

Phare ex post evaluation

of country support implemented from 1997–1998 to 2000–2001

Consolidated Summary Report

May 2003

This ex post evaluation has been launched by the *European Commission, Directorate General for Enlargement* and carried out by a private consortium consisting of *PLS RAMBØLL Management (Denmark) and Eureval-C3E (France)*. The Consortium bears the full responsibility for the report and its conclusions.

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Compendium

A compendium including all other deliverables is available on the Internet and CD-ROM. The Compendium contains: Consolidated Summary Report; Consolidated Background Report; Country Reports (10); database of all projects; Case Monographs in full length for all countries; and Note on evaluation capacity building and quality assessment. Web address:

http://europa.eu.int/comm/enlargement/financial_assistance.htm#evaluation

1. This evaluation

1.1 Purposes

This ex post evaluation focuses on the assessment of the Phare Programme support allocated by the European Community to ten central and eastern European candidate countries.¹ The evaluation covers the country support allocated in the years 1997–1998 and implemented until the end of 2001. The European Commission, Directorate General for Enlargement launched the evaluation with three purposes:

- assisting candidate countries in drawing lessons by supporting a series of ten country evaluations implemented in partnership with their administrations;
- providing, for the purposes of the Commission's reporting, external accountability on the use of the Phare funds; and
- supporting the building of evaluation capacity in the candidate countries by involving and training local consultants and evaluation managers from the partner country administrations.

1.2 Method

This evaluation derives from four sources of evidence: monitoring reports, interim evaluation reports, opinions collected from implementing authorities and in-depth inquiry into a limited number of projects through a case-study approach. The first three information sources are referred to as implementation information and cover 290 projects selected for the evaluation.

The fourth information source is referred to as evaluation inquiry. It consists of 53 case studies of Phare projects, which involved interviews with all stakeholders, including end-users. The cases were not selected as a statistically representative sample but were selected in cooperation with national authorities in the candidate countries based on their priorities. The selection of cases had two aims:

¹ Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

- to offer the best possible prospect for learning useful lessons at the level of each country; and
- to maximise the diversity of the issues and sectors covered by the evaluation in each country;

All 290 projects have gone through basic assessment and have been scored in four evaluative dimensions agreed with the European Commission: relevance, effectiveness, sustainability and efficiency.² The results of the basic assessment have been analysed and processed in a database.

The 53 cases have gone through detailed assessment according to the four evaluation dimensions mentioned above, plus additionality, which is a dimension close to the concept of EU value added. Further, the whole portfolio of case studies was subjected to qualitative analysis to explore why Phare projects were successful or not and to derive lessons that are potentially transferable to future projects in similar contexts.

Similar to any evaluation method, this approach had strengths and weaknesses. The evaluators consider that the main strengths of the evaluation approach are the following.

- The ten country evaluations were conducted in partnership with national authorities in a way that favoured ownership and utilisation.
- A significant part of the work was done by local evaluators, which strengthened the evaluation capacity in the partner countries.
- The selected approach provided an overall picture of impacts, although Phare projects were extremely diverse and no clear indicators had been set up in advance.
- The rating of projects allowed meaningful comparisons across policy domains, programming years and instruments.

² Effectiveness and efficiency are understood in a way that may not be familiar to some readers. Effectiveness is defined as the achievement of intended impacts: that is, far-reaching consequences of the project as opposed to outputs or immediate results. Efficiency relates the impacts to the costs of achieving them.

- The analysis of the case studies allowed several lessons of strategic interest to be revealed.

The main weaknesses of the evaluation approach are considered to be the following.

- Most interviews have been conducted with individuals responsible for the management of projects and too few have been conducted with end-users, such as individuals and groups affected by the projects implemented.
- The inquiry into the 53 cases has not sufficiently investigated such specific technical issues as 1) lower-cost alternatives for achieving the same impacts; 2) searching for unintended impacts; and 3) differentiating the effects of the Phare support from other external factors.

To a certain extent, these weaknesses might have been avoided by giving more responsibility to experienced evaluators, but this would have reduced the role of local evaluators and their learning opportunities.

As a result of these weaknesses, some of the lessons learned need to be confirmed further before making final recommendations in the present context of the Phare Programme – or in the context of other programmes.

