been allocated to Slovakia from the Transition Facility programmes 2004-2006 (national allocation, not including horizontal and multi-country programmes).

During the period, there was overall progress towards the achievement of objectives and results of EU assistance. TF 2006 projects were successfully completed and mostly achieved their results.

18.3. Results and Impact

i) Joint Monitoring Committees / Sector Monitoring Sub-Committees

In 2009 no physical Joint Monitoring Committee (JMC) meeting was held. Two JMCs were concluded via written procedure. The Implementation Status Reports were of good quality, including sufficiently detailed information regarding projects implementation and the achievement of their results.

No particular monitoring actions were undertaken by the Commission since the amount of the assistance and the number of projects implemented in 2009 were rather small.

ii) Monitoring and Evaluation Reports in 2009 - Lessons Learned

Overall responsibility for monitoring and evaluation of the Pre-accession and the Transition Facility programmes in Slovakia lies with the Aid Co-ordination Unit, as the executive body of the NAC, at the Office of the Government. An updated set of rules concerning the implementation of PHARE TF Assistance (approved end 2009) focuses more on the ex-post monitoring exercise and documentation archiving. As such, ex-post monitoring reports are expected to be sent by ACU to the European Commission for information on a yearly basis (at least until 2012), whilst archiving of documents will be ensured for 5 years following the official closure of programmes.

One final Interim Evaluation Report was prepared in 2009 which covered the following components/sectors: justice and home affairs, social affairs and human resources development, agriculture and statistics, environment and energy, internal market. The report, issued on 15 June 2009, rated all projects as satisfactory. Projects were considered generally *relevant* and, in particular, those related to agriculture and environment were rated as highly relevant. In terms of *efficiency*, the reviewed projects showed mostly positive results. The effectiveness was considered as well adequate. Also, sustainability appeared to be secured for most projects and it was expected that the majority of operations will have positive impact.

With regard to the implementation of the Transition Facility, some conclusions could be drawn.

- Twinning Light remained a popular instrument for transferring know-how of EU partner countries to national authorities. In order to allow for a smooth implementation, beneficiaries should always allocate adequate capacities and be familiar with twinning procedures. On the other hand, flexibility on the side of the Resident Technical Assistant and well defined individual responsibilities for consortia partners are essential for the achievement of projects results.
- As regards Technical Assistance, the quality of requirements concerning experts, directly influences the performance and results expected from those selected. In this respect, vague requirements with a view to increase the number of potential offers should be avoided.
- Concerning Grants, the technical assistance support provided for the management of the schemes, combined with on-the-spot monitoring by the relevant institutions, proved useful.

19. SLOVENIA

19.1. Summary

In 2009, Slovenia continued to implement successfully post-accession assistance to address the remaining needs related to institution building for the implementation of the *acquis*, in line with EDIS.

Since 17 September 2004 implementation is carried out under the entire responsibility of the Slovenian authorities applying national procurement rules. The ATMinistry of Finance, Central Financing and Contracting Department is responsible for ex-ante control and twinning. The Ministry of Finance, Central Financing and Contracting Department (CFCD) is fully responsible for the daily implementation of the projects.

The National Aid Coordinator (NAC) continued to exercise the monitoring of both PHARE and Transition Facility Programmes. The National Authorizing Officer (NAO) carried out the financial supervision.

19.2. Implementation of the Transition Facility in 2009

i) - Transition Facility 2005 – finalisation of payments

The implementation of the TF 2005 programme was completed successfully by the end of 2008. 93.48% was disbursed by the end of the 2009.

ii) - Transition Facility 2006 – finalisation of payments

On 15 December 2009, at the end of the implementation period for the 2006 Transition Facility programme, 86.39% of the programme had been disbursed.

iii) - Institution Building highlights

A total of around EUR 17 million of post-accession assistance has been allocated to Slovenia from the Transition Facility programmes 2004-2006 (national allocation, not including horizontal and multi-country programmes).

In 2009 the implementation of the Transition Facility projects in Slovenia was completed. There were no major problems with the implementation of the programme. The implementation of the Transition Facility is considered successful in the following areas: agriculture, justice and home affairs and internal market.

19.3. Results and Impact

i) Joint Monitoring Committees / Sector Monitoring Sub-Committees

In 2009 no physical Joint Monitoring Committee (JMC) meeting was held. One JMC was concluded via written procedure in June. The Implementation Status Report was of good quality, including sufficiently detailed information regarding projects implementation and the achievement of results.

No particular monitoring actions were undertaken by the Commission since the amount of the assistance and the number of the projects implemented in 2009 were rather small.

ii) Monitoring and Evaluation Reports in 2009 - Lessons Learned

Overall responsibility for monitoring of the Pre-accession and the Transition Facility programmes in Slovenia lies with the National Aid Coordinator (NAC) within the Government Office for European Affairs (GOEA).

Only the project “Advanced Chemical Safety – Third stage” was subject to interim evaluation in 2009. Although rated by the evaluator in May as unsatisfactory, in July the updated information proved that the results should be met.

20. TURKEY

20.1. Summary

The new law on the organisation and duties of the Secretariat General for the European Union (EUSG) adopted in July 2009 provided the basis for strengthening this institution. As the National Aid Coordinator (NAC), it has a crucial role for programming, monitoring and management of pre-accession funds. The Turkey pre-accession instrument being in its final phase (all contracting deadlines expired, implementation near finalisation), implementation of the Instrument for Pre-Accession (IPA) is now coming to full speed.

On 13 January 2010 the European Court of Auditors (ECA) presented its special report on 'The European Commission's management of pre-accession assistance to Turkey' covering the performance effectiveness of aid under the Turkey Pre-Accession (TPA) instrument between 2002 and 2006.¹⁰ The report concluded that there has been an insufficient direction and lack of specific criteria to determine the priorities of EU assistance, an insufficient compliance of pre-accession assistance with accession criteria and insufficient measurability of achievements under TPA. At the same time the Court found that projects audited had achieved their intended outputs and that results are likely to be sustained in the future. Furthermore, measures aimed at addressing many of the weaknesses in the Decentralised Implementation System have been introduced with IPA. The selection process is accordingly already improved as pointed out by the ECA, but the full impact of these changes can only be assessed as the IPA projects are implemented in the coming years. Following the release of the report, the Commission has taken additional concrete measures to further strengthen programming, implementation and monitoring. However, as TPA projects are coming to an end, these measures are mainly aiming at IPA.

20.2. Pre-accession in 2009

i) Programmes launched

As of 2007 the Turkey pre-accession instrument was replaced by the new Instrument for Pre-Accession Assistance. Therefore, no new programmes were launched in 2009 under the Turkey pre-accession instrument.

ii) Overview of programmes implemented

Two programmes under the Turkey pre-accession instrument were under implementation in 2009, the National Programmes 2005 and 2006.