2. Background

2.1 From transition to accession

The European Community created the Phare Programme in December 1989 to assist Poland and Hungary in their difficulties following the turbulent changes in the Soviet regime. At that time, the Phare Programme mainly consisted of technical assistance allocated in response to partner country demands to help maintain stability and for supporting the transition to market economy and democracy. However, following the 1993 European Council's invitation to all central and eastern European countries to apply for Community membership and the definition of the criteria to be fulfilled in this respect (Box 1), the Phare Programme was placed in a clearer perspective as an instrument for supporting accession.

Box 1. Criteria for Community accession – the Copenhagen criteria

At the European Council meeting in Copenhagen in June 1993, the criteria for Community accession of new Member States were defined as follows.

1. Having stable institutions that guarantee democracy, the rule of law, human rights and respect for and protection of minorities
2. Having a functioning market economy capable of coping with the competitive pressures and market forces within the Union
3. Being able to assume the obligations of membership, including adherence to the aims of political, economic and monetary union

In the first half of the 1990s, the European Community and the partner countries entered into political agreements (Europe Agreements), and the Phare Programme was gradually oriented towards assisting the countries in this process. This process led to a major reform of the Phare Programme implemented in 1998,³ creating a decentralised and accession-driven programme that had the following main priorities:

- to develop the human and administrative capacity required for the approximation of laws and the implementation of EU rules (*acquis communautaire*, explained in Box 2) within a democratic civil society; and
- to invest in infrastructures and enterprises with the aim of respecting EU norms, decreasing structural imbalances and enhancing the ability to cope with competitive market pressure.

³ The reform was designed and decided in 1997.

Box 2. Community acquis

The Community acquis (acquis communautaire) comprises the entire body of European Community legislation that has accumulated, and been revised, over the last 40 years. It includes the founding Treaty of Rome and later revisions of this; the hundreds of regulations and directives passed by the Council of Ministers; and the judgements of the European Court of Justice. The overall acquis has been structured into 31 chapters for the purpose of negotiating accession.

Table 1 summarises the parallel evolution of the accession process and the Phare Programme from 1989 until the present.

Table 1. The accession process and Phare in parallel

	Accession process	Phare Programme
1989	Transition to market economy. No accession policy formulated.	Phare Programme established to assist the transition of Hungary and Poland.
1993	Copenhagen criteria for accession of new Member States: <ul style="list-style-type: none"> ▪ Democracy, stability, rule of law ▪ A functioning market economy ▪ Able to assume membership obligations 	Support for candidate countries for: <ul style="list-style-type: none"> ▪ Technical assistance to fulfil the Copenhagen criteria ▪ Market expansion projects ▪ Infrastructure investment projects
1995	Most Europe Agreements come into force with the aims of free trade, co-operation and accession.	The Europe Agreements highlight Phare as the financial pre-accession instrument of the Agreements.
1996	All 10 central European candidate countries have officially applied for EU membership.	Continued pre-accession support from Phare based on Multi-annual Indicative Programmes expressing the countries' EU strategy.
1998	Introduction of: <ol style="list-style-type: none"> 1) Commission Progress Reports screening the partner countries' stage and progress towards membership. 2) Accession Partnerships between EU and the partner countries expressing the key priorities in a reinforced pre-accession strategy. 3) National Programme for the Adoption of the <i>Acquis</i>, a country-driven document for accession priorities and support. Opening of negotiations with 5 countries.	The Phare Programme shifts from being demand-driven to being accession-driven and is decentralised. Phare becomes a tool for supporting both the Accession Partnership and the National Programme for the Adoption of the <i>Acquis</i> . Most responsibilities related to programming, implementation and monitoring are now formally with the partner countries.
2000	Negotiation process launched with 7 other candidate countries. All 10 are now negotiating for EU membership.	Continued accession-driven support and more focus on Structural Funds and economic and social cohesion.
2002	The Council approves membership for 8 Phare countries.	Continued support for accession and cohesion; extended decentralised implementation system introduced.
2004	Accession of the 8 countries expected following referendum and ratification.	Phasing out of Phare in eight countries, continuation in Romania and Bulgaria.

2.2 Expenditure under evaluation

During the two programming years 1997–1998, about EUR 1.6 billion was allocated to candidate countries. As shown in Table 2, this evaluation covers EUR 1.1 billion of this amount.

Table 2. Overall Phare budget for 1997–1998 and budget for the programmes and projects under evaluation

Support measure	Overall budget 1997–1998 Million EUR	Projects under evaluation Million EUR
National programme	1096.2	898.9
Large-scale infrastructure facility	209.2	126.2
Catch-up facility	42.0	26.0
Cross-border co-operation programme	249.0	7.1
Total	1596.4	1058.2

The *national programmes* consisted of decentralised support for pre-accession priorities as stated in the country strategies (Multi-annual Indicative Programmes for 1997 and Accession Partnership documents for 1998).

The *large-scale infrastructure facility* was centrally managed support that co-financed projects with cross-border impact in the environment and transport sectors, such as road and rail rehabilitation projects, upgrading water and waste systems and anti-air pollution projects.

Bulgaria, Latvia, Lithuania, Romania and Slovakia received additional support in 1998 to accelerate their preparations for membership under the *catch-up facility*, which was set up to complete the process of economic and social reform, to attract investment and to fight corruption.

The *cross-border co-operation programme* provided financing support in the border regions of candidate countries in line with the Interreg II Programme.

Table 3 indicates the total 1997–1998 Phare budget and the EUR 1.1 billion under evaluation according to the individual candidate countries. The table also shows the amount of support per capita in each country.

Table 3. Overall Phare budget and budget for projects under evaluation – all countries 1997–1998

Country	Overall budget 1997–1998	Overall budget Per capita	Budget for projects under evaluation
Phare budget	Million EUR	EUR	Million EUR
Bulgaria	215.7	27.0	169.7
Czech Republic	106.0	10.1	52.5
Estonia	63.8	46.6	42.5
Hungary	196.9	19.7	95.0
Lithuania	94.3	25.5	76.6
Latvia	75.1	31.6	75.1
Poland	425.9	11.0	180.2
Romania	259.8	11.6	236.4
Slovakia	117.9	21.8	104.6
Slovenia	41.0	20.5	25.8
Total	1596.4	15.3	1058.2

The evaluators categorised the total project support under evaluation into the 31 chapters of the *acquis*. The chapters have been clustered into eight policy domains. The budget shares of the selected policy domains account for 93% of the overall Phare budget under evaluation in 1997–1998 (Figure 1).