The following 12 projects were still ongoing and to be finalised under the National Programme 2005:

- Training Programme on the Istanbul Protocol: Enhancing the Knowledge Level of Non-Forensic Expert Physicians, Judges and Prosecutors

¹⁰ Special Report No 16/2009 *The European Commission's management of pre-accession assistance to Turkey*, published on 13 January 2010. Available at <http://eca.europa.eu/portal/pls/portal/docs/1/3632589.PDF>

- An Independent Police Complaints Commission & Complaints system for the Turkish National Police and Gendarmerie
- Small Enterprises Loan Programme, 2nd Phase (SELP II)
- Upgrading the Statistical System of Turkey – Phase II
- Çanakkale Regional Solid Waste Management Project
- Kuşadası Regional Solid Waste Management Project
- Regional Development in TR90 NUTS II (DOKAP) Region (Artvin, Giresun, Gümüşhane, Ordu, Rize and Trabzon)
- Support to the Solution of Economic and Social Integration Problems in Diyarbakir, Sanliurfa, Gaziantep and Erzurum as Major In-Migrant Destinations
- Strengthening of the Epidemiological Surveillance and Control of Communicable Diseases System (ESCCDS) in Turkey – Phase II.
- Control of rabies disease in Turkey
- Establishing New Border Inspection Posts (BIPs)
- Establishment of National Food Reference Laboratory

The following 41 projects were still ongoing and to be finalised under the National Programme 2006:

- Support to the set up an Asylum and Country of Origin Information (COI) System
- Civilian Oversight of Internal Security Sector
- Training of Gendarmerie Officers on European Human Rights Standards
- Support to Court Management System
- Shelters for Women Subject to Violence
- Strengthening of capacity for the interdiction of drugs in rural areas
- Supporting Turkey’s efforts to combat human trafficking and promote access to justice for all trafficked persons
- Ethics for the Prevention of Corruption in Turkey
- “Children First” – “Modelling Child Protection Mechanisms at Provincial Level”
- Nevşehir Wastewater Treatment Plant Project
- Tokat Wastewater Treatment Plant Project

- Active Employment Measures and Support to Turkish Employment Organization at Local Level
- Support to Human Resources Development through Vocational Education and Training
- Support to the Solution of Economic and Social Integration Problems in Istanbul, Izmir, Ankara and Bursa as Major In-Migrant Destinations
- Expansion of the European Turkish Business Centres Network
- Industrial Restructuring of Sanliurfa
- Improvement of Road Safety in Turkey
- Amasya Regional Solid Waste Management Project
- Kütahya Regional Solid Waste Management Project
- Bitlis Regional Solid Waste Management Project
- Technical Assistance for the Management of the Ekmekçizade Caravanserai in Edirne
- Upgrading of Kırklareli-Dereköy –Aziziye –Turkish Bulgarian Border State Road Project
- Capacity Improvement for Flood Forecasting and Flood Control in the TR- BG cross-border cooperation Region
- Protection and Sustainable Development of Natural Resources and Biodiversity in the Yıldız Mountains
- 2004-2006 Cross-Border Co-operation (CBC) Programme between Turkey and Bulgaria
- Mitigating Flood Risk in Flooded Areas in the GAP Region
- Establishment of a pilot Turkish Farm Accountancy Data Network (FADN)
- Control of Foot and mouth disease in Turkey
- Improvement of the Conditions for Cross Border Electricity Trade in Turkey in Compliance with the Best Practice in EU
- Capacity Building Support to Turkey for the water sector
- Modernisation of the Turkish Customs Administration III
- Development of the seed sector in Turkey and alignment to the EU
- Improving the Labour Inspection System
- Capacity Building Support for the Ministry of National Education
- Establishment of an Environmental Information Exchange Network (TEIEN) in Turkey

- Support Activities to Strengthen the European Integration Process
- Promotion of the Civil Society Dialogue between EU and TK
- Continuation of the Jean Monnet Scholarship Programme for post-graduates in Turkey
- Civil Society Dialogue - EU-Turkish Chambers Forum
- Bringing together workers from Turkey and European Union countries through a “shared culture of work”.
- Supporting Civil Society Development and Dialogue in Turkey

iii)Pre-accession assistance management performance

Table 1 - Financial execution as at the end of December 2009 (in million EUR) – Turkey pre-accession instrument annual programmes

| | Allocated | Contracted | RAC | % contracted | Paid | RAL | % paid |
|-----------------|-------------|-------------|------------|--------------|------------|------------|------------|
| TPA 2002 | 126 | 112 | 14* | 89% | 105 | 7 | 83% |
| TPA 2003 | 144 | 122 | 22* | 85% | 117 | 5 | 81% |
| TPA 2004 | 236 | 194 | 42** | 82% | 186 | 8 | 79% |
| TPA 2005 | 277 | 234 | 43*** | 84% | 218 | 16 | 79% |
| TPA 2006 | 450 | 389 | 61*** | 86% | 272 | 117 | 60% |
| TOTAL | 1233 | 1051 | 182 | 85% | 898 | 153 | 73% |

* De-committed in 2007; ** De-committed in 2008; *** Partially de-committed during 2009

The last contracting deadlines under the Turkey pre-accession programmes expired in 2009 and contracting rates for all programmes ‘landed’ above 80 %. Intermediate procurement deadlines established by the Joint Monitoring Committee for the submission of tender documents for *ex ante* control by the EU Delegation originally established for the National Programme 2005 – and further strengthened for the 2006 contracting phase – led to an acceleration of the procurement process compared with previous years.

After a decline in the performance of the EUSG in handling programming, monitoring as well as project management functions (EUSG acting as Senior Programming Officer) during the first half of 2009, a new law adopted in July provided the basis for strengthening this institution and increasing its staffing levels at least over the medium term. It also led to a restructuring, with most key positions changed at management level and with new recruitment starting towards the end of 2009. A more cooperative spirit was also evident, for example at the Joint Monitoring Committee (JMC) meeting held on 16 October. Monitoring activities that were discontinued were slowly resumed with the organisation of Sector Monitoring Sub-Committee (SMSC) meetings in September. Despite these improvements, the monitoring activity was still insufficient and the anticipated new recruitment in the monitoring department was delayed due to a court case. EUSG has committed to improve the situation but at the end of 2009 it was still not clear when the full recruitment procedure could be completed.

The National Authorising Officer (NAO) Office/National Fund and the Central Finance and Contracts Unit (CFCU) made progress in establishing adequate procedures and organisational structures as part of an improved decentralised implementation system (DIS) supervision under the Instrument for Pre-Accession (IPA) which also benefited the management of

Turkish pre-accession funds. Identified weaknesses by Commission auditors have been addressed and the Central Financing and Contracts Unit (CFCU) displayed increasing confidence and ownership in its role as Programme Authorising Officer (PAO) and in exercising its functions. Upon advice given by the Commission, the CFCU undertook "mini-accreditations" to ensure that beneficiary ministries have the necessary capacity to implement their projects.

Some weaknesses remain nevertheless. For example, rejection rates still remained at a high level and problems with late contracting prevailed. An internal analysis was launched to improve the system with involvement of the EU Delegation in Ankara. Relations between the different institutions involved in management of pre-accession assistance need to improve, for instance through a better communication flow and overall smoother collaboration.

iv) Institution Building highlights

The project *Strengthening of capacity for the interdiction of drugs in rural areas* funded under the National Programme for Turkey 2006 was successfully completed by the end of 2009. The project was implemented between 2007 and 2009 through a direct agreement (EUR 2.4 million) to the United Nations Office on Drugs and Crime (UNODC) together with the Anti-smuggling and Organised Crime Department under Turkish Gendarmerie General Command. It also contained a supply component (EUR 0.65 million) providing an electronic database to improve the flow of information between rural regions and the central drugs unit of the Gendarmerie, as well as mobile training units (vehicles) and detection dogs for recognition of concealed drugs. The UNODC provided training to strengthen the capacity for drugs law enforcement in 5 pilot provinces (one of them being Van, which is one of the most risky cities in terms of drugs trafficking in Turkey).

Project implementation faced some delays, however was followed with a high commitment by the Gendarmerie. Due to delay in assigning a dog trainer, one of the dogs procured under the project could not be trained and mobilized anymore. Following the training given on the use of the equipment and the dogs, operations resulted with considerable amounts of drug seizures since the completion of the project. A significant increase is for example noted in Van. Mobile training units allow the Gendarmerie to reach each officer in the rural area where physical conditions are difficult. Apart from that, the Gendarmerie officers are now able to receive training without leaving their work locations.

Other positive results achieved were the development of an Action Plan on fight against drugs in rural areas, the development of a training curriculum to be used at law enforcement schools and the establishment of drugs intelligence units and enhanced international cooperation through networks established with Europol and EU member states organisations (customs offices etc.). While this action plan will give the Gendarmerie a specific role as concerns the rural areas, it will also complement the implementation of the National Strategy against Drugs which is coordinated by the Turkish Focal Point to the EMCDDA-(TUBIM under the Turkish National Police). The preparation of this rural action plan increased the cooperation between the Police and the Gendarmerie. Overall, the impact can be summarized as the use of new technology by the Gendarmerie officers and the synergy created between the Police and Gendarmerie in terms of implementing the Strategy at national level.

Under the National Programme for Turkey 2005, EUR 1 million was given to support the project *Increasing Public Awareness on Energy Efficiency in Buildings* which was successfully finalised in 2009. The Directorate General of the Electrical Power Resources

Survey and Development Administration (EIE) was given technical assistance to improve its institutional capacity, resulting in enhanced competence to execute public awareness raising activities in the field of energy efficiency and learn best practises in EU Member States.

A wide range of groups, particularly the staff (experts) of the EIE has been trained and informed about the Energy Efficiency in Buildings. The current capacity, deficiencies and needs of staff have been analysed and defined. The know-how and implementation experience of the EU countries, mainly Denmark and Finland, have been observed through the on-site visits and programmes.

Subsequently as part of the project, seminars and conferences were organised to inform the public of pilot programmes implemented in Ankara and Istanbul designed for specific target groups: pupils of elementary, secondary and high schools, university students, teachers and housewives. Subjects covered were, for instance, energy efficiency in lighting, heating and waste management at home. Public attention was attracted by publishing well prepared materials (Enver) and campaigns through media and billboards .The project culminated in the National Energy Efficiency Forum, which was held in Istanbul in January 2009 with a high number of participants. Besides, all the related parties have been informed through seminars and conferences about the current Energy Efficiency Law and its implementations in Turkey within the framework of the EU implementations. Information materials about energy efficiency have been prepared to be disseminated to the different target groups and through various media channels. It has been estimated that improved energy efficiency could result in a 25% reduction in energy consumption and save up to EUR 4 billion euros per year from the national budget.

20.3. Results and impact

i) Joint Monitoring Committees/Sector Monitoring Sub-Committees

During the year two Joint Monitoring Committee (JMC) meetings were organised in combination with IPA Transition Assistance and Institution Building Monitoring Committees, on 28 January and 16 October 2009. The January 2009 JMC analysed results from a sub-system audit on monitoring, recommendations from an external expert as well as results from the performance audit of the European Court of Auditors and concluded that an overhaul of the monitoring system, including streamlining of monitoring reports and the reorganisation of Sector Monitoring Sub-Committees, would be launched. Given the prevailing weaknesses in monitoring by the Turkish institutions, it was agreed that technical assistance to carry out Results Oriented Monitoring (ROM) would be recruited to assist in particular the EUSG, but also the CFCU in carrying out monitoring of the intensity needed.

The October 2009 JMC meeting took stock of ongoing work to reduce rejection rates and delays in contracting as well as efforts to improve implementation of grant schemes and procurement planning.

The Sector Monitoring Sub-Committees (SMSCs) were initially halted but took place in September 2009 for the following sectors: civil society dialogue, public finance, statistics & accession process support, cross-border cooperation, human resources development, internal market, customs union, energy, rural development, regional development & transport, environment, justice, liberty and security and political criteria. Monitoring reports were also submitted, but the focus still needed improvement in terms of strategic sector policy overviews – which have been requested to ensure the necessary link between the policy

dialogue and the project discussion that takes place within the management committees. Furthermore, more active involvement of beneficiaries both in the drafting of agendas and in the discussions was deemed beneficial for efficient monitoring.

ii) Monitoring & Evaluation Reports in 2009 - Lessons Learned

The Interim Evaluation (IE) scheme on European Union pre-accession assistance to Turkey mainly implemented during 2008 was completed in the beginning of 2009. The interim evaluation covered ten sectors (civil society dialogue, cross-border cooperation, environment, human resources development, internal market, political criteria, public finance, regional competitiveness, rural development, and transport) and three thematic/horizontal evaluations (gender equality, municipal environmental infrastructure and donor coordination in Turkey).

Regarding thematic/horizontal evaluations, the evaluation on *Gender Equality* concluded that the pre-accession strategy has ensured that gender equality is firmly on the political agenda in Turkey, but that pre-accession assistance has had uneven impact in the field. Gender-specific projects have had notable outcomes for women, but mainstreaming of gender issues is needed to ensure that also projects that are not gender-specific deliver outcomes for women. Key institutions in Turkey have insufficient capacity to promote gender equality and the overall partnership between the Turkish authorities, the EU, other bilateral donors and the international community needs to be strengthened.

The evaluation on *Municipal Environmental Infrastructure* concluded that smaller and medium-sized municipalities are highly dependant on central authorities for project preparation. Risks identified related to the difficulties faced by smaller municipalities to cover maintenance costs of infrastructure. Late tendering and contracting difficulties have hampered efficient delivery of assistance, but once started, implementation has been relatively good.

The evaluation on *Donor Coordination* in Turkey concluded that the requirements for effective donor coordination are partly in place (National Development Plan and sector strategies exist), but the administrative capacity needs to be strengthened in terms of overall framework for donor coordination. Harmonisation of donor arrangements is generally still weak, but information sharing takes place.