Figure 1. Support for selected policy domains – budget shares in 1997–1998

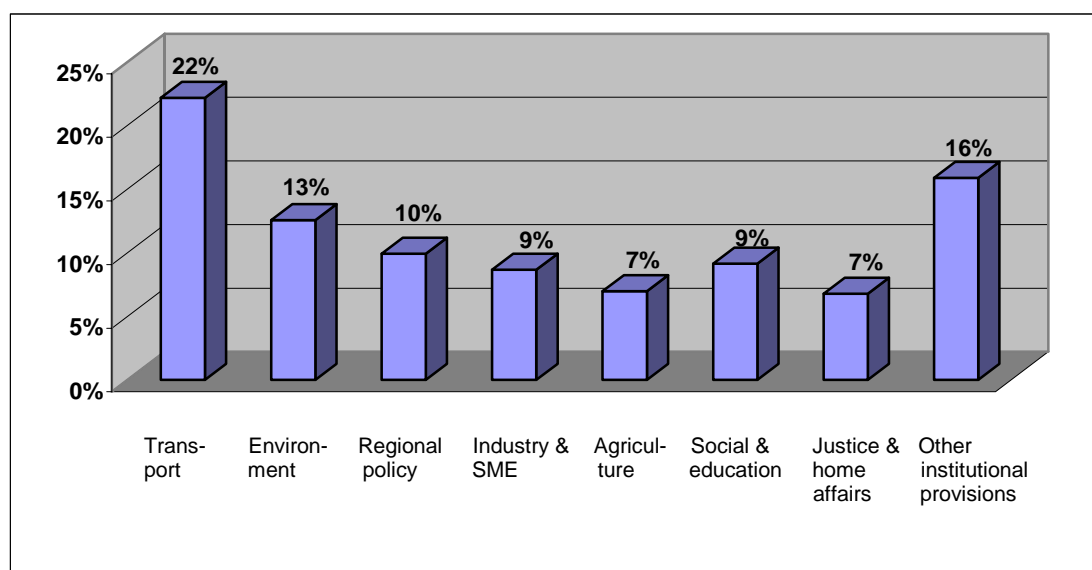


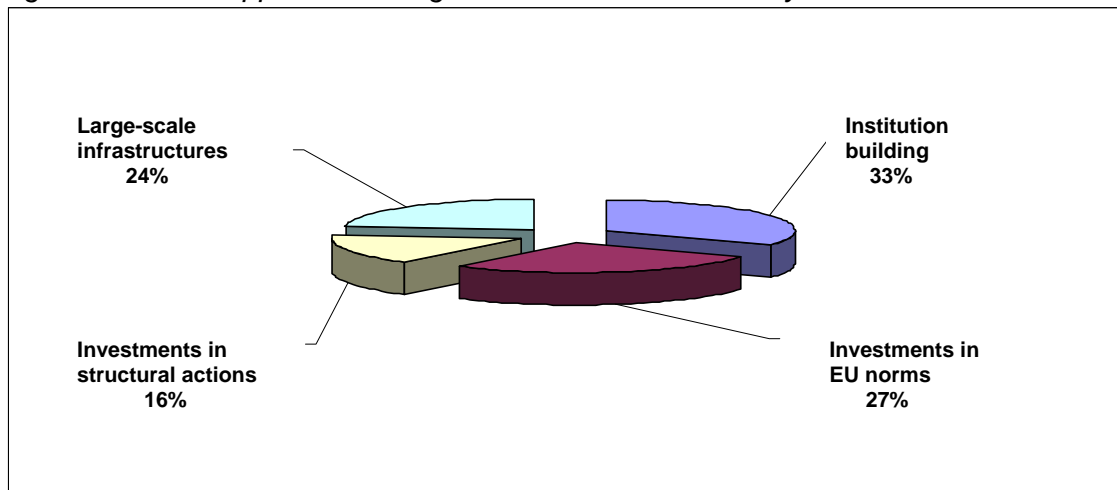
Figure 1 reflects the priority given to the domains that were considered to be central to the adoption of the *acquis* and to the structural (socio-economic) development of the countries.

2.3 Intervention logic of Phare following the 1998 reform

Since 1998, it has been a goal to allocate at least 30% of the Phare support to institution building, with the aim of adopting the *acquis* by approximating legislation and by strengthening institutional and administrative structures. The intended proportion of 30% was just achieved on average across the countries. In some countries, such as the Czech Republic and Slovakia, the share of institution building was as high as 70% in 1998. In several countries, institution-building projects were reported to be difficult to launch because the public administration had limited absorption capacity. The evaluators consider that the task of adapting legislation and public administration to the *acquis* was huge. There was therefore a clear rationale for supporting institution-building activities in the context of accelerating accession.

The remainder of the Phare budget was planned to be spent on investment, but the Phare documentation does not clearly explain why investment support should comprise 70% and how it should be divided on key activities. Since 1998, Phare investment projects have been recorded in three categories: EU norms, structural actions and large-scale infrastructures (Figure 2).