A *Country Program Interim Evaluation (CPiE)* covering both IPA and Turkish Pre-accession Assistance between the years 2005-2008 was launched in 2009. It replaces the previous Interim Evaluation scheme and is more focused on programme level as compared to the previous sector level approach. The CPiE will continue to serve as a management tool for programme managers by providing inputs for decision-making.

iii) Sectors with positive results

The interim evaluation scheme from 2008-2009 concluded that moderately positive results were achieved in the areas of the internal market, Transport and Public Finance where interventions in general were relevant, effective, overall adequate and that wider impacts can be measured in a number of sub-sectors.

iv) Success stories

“Promoting Gender Equality” (Turkey Pre-Accession Instrument 2005)

This project funded through a total EU contribution of EUR 7.2 million under the National Programme 2005 included a twinning component (EUR 1.7 million), a direct agreement with the United Nations Population Fund (UNFPA, EUR 3 million) and a service contract (EUR 2.5 million). The twinning was implemented together with the Ministry of Social Affairs and Employment of the Netherlands and was completed in the last months of 2008. The final report submitted in July 2009 concluded that the project had been successful, with the National Action Plan on Gender Equality 2008 – 2013 being a particularly important result in the Turkish context. The Turkish institutions participated enthusiastically in trainings, seminars and awareness raising activities on gender equality and expressed high appreciation for the networks established through the project (almost 800 decision makers in relevant institutions convened). A Discussion Paper on a Draft Model for a Gender Equality Body (GEB) was also produced which will support the responsible body (the Directorate General on the Status of Women) in achieving its institutional goals in promoting gender equality in Turkey.

The Directorate General on the Status of Women implemented the second component of the project aiming to combat domestic violence against women through policy development and awareness raising. The project strengthened the capacities of public agencies that provide services to women victimized by or under the risk of domestic violence. The project also encouraged the relevant institutions to draw up medium term plans, consolidated under a National Action Plan on Combating Domestic Violence 2007-2010. The responsible bodies and service providers had the opportunity to assess the efficiency of, and the challenges encountered, in their efforts to end violence against women. Data collection forms were developed as the first step in setting up an information system on violence against women. A communication strategy was formulated and awareness raising activities targeting different groups were conducted.

The research on causes and consequences of violence against women, helped –for the first time- to provide comprehensive data at national, regional levels as well as urban and rural settings, describing the scale and the nature of the problem. The information gathered is expected to prompt policy makers to review the priorities set earlier in the fight against violence and trigger a revision of existing policy documents in the social and economic sector. As a matter of fact, Turkey has allocated national resources for the implementation of the Action Plan. The Status of Women has taken the lead to coordinate the process of updating the National Action Plan on Combating Domestic Violence for the year 2011-14 together with the relevant institutions. As a further step in setting up a national database and information system, the forms developed are being tested by the police.

The support that the EU has channelled in the field of combating domestic violence against women produced the tools to help the Government of Turkey in its efforts towards advancing women's rights in the country

"Çanakkale Regional Solid Waste Management Project" (Turkey Pre-Accession Instrument 2005)

The EU helped reduce the pollution of groundwater and the environment in Çanakkale and nearby municipalities and increase recycling by establishing a solid waste management system in the region. In order to do so, the EU helped construct a new landfill with a leachate treatment plant, a gas collection and flaring system and a pilot compost plant. A civic amenity centre was constructed and five old dumpsites were rehabilitated. Furthermore, the EU supplied landfill, collection and composting equipment, as well as waste containers. As a

result, water -, soil – and air pollution caused by the current dumpsites and related health risks will be reduced.

“Active Employment Measures and Support to Turkish Employment Organization at Local Level” (Turkey Pre-Accession Instrument 2006)

A total of 101 projects have been funded in 26 provinces of Turkey in order to assist Turkey's public employment services in implementing more efficient employment measures in line with labour market needs at the local level. Moreover, these projects aim to increase the employability of young people and women. These projects ranged from vocational training, on-the-job training, job matching services, short-term placements with companies, the development of apprenticeship programmes and the development of career guidance and advisory services including job clubs, to name only a few. The projects not only made a difference in the lives of those directly concerned, but also led to an institutional reformation of the Turkish public employment service. It now has the necessary tools, mechanisms, experience and much improved capacity to design and implement labour market measures for specific target groups, which are also reflected in their actions funded by the national budget. Furthermore, the project has helped them get acquainted with the European Social Fund.

PART II: MULTIBENEFICIARY PROGRAMMES

21. TWINNING AND OTHER INSTITUTION BUILDING TECHNICAL ASSISTANCE

21.1. Twinning

In the course of 2009, many projects launched in previous years and financed under the budget lines considered continued to be implemented. One new project still financed with CARDS funds was launched in Serbia. No new twinings were registered under PHARE or Turkish Pre-accession assistance.

The number of projects funded by the Transition Facility was on the contrary significant. Bulgaria and Romania signed 17 and, 10 twinning contracts respectively for full-fledged twinning projects. Both countries were also rather active in circulating fiches for twinning light projects (Bulgaria 26 and Romania 23).

Projects in the area of Justice and Home affairs have outrun all other subject in Bulgaria as well as in Romania.

The average cost of the full-fledged projects launched in 2009 in Bulgaria was EUR 700,000 and Romania EUR 650,000.

Full details of the projects concerned are included in the country sections of this report.

An ad-hoc interim evaluation report on Twinning in Croatia was released in December 2008. Overall, Twinning in Croatia has performed well. The acceptance of twinning has increased significantly and the instrument is well received by the beneficiaries. Weaknesses of Twinning in Croatia include inadequate needs assessment, insufficient political support, and lack of coordination between institutions. The report suggested developing a mechanism of ex-post monitoring which is now foreseen in the new Common Twinning Manual (issued on September 2009).

21.2. TAIEX

TAIEX¹¹ started operations in 1996 as a follow-up to the Commission's White Paper on the preparation of the associated countries for integration into the internal market.

Since then, TAIEX has evolved into an instrument providing short-term technical assistance to facilitate the approximation, implementation and enforcement of EU legislation.

The TAIEX instrument remained available for the 10 Member States which acceded in 2004 (until May 2008), to Bulgaria and Romania, to candidate countries and potential candidates, to the Turkish Cypriot community, as well as to the countries covered by the European Neighborhood and Partnership Instrument (ENPI).

¹¹ Technical Assistance Information Exchange Instrument

Almost 7% of TAIEX activities (118) have been funded under residual CARDS funds. TAIEX events organised under the Transition Facility accounted for 15% of the total number of events in all budget lines.

Table 1- TAIEX Events by CARDS & TF budget line and type 2009

| Budget Line | Event Type | Total |
|--|-------------------------------|--------------|
| CARDS 2006 | Agriculture | 36 |
| | Infrastructures | 14 |
| | Internal Market | 31 |
| | Justice, liberty and security | 37 |
| CARDS 2006 Total | | 118 |
| Transition Facility - 2007 I&II | Agriculture | 56 |
| | Infrastructures | 36 |
| | Internal Market | 29 |
| | Justice, liberty and security | 81 |
| | Regional Training Programme | 59 |
| Transition Facility - 2007 I&II Total | | 261 |
| Grand Total (CARDS + TF) | | 379 |

21.3. SIGMA

Since 1992 this institution-building instrument has been providing assistance in horizontal areas of public management including public service, legal administrative framework, public integrity system, policy-making and co-ordination, regulatory framework, public expenditure management, public internal financial control, external audit and public procurement. It is principally financed by the EU and implemented by the Organisation for Economic Co-operation and Development (OECD) through contribution agreements between the European Commission and the OECD.