Figure 2. Phare support according to the nature of the activity – 1998

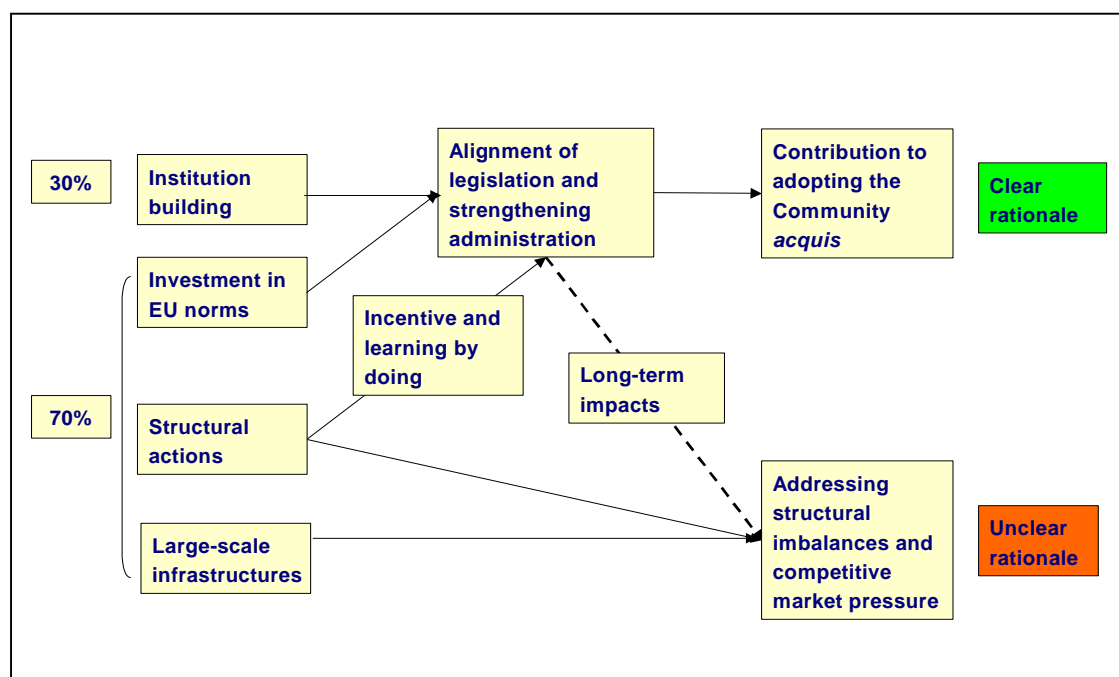


Investment in EU norms supported institutions in their *acquis* alignment process. Most often, this type of investment was the supply of equipment or minor capital investment in a mixed project: that is, a project involving also technical assistance or twinning.

Investment in structural actions mainly comprised pilot grant schemes in the domains of regional, social and agricultural development. Through a learning-by-doing process, the schemes started creating the capacity of candidate countries to manage future Structural Funds programmes. In some instances, there is evidence that this kind of support has been an incentive for the recipient authorities to introduce administrative reforms such as the creation of regional authorities. The clear rationale of the grant scheme investment (typically equipment and small infrastructure) was its contribution to the development of local and regional administrative capacity, whereas evaluators have considered the socio-economic rationale for reducing structural imbalance to be unclear.

Investment in large-scale infrastructure consisted of capital investment in road, rail, rehabilitation, water, waste and anti-air pollution projects. The Phare support for large-scale infrastructure investment was often meant to facilitate access to loans from major international financial institutions⁴ through a leverage effect. This type of investment had a clear objective in terms of generating direct socio-economic impacts. The projects examined normally did not include institution-building activities supporting the preparation and implementation of the large-scale infrastructures. Figure 3 summarises the overall logic and rationale of the Phare Programme.

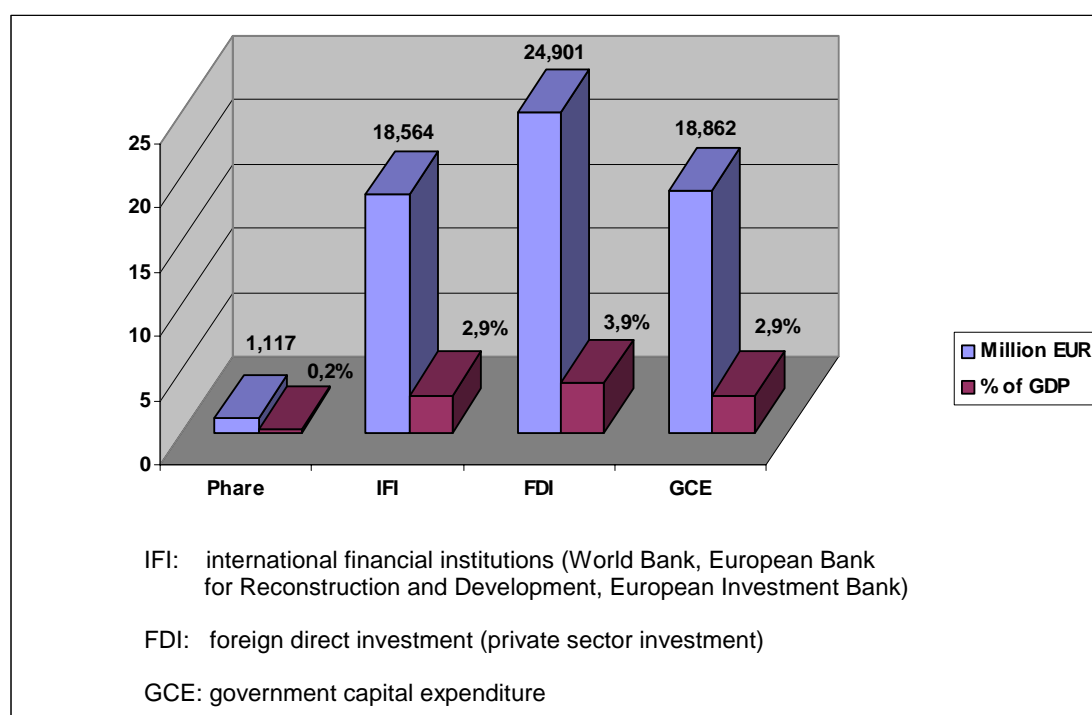
Figure 3. An ex post understanding of the logic and rationale of Phare support



⁴ The World Bank Group (IBRD and IDA), the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB).

In the context of an accelerated accession process, there was a clear rationale for the Phare activities connected to adopting the *acquis*. In contrast, the Phare approach of addressing structural imbalances and competitive market pressure was not easy to explain retrospectively in a wider socio-economic context. Total Phare investment amounted to only 0.2% of the GDP and was also marginal compared with government capital expenditure, foreign direct investment and resources provided by the international financial institutions (Figure 4). It should, however, be noted that the international financial institutions provide loans, whereas Phare support is given as grants mainly in support of policy reform.

Figure 4. Phare in a macro-economic perspective – investment in millions of EUR (blue) and as a percentage of GDP (red) in the candidate countries in 1997–1998



2.4 The 1998 Phare management reform

The 1998 Phare reform also addressed the following management issues:

- moving to a decentralised management model in which the partner countries assumed increased responsibility for the Phare Programme;
- extending the use of financial schemes and avoiding small projects; and
- launching twinning as a new technical assistance instrument.

The reform is considered later in exploring the impact of Phare projects.

3. Overall evaluation – findings and conclusions

3.1 Relevance

The strategy-making and priority-setting in 1997 was based on Multi-annual Indicative Programmes, which expressed the country accession strategies and were jointly developed for the period 1995–1997 by the candidate countries and the Commission. For 1998, the Commission and the candidate countries mutually agreed on a completely new series of country strategy documents within the Accession Partnerships (Table 1).

Phare projects have been systematically assessed according to how clear and strong their intended impacts were related to the priorities stated in the country strategy documents as defined above. The results suggest that the connection to the country strategies was stronger in 1998 than in 1997. In fact, this assessment should be nuanced, since the 1997 projects referred to strategic priorities stated in quite broad terms for the period 1995–1997, whereas the 1998 projects referred to strategy documents drafted at almost the same time by almost the same people. Not surprisingly, this ends up producing a good connection, although it may be just a rhetorical connection.

Table 4. Connection between project objectives and accession challenges

Did the project address a problem that was an obstacle on the path towards accession?	1997	1998	Total
Yes, very critical or rather critical	60%	94%	82%
Not really or not at all	40%	6%	18%
Total	100%	100%	100%

Considering both programming years, the evaluation shows that 82% of the projects selected for detailed assessment addressed problems that were “very critical or rather critical obstacles on the path towards accession” (Table 4).

This proportion was much higher (94%) in 1998, which supports the conclusion that the reorientation towards an accession-driven process had immediate results and that the overall relevance of the Phare support was not questionable.

3.2 EU value added

Phare projects have contributed to accelerating activities that alternatively would have occurred much later and at a much lower scale. The Phare support has clearly been more influential (additional) in the countries that lagged behind in the accession process.

Most often, projects could not have been launched without the Phare support because national institutions did not have sufficient capacity. In particular, Phare helped in bridging the gaps in knowledge of EU policies within the partner country administrations.

In 1997–1998, Phare had greater influence (additionality) in the domains of agriculture and preparation for Structural Funds programmes and less influence in environment and transport. In general, institution-building projects and projects mixing investment and institution building would have been severely reduced or even cancelled in the absence of Phare, whereas pure investment projects depended less on Phare financing, which casts doubt on the leverage effect assumption for this type of investment.

3.3 Impact on legislation and administration

Many Phare-supported projects targeted the alignment of legislation and/or the strengthening of public administration, either directly or indirectly. The evaluators found that the achievements were below the expectations stated in the project objectives, with effectiveness scores being 0.7 on average on a scale of 0 to 1.

However, the evaluators believe that the stated objectives were often excessively ambitious and that the impacts in many cases were satisfactory compared with what was possible. In approximation of legislation and adjustments in administration, the evaluators consider that the impacts achieved had high sustainability since the approximated legislation will remain as a written part of the national legislation and the public administration is expected to largely retain its newly acquired know-how.

This positive assessment does not mean that the public administration in the candidate countries was ready to implement EU-aligned policies by the end of 2001. Impacts are solely assessed compared with what the Phare projects initially intended. In a broader perspective, the legislative alignment was close to completion at the end of the period under evaluation, but it was considered that there was still a long way to go before the capacity to enforce the aligned legislation could be fully established. In

that respect, the evaluation clearly shows that building institutions requires several years and could not be achieved within a single 3-year project cycle (see section 4.1).