In the framework of the Instrument for Pre-accession Assistance (IPA), SIGMA work with all EU candidate countries and potential candidates was launched in January 2009 and will continue until December 2010 under a new contribution agreement between the Commission and the OECD, which provides for a global budget of EUR 10.7 million.

No SIGMA activities funded under the budget lines considered by this report were conducted in 2009.

22. MULTI-COUNTRY, REGIONAL AND HORIZONTAL PROGRAMMES

22.1. Political Criteria

22.1.1. Participation in Community Agencies

The purpose of this assistance is to ensure that beneficiaries can participate effectively in the Community Agencies either if permitted prior to accession or following accession to the EU.

The Beneficiaries can participate in EU Programmes, Agencies and Committees on a case-by-case basis and the ticket to participate in those is financed through the National Programmes.

As was the case with previous Enlargements however, the EU supports the Community Agencies to prepare their counterparts in the Beneficiaries for participation in the activities of the EU Agencies.

The purpose of this assistance is to ensure that beneficiaries can participate effectively in the Community Agencies either if permitted prior to accession or following accession to the EU.

The programme provide support to the Community Agencies by allowing them to carry out preparatory measures in the Beneficiaries with the Beneficiary counterparts and stakeholders so as to facilitate future participation in these Community Agencies, and to stimulate cooperation between the Beneficiaries and their stakeholders.

The activities under this programme allow the Beneficiaries to increase their understanding of the function and operations of the Community Agencies and more importantly the role they should play within these bodies. Secondly, the support allows Beneficiaries to involve other relevant stakeholders in ways similar to those of the EU Member States. Agencies will be able to support Beneficiaries by providing advice on organisational matters and by training the appropriate staff of the Beneficiaries. Furthermore, participation in specific events (if possible with EU Member States) provide Beneficiaries with invaluable opportunities for networking and exchange of experience.

In those cases where Community Agencies supported by the Commission line DGs are not sufficiently informed about the state of progress and hence the specific gaps that need to be plugged prior to joining their Agency, awareness-raising actions and fact-finding missions allow Agencies on the one hand and Beneficiaries on the other to clearly assess their needs. These needs are addressed either under this programme or under follow-up actions.

Under the CARDS Regional Action Programme (RAP) 2005, Contribution Agreements were concluded with the European Environment Agency (EEA), the European Aviation Safety Agency (EASA), the European Maritime Safety Agency (EMSA), and the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA). Activities foreseen under those agreements (CARDS), as well as its continuation under IPA 2007 ended during 2009. The Agencies presented their final reports under the CARDS and IPA 2007 programmes to the Commission for assessment. The assistance continues under the IPA 2008 programme. Therefore it is too early to present final results, but it can be concluded that some Beneficiaries are already knocking on the door of some Agencies, notably the EEA and the EMCDDA. Croatia plans to join the EMCDDA in the coming months.

A conference organised by the EMCDDA in Sintra (Lisbon, Portugal) in November 2009 allowed Beneficiaries to exchange views with the Agencies. At this event both parties increased their mutual understanding on the needs, requirements and the way forward.

22.1.2. Social inclusion

During 2009, the project "*Social inclusion of and access to human rights for Roma, Ashkali and Egyptian communities in the Western Balkans*" under the CARDS Regional Action Programme 2006 continued its implementation. The overall purpose is to contribute to increased legal and social inclusion of marginalised communities and facilitate their full enjoyment of citizenship rights in the Western Balkans. Activities were implemented in all the areas targeted. Overall, solid progress can be reported particularly in matters of legal aid provision, the centrepiece of the project. Networks were also set up; information material was

produced and disseminated; information meetings were held and in general direct assistance was provided to an increasing number of Roma, Ashkali and Egyptian population, in particular in the area of civil registration. This contract was completed on 31 July 2009.

22.1.3. *Justice, freedom and security*

The actions aim to strengthen the efficiency and autonomy of law enforcement agencies and judicial bodies in their capacity to deal with corruption, illicit trafficking and organised crime.

The main general activities under these projects were: Capacity building activities: regional and national thematic meetings, seminars and conferences, round tables, study visits, training activities, including exchange programmes; gaps and needs-analysis sessions, specific studies, assessment missions; actions to pool information, enhance co-operation and facilitate co-ordinated activities; advice on legislation, regulations, operational procedures, exchange of experience, lessons learned, best practices and other relevant information.

The following projects were under implementation:

Under the CARDS Regional Action Programme 2005 the project "*International Law Enforcement Co-ordination Units ILECUS*" was under implementation in 2009. The objective of this project is to further strengthen national platforms for international police co-operation, through the establishment of International Law Enforcement Co-ordination Units, with a view to support the exchange of information in international investigations, and facilitate contacts on an operational level. Several meetings, information exchange visits and study visits took place with the goal to intensify cooperation. Know-how transfer started according to schedule.

Under the CARDS Regional Action Programme 2006 the project "*Support to the Prosecutors' Network*" was under implementation in 2009. The project should strengthen the established prosecutors' network and provide support for the identified gap areas. The activities carried out were in line with the work plan. Several meetings and visits took place; Expert opinions on the field were provided; Agreement on the amendment to the Memorandum of Understanding (MoU) for Regional Co-operation against Organised crime was reached. The project "*Development of monitoring instruments for judicial and law enforcement institutions in the Western Balkans*" was launched in February 2009 for a duration of 24 months. The objective is to develop a corpus of regionally harmonised and coherent indicators, in compliance with EU best practices, and standards established by Europol, that would enable the judicial and policing institutions in the Western Balkan countries to monitor and assess their activities, results and performances. All focal points were identified, selected and recruited. Several on-site research visits were carried out. A contribution agreement was signed with UNODC in October 2009 for the project "Assessment of Corruption in the Western Balkans". The project will start its implementation in 2010. The overall objective is to provide an evidence-based assessment of corruption nature and patterns in the region and in each Western Balkan country/territory, as well as to strengthen capacity to conduct sustainable and regionally comparable assessments.

22.1.4. *Cross-Border Institution Building (CBIB)*

In November 2008, a service contract (approximate budget: EUR 1.5 million) for the implementation of the second phase of Cross-Border Institution Building (CBIB II) was initiated with a view to providing coherent and harmonised assistance and guidance at

regional level for the programming and implementation of current and future IPA CBC programmes among Western Balkan Beneficiaries.

CBIB II already boasts numerous achievements, including: support provided for the preparation of the first round of Calls for Proposals (CfPs) for eight CBC programmes; support to the organisation of 38 information sessions/kick-off events/partner search forums; six three-day trainings on the evaluation of grant applications received during the 1st round of CfPs held for members of the Joint Monitoring Committees, staff of the Operating Structures and Joint Technical Secretariats/Antennae and assessors in six countries; revision of the MIS system according to the CBC requirements to be used for efficient and effective programme management, implementation and monitoring of eight programmes among Western Balkan countries; fifteen training events on how to prepare good quality project proposals held in three countries (Montenegro, Albania and the former Yugoslav Republic of Macedonia) for 313 potential applicants; CBIB website redesigned and upgraded, averaging 2000 visitors per month; etc.

22.1.5. *Civil Society Dialogue and Development*

The actions aim to increase capacity and actions of Civil Society Organisations and improve the democratic role of Civil Society Organisations.

The main general activities under these projects were: Awareness raising campaigns; Training of NGOs; Training of staff, trainers, beneficiaries, representatives of the target group, etc.; Advisory services; Internships; Management courses (including on fundraising, PR and lobbying); Transfer of specific technical know-how; Study visits and work placements; Thematic seminars, workshops, conferences (to present project results to a wider audience of interest specialists) and other dissemination actions; Meetings/campaigns to raise the awareness of the local population and/or the authorities; Publications of manuals, leaflets, on best practices; Establishment or development of new services; Network building; Establishment of best practice and procedures; Other human and institutional capacity building measures; Activities assuring institutional support (e.g. steering committees); TV co-productions documentaries.

The following programmes were under implementation in 2009:

- *Multi-beneficiary PHARE Business Support Programme (BSP) for Bulgaria, Romania, Croatia and Turkey.* The programme addressed the needs of Business Representative Organisations (BROs) in the industrial sector by strengthening their corporate functioning and by providing training in the relevant *acquis*. It also enabled these BROs to assist businesses in assessing whether they comply with the *acquis* allowing them to implement remedial measures. Important progress has been achieved in setting up legal and motivated BROs. Following two calls for proposals, 18 projects were selected for funding. The implementation of the projects ended in June 2009. The vast majority of the final reports of the projects were received and analysed. Overall, one may conclude that business representative organisations within the Beneficiaries have increased their understanding on the essential *acquis* in their sector. However, a follow-up involving other segments of the civil society is called for. Furthermore, the advocacy capacity and management of the business representative organisations should be further improved.

- *Civil Society Dialogue and People to People Project* under the CARDS Regional Action Programme 2006: The contracts that were signed during the second quarter of 2009 with 8

organisations for a maximum project duration of 24 months are progressing well according to schedule.

22.2. Economic Criteria

IFI Cooperation and Competitiveness

The general purpose of the actions aim to: 1) help Beneficiaries to improve the access to finance for private investments, in particular for SMEs; 2) financially assist the promotion of investments in energy efficiency and renewable energy; and 3) support the development and upgrading of transport, environment, and energy infrastructure and in the social field, contributing to sustainable development in the region.

(i) Support to private investments

- *SME Finance Facility (SMEFF)*: The aim is to assist the Beneficiaries in strengthening their financial sectors in order to cope with the competitive pressure and market forces within the EU and to strengthen the capacity of financial intermediaries to expand and maintain in the long term their financing operations with SMEs. During 2009, there were 15 programmes under implementation. Some new projects and several amendments to projects were approved. Several loan agreement compliance checks were executed. KfW transferred the related IFI business from Frankfurt to its branch in Berlin.

- *European Fund for Southeast Europe (EFSE)*: The aim is to foster economic development and prosperity in Southeast Europe through sustainable provision of additional development finance, notably to the small and micro enterprise sector, and to private households via local financial institutions. The programme under implementation was funded out of CARDS 2006.

- *Investment Promotion/Business Climate*: The aim is to promote sustainable economic development, to improve competitiveness of enterprises and to establish a business environment in the Western Balkans that will attract FDI. The main activities developed have been supporting the attraction of direct investments from the demand side (i.e. marketing the region among potential foreign direct investors) and the supply side (i.e. raising awareness among the region's policy makers on action to take to promote foreign direct investments.)

There were two projects under implementation:

-“*Defining and Strengthening Sector Specific Sources of Competitiveness in the Western Balkans region*” – EUR 1 million - funded under the Regional Action Programme CARDS 2005. From the supply side: The OECD Investment Compact for South East Europe's project is dealing with the identification and prioritisation of key sectors with high growth potential followed by the definition of an investment promotion strategy for the region and the elaboration of action plans concerning policy reforms implementing this strategy in each country. The financial situation had direct consequences on the implementation of the project, making necessary an extension of the duration of the project.

-“*European Investor Outreach Programme -Phase 2*” – renamed into *Invest in the Western Balkans Programme* funded under the CARDS Regional Action Programme 2005 - EUR 1 million. From the demand side: FIAS/IFC¹² (World Bank Group)' Investment in the

¹² FIAS: Multi-Donor Investment Climate Advisory Service; IFC: International Finance Corporation

Western Balkans Programme is a marketing and investment facilitation programme focusing on automotive components, food and beverages, information and communications technology (ICT), business services, textiles and pharmaceuticals; it consists of targeted dissemination of business and factor cost information of most relevance to prospective investors; implementation of regional image building activities; establishment of country desk officer functions and traineeships at the Invest in the Western Balkans Programme office in Vienna for staff members of the beneficiary organisations, capacity building and institutional support for the beneficiary Investment Promotion Agencies.

The findings of both projects showed that one of the main challenges for the region in terms of competitiveness in the medium term is to deal with human capital development and the generation of innovation. These findings have been taken into consideration for the regional programming 2009.

(ii) Promotion of energy efficiency investments

- *Energy Efficiency Finance Facility (EEFF)*: The aim is to financially assist the Beneficiaries to promote investments in energy efficiency and renewable energy generation in order to improve the energy performance of the building and industry sectors. There were three PHARE programmes under implementation. The international financial institutions (IFIs) expressed their wish to amend the Contribution Agreements in order to include renewable energy projects. Given the current market conditions following the financial crisis, the IFIs consider that the inclusion of such projects would facilitate the further development of the facility. Only a few projects were approved during 2009. Further contributions continue under IPA.

(iii) Support to infrastructure investments, including Municipalities.

- *Municipal Finance Facility (MFF)*: The aim is to assist the Beneficiaries in contributing to the reform and the strengthening of the financial sector. There were eleven PHARE programmes under implementation. Some new projects were approved. The EIB and KfW committed all the funds for MFF 2002 and 2003, but the implementation of MFF 2005 and MFF 2006 was challenging due to the present market restrictions associated with the on-going financial crisis.

For the EBRD commitment, the pace of disbursement of grants under committed projects was still slow but improving.

-*Municipal Infrastructure Facility (MIF)*: The aim is to contribute to the environmentally sustainable social and economic development of border regions in the Beneficiaries and to their integration with their neighbouring regions in the current EU Member States. There were two PHARE programmes under implementation. The MIF programmes are already fully allocated. Only disbursement continued since the contracting period with local financial intermediaries expired.

-*Infrastructure Projects Facility (IPF)* - EUR 15.122 million allocated under the Regional Action Programme CARDS 2005 and 2006. Additional resources continue under IPA 2008. The aim is to support the development and upgrading of infrastructures in transport, environment, and energy and the social field, so as to contribute to creating the conditions for sustainable development in the region. During 2009, discussions took place on the transition of the IPF management structures – an operational Secretariat and a Steering Committee - into the Western Balkans Investment Framework (WBIF) structures. Efforts concentrated on the

implementation of as many projects as possible out of the 27 first and second round projects and considerable progress was made. Terms of reference were written for 25 of the 27 projects. The number of projects under implementation increased from 15 to 20. Out of these 20 projects 7 have completed their first stage. Project financing – the provisional financing identified on the first 11 project exceeded EUR 350 million. A project web site was initiated.

The support to the IPF in the social sectors is a parallel framework contract EUR 0.2 million aimed at facilitating the mapping and identification of social policies and strategies in the region. At the end of December 2009 the contract was at a standstill since since performance of expert was not considered satisfactory.

22.3. European Standards

Transport

The aim is to support the development of the South East Europe Transport Core Network with focus on road safety and railways and the implementation of the European Common Civil Aviation Area Agreement in each Beneficiary.

There were two projects under implementation in 2009:

- *“Support to the SEETO Secretariat”* – EUR 944 070: The purpose of the project is to assist the participants in the SEE Core Regional Transport Network for implementing the 2007-2011 Multi Annual Plan (MAP) soft measures in the 1) Railways sub-sector with focus on: (i) Infrastructure Access & Pricing Regime and Network Statements; and (ii) Railways border crossing; and in the 2) Roads sub-sector, with focus on Road Safety Auditing. The project has been completed and the results have been presented at the Annual Ministerial Meeting of SEETO held in Zagreb on 3 December 2009. The most important results related to the Railways Component were: a draft regulatory manual (RM) for a harmonised infrastructure changing regime; a draft harmonised Network Statement (NS); Actions Plans for the completion of RM and endorsement of NS; A draft Regional Plan to improve regional railways operations at border crossing; and action plan for greater integration of railway border crossing policies. The most important results related to the Road Safety Auditing Component were: a draft short term Road Safety Strategy; a proposal for law and regulations to implement mandatory RSA; a draft Road Safety Audit Manual; a standardised set of common road safety auditing procedures; a draft RSA agreement and an Action Plan for its implementation; and testing RSA procedures through pilot projects with reference to design documents and existing roads on the core road network.

- *“Technical Assistance to the implementation of the ECAA Agreement”* – EUR 985 000 under the CARDS Regional Action Programme 2006: It aims at providing support in the form of long term / short term expert assignments, translation services, training, workshops, seminars and study visits to similar size national administration in EU Member States, in the fields of: aviation legislation, economic regulation, aviation safety, air traffic management, aviation security and airports regulation. The contract is currently providing legal, translation and on-the-job training assistance to the beneficiaries. The annual ECAA meeting saw the participation of the lead expert presenting the state of advancement of the contract and of the legislation acquisition. Good working cooperation was established between the contractor and the European Aviation Safety Agency (EASA) as well as the Integrated Standby Instrument System (ISIS).

Customs and Taxation

The aim is to ensure that systems and documentation in the area of taxation and customs are planned and developed in accordance with EU requirements.

There were two projects under implementation during 2009:

- TACTA 2 under CARDS 2006 Annual Action Programme for Community Assistance to the Customs and Taxation authorities (CAFAO) of the Western Balkans (excluding Croatia) was a prolongation of the main TACTA project (EUR 7.10 million), which had ended in February 2009, in order to complete the project satisfactorily for the further alignment of customs and indirect tax legislation and procedures with the *acquis* and the delivery of technical assistance on direct taxation. The final conference took place in Florence on 16 October 2009 for the presentation of the overall TACTA results and to set out the direction for future cooperation. Most of the beneficiary Customs and/or Taxation Directors were present at the meeting. They stated their great appreciation of the TACTA project and expressed their hopes that it would be possible to continue with regional activities as initiated by TACTA in the near future.

- *SEMS*¹³ - EUR 429 914 under CARDS Serbia and Montenegro State Union Action Programme - Customs and Taxes 2005: The project, which ended on 1 July 2009, supported current applications in the region and to adopt “SEMS” as the regional standard for information exchange. The objectives of SEMS were to sustain administrative capacity in the exchange of information and to familiarise beneficiaries with the concept of the electronic exchange of data as well as to establish a bridge in administrative cooperation. It is intended to continue with a similar project under IPA 2010.

Statistics

The aim is to upgrade and strengthen the statistical systems in the Western Balkans in particular in macro-economic, price, external trade, agricultural, demographic and social and business statistics. The main activities developed included: expert missions, workshops and seminars, financing of data collection as well as general statistical assistance, including the participation of experts from Beneficiaries in technical meetings organised by Eurostat and other Commission services, study visits to official statistics providers in Europe, training, consultation visits and traineeships.

The project “*Multi-beneficiary Programme - Statistical cooperation for Bulgaria, Croatia, Romania and Turkey 2006 – EUR 12 million, January 2008 – December 2010*” was under implementation. Activities in one service contract ended as scheduled and Eurostat received the final report. Implementation of activities covered by the other service contract and four grant contracts continued and interim reports were received. An extensive amendment for Turkey was signed in November 2009. Further support is provided under IPA.

Environment

To support candidate countries and potential candidates to develop the capacities, tools, mechanisms, frameworks and cooperation needed to cope with the challenges faced in the field of environment (including climate change) on their way to the EU accession.

¹³ South-East European Messaging System

There were three projects under implementation:

- "*Support for Implementation of the Regional Environmental Reconstruction Programme (REReP) for SEE*" – EUR 1 million under the CARDS Regional Action Programme 2005. REReP is promoted as an effective assistance mechanism with transferred lessons learnt. All REReP activities (meetings, workshops, study tours) took place till the end of June 2009. In July and August 2009 the work focused on the remaining publications:

- A Decade's Difference, Highlights of REReP from 2005-2008;
- Environmental Infrastructure Investments in SEE, Priority Environmental Investment Programme for SEE
- Manual I "Strategies for Reform – a manual for water utilities in SEE";
- Manual II "Speeding up investments in the waste sector"

In parallel to that the last updates of the web sites took place.

The project ended on 3 September 2009. Computers have been handed over to the project beneficiaries/SEE ministries of environment. A few issues were observed, such as: difference of appropriation levels within the beneficiaries, lack of continuity in some beneficiaries; and need for beneficiaries to now move towards more practical activities addressing their specific needs. However, it can be concluded that the project was useful, there has been a good project management and results are achieved.

- "*Support to the 'Environmental Compliance and Enforcement Network for Accession' (ECENA)*" – EUR 1 million under the CARDS Regional Action Programme 2005. ECENA is a network of environmental inspectors and experts of the Western Balkans and Turkey to exchange 'best practice' in the field of following up compliance with the transposed *acquis* in the field of environment. The fourth annual ECENA meeting was held in Brussels in October 2009. On-going support to the activities of the ECENA Secretariat has been provided in 2009; train-the-trainer activities have been carried out, training manuals produced and training modules have been designed, including with the collaboration of Interpol.

- "*PHARE Environment and Enlargement 2006*" – EUR 4.5 million – sub-delegated to DG Environment: Several components were under implementation: complementing the capacity building provided through the individual twinning grants by setting up an "E-mail-network" and conducting a workshop for the grant beneficiaries; improving the transparency and relations between the NGOs and DG Environment (NGO Forum); provision of NGO twinning grants; IMPEL/ECENA; progress monitoring Turkey and Croatia; DABLAS Task Force: preparation of investment projects on water and waste water, as well as methodological guidance. All activities were implemented according to schedule.

Nuclear safety and radiation protection

The aim is to enhance the technical competence and administrative capacity of the national radiation safety authorities and other relevant public organisations, to contribute to align national legislation and regulations in the nuclear field with the *acquis* and to support construction, fitting out and/or upgrading of facilities involving the handling and management of radionuclides according to best EU practices.

PHARE/Transition Facility Nuclear Safety Programmes aiming to improve nuclear safety in the Central and Eastern European Countries. Both programmes are terminated and only a very few number of projects were still running.

- Enhancement of Romanian Nuclear Regulatory Authority staff capabilities with the view to evaluating the Periodic Safety Review for Cernavoda NPP Unit 1 (PHARE 2006 - Romania) was successfully completed in November 2009.
- Border Control of Nuclear and other Radioactive Materials with Stationary Portal Monitors (PHARE 2006- Croatia) has been extended by 12 months. Problems occurred in the delivery of one basic component for detecting neutrons, i.e. Helium-3.
- Radiological Safety in Uranium Mining and Milling Facilities (Transition Facility 2007 - Romania) has started its implementation at the end of 2009.
- Support to VATESI in Safety Assessment of Ignalina NPP (PHARE 2006 - Lithuania) was successfully completed in December 2009.
- Technical back-up to PHARE/IPA nuclear activities, Joint Research Centre-Petten (PHARE 2007) was extended until 31st March 2010 due to delays experienced by the beneficiary organisations in the preparation of Terms of Reference for projects.

Part III: Financial data at 31st December 2009

23. PHARE, TURKEY PRE-ACCESSION AND TRANSITION FACILITY FUNDS COMMITTED BY YEAR 1990 – 2007¹⁴

Financial Overview and Performance

| Year | Funds Committed |
|------|-----------------|
| 1990 | 475.3 |
| 1991 | 769.7 |
| 1992 | 979.6 |
| 1993 | 966.1 |
| 1994 | 946.1 |
| 1995 | 1.114.0 |
| 1996 | 1.207.8 |
| 1997 | 1.135.1 |
| 1998 | 1.153.9 |
| 1999 | 1.481.7 |
| 2000 | 1.651.5 |
| 2001 | 1.635.4 |
| 2002 | 1.695.1 |
| 2003 | 1.698.1 |
| 2004 | 1.240.5 |
| 2005 | 1.353.9 |
| 2006 | 1.772.2 |
| 2007 | 78.2 |

24. PHARE, TURKEY PRE-ACCESSION AND TRANSITION FACILITY FUNDS IMPLEMENTATION BY COUNTRY AT THE END OF 2009

Total commitments, contracts and payments, in million EUR¹⁵

| Partner Country | Commitments | Contracts | Payments |
|-----------------|-------------|-----------|----------|
| Bulgaria | 2,359.63 | 1,873.47 | 1,800.39 |
| Czech republic | 917.24 | 835.68 | 834.06 |
| Croatia | 144.60 | 108.09 | 79.40 |
| Cyprus(*) | 338.01 | 209.64 | 114.74 |
| Czechoslovakia | 230.49 | 231.82 | 228.88 |
| East Germany | 34.49 | 28.86 | 28.86 |
| Estonia | 346.84 | 312.66 | 312.43 |
| Hungary | 1,480.06 | 1,364.75 | 1,362.63 |
| Latvia | 423.61 | 385.05 | 383.83 |
| Lithuania | 810.27 | 752.68 | 751.55 |

14 The last commitment year for PHARE and the Turkey Pre-Accession instrument was 2006. 2007 commitments relate to the Transition Facility only

15 Instances of contracted amounts being slightly above allocations are due to interest accruing assigned to the programmes. Instances of decreasing contracted and paid amounts when compared to last year are explained by closures and de-commitments by the local authorities and by the Commission. Payments can also decrease due to some local contracts being excluded from the final declarations

| | | | |
|--------------------------|------------------|------------------|------------------|
| Malta | 57.11 | 48.76 | 46.88 |
| Multi-country programmes | 3,357.05 | 2,779.82 | 2,640.97 |
| Poland | 3,995.99 | 3,635.22 | 3,618.11 |
| Romania | 3,670.00 | 3,223.14 | 2,956.94 |
| Slovakia | 717.59 | 653.93 | 633.14 |
| Slovenia | 360.33 | 333.70 | 332.66 |
| Turkey | 1,861.95 | 1,379.14 | 1,234.95 |
| Total | 21,105.26 | 18,156.41 | 17,360.42 |

(*) Including assistance to the Turkish Cypriot Community

25. CARDS FUNDS COMMITTED BY YEAR 2000 – 2006¹⁶

| Year | Funds Committed |
|--------------------|-----------------|
| 2000 | 834.2 |
| 2001 | 688.9 |
| 2002 | 645.4 |
| 2003 | 602.8 |
| 2004 | 641.4 |
| 2005 ¹⁷ | 505.0 |
| 2006 | 482.8 |

26. CARDS FUNDS IMPLEMENTATION BY COUNTRY AT THE END OF 2009

Total commitments, contracts and payments, in million EUR¹⁸

| Partner Country | Commitments | Contracts ¹⁹ | Payments |
|---------------------------------------|-----------------|-------------------------|-----------------|
| Albania | 310.03 | 274.23 | 234.20 |
| Bosnia & Herzegovina | 467.14 | 438.67 | 420.54 |
| Croatia | 276.84 | 251.93 | 250.32 |
| Former Yugoslav Republic of Macedonia | 307.87 | 293.30 | 287.77 |
| Kosovo | 727.18 | 715.81 | 705.38 |
| Montenegro | 127.40 | 125.70 | 124.87 |
| Serbia ²⁰ | 1 396.63 | 1 362.11 | 1 295.22 |
| Regional Programme ²¹ | 583.36 | 561.23 | 537.13 |
| Total | 4 196.45 | 4 022.99 | 3 855.43 |

¹⁶ As of 2007 the CARDS instrument was replaced by the new Instrument for Pre-Accession Assistance (IPA). The last commitment year for CARDS was 2006

¹⁷ Figures for 2005 and 2006 include re-use of recoveries from previous years (i.e. are above the original budgetary allocations)

¹⁸ The difference with the figures available in Part I (Country Section) is explained by the fact that those figures include only Annual Action Programmes from 2001, while not including other programmes managed centrally, such as Customs and Taxation. Amounts allocated to support the running costs of the European Agency for Reconstruction and of the Office of the High Representative in Bosnia and Herzegovina may also be excluded from tables in Part I, as well as amounts allocated to support the operating costs of the EU pillar of UNMIK in Kosovo

¹⁹ Increased contracting for CARDS in 2009 is explained by the use of N+3 as contracting deadline ("N" being the commitment year)

²⁰ Includes Montenegro in 2000-2001; includes assistance from the Regional Programme for Integrated Border Management destined for the whole of FRY/Serbia and Montenegro for 2002-2003 (in 2004, this is included in the regional programme); includes EUR 8 million commitments for the Serbia and Montenegro State Union (2005)

²¹ Includes EUR 215.8 million commitments for interim civilian administrations