Considering the chapters of the *acquis*, the evaluation recorded a higher level of impact with more sustainable characteristics in the domains of transport, environment, justice & home affairs and other institutional provisions, where Phare projects focused on legislative alignment that could be managed relatively straightforwardly (Table 5).

Table 5. Legislative and administrative impacts in selected policy domains

Policy domain	Effectiveness ⁵	Sustainability ⁶	Overall
Agriculture	average	average	average
Transport	high	high	high
Industry & SME	low	low	low
Social & education	low	low	low
Regional	high	low	average
Environment	average	high	average to high
Justice & home affairs	average	high	average to high
Other institutional provisions	average	high	average to high

Phare projects had the lowest impact scores in the social & education and industry & SME domains. In these domains, not only did projects aim to create new institutions but the process also involved considerable networking with civil society organisations and enterprises in a semi-public environment. These projects often had a long penetration time and experienced problems with ongoing financing and therefore with sustainability.

The highest impact scores were in policy domains in which the Phare support was *acquis*-oriented (related to the third Copenhagen criterion), whereas impact scores were lower in domains in which the process mainly addressed political and economic issues (related to the first two Copenhagen criteria).

Following the 1998 reform and the rapid shift of the support towards accession, the evaluation shows that there was only marginal improvement in the effectiveness of the projects considered and no change in the sustainability of their impacts compared with 1997. This surprising conclusion may be explained by the acceleration of the

⁵ Achievement of initially intended impacts. The evaluators' assessment was based on implementation information for all projects under evaluation plus a specific inquiry into 53 cases.

⁶ Sustainability of achieved impacts.

accession process and by the rapid shift of emphasis in the Phare support, which resulted in management difficulties. In a country perspective, the evaluators assess that impacts have been higher in the candidate countries where the Phare Programme was initiated earlier and lower in the countries that are lagging behind in the accession process.⁷

3.4 Socio-economic impact

Impacts on the economy, society and environment have been marginal so far and below the expectations stated in project objectives, although these expectations were not always stated clearly. However, when such impacts were achieved, the evaluators consider them as being rather likely to survive. The evaluators believe that more socio-economic impacts can be expected in the longer term from the effects of changed legislation and strengthened administration, to which Phare made a contribution. However, these impacts will be indirect and difficult to trace.

The evaluation shows that the candidate countries did not differ significantly in the achievement of the intended socio-economic impacts, but it is assessed that the prospects for the survival of the impacts achieved diminish with the current per capita income of the country.

Looking at impact within policy domains (Table 6), the projects supporting investment in EU norms (such as environment and agriculture) and in large-scale infrastructures (such as transport) had the best and clearest impacts. Projects related to the regional and industry & SME policy domains had lower socio-economic impacts. In these domains, Phare projects involved investment in structural actions that mixed capacity-building and socio-economic development with a strategy and a balance of objectives that was often unclear.

⁷ In contrast to the opposite pattern assessed for influence (see section 3.2).

Table 6. Socio-economic impacts in selected policy domains⁸

Policy domain	Effectiveness ⁹	Sustainability ¹⁰	Overall
Agriculture	average	average	average
Transport	high	high	high
Industry & SME	low	low	low
Social & education	average to low	low	low
Regional	low	low	low
Environment	high	high	high

3.5 Unintended impacts

This evaluation revealed few surprises, mainly because of practical constraints and methodological options.¹¹ However, individual case studies provide evidence that impacts are far from being totally under control. Most of the surprises revealed arise from the behaviour of end-users, but some also relate to impact mechanisms: that is, achieving the impacts intended but in an unintended way.

In several instances, evidence suggests that an ex ante risk assessment could not have anticipated the surprises revealed.

3.6 Relating impacts to costs

In 1998, the Commission requested that Phare projects reach a sufficiently large size (normally EUR 2 million), and one of the reasons for this request was to maximise impact by reaching a critical mass. This evaluation does not provide evidence that a project with a larger or smaller budget is more or less effective. The evaluators consider on this background that limiting small projects has probably reduced management costs but has not significantly increased impact.

As reflected by the incomplete disbursement of funds, many projects faced management difficulties, mainly in terms of a lengthy start-up process and

⁸ The table does not include the domains justice & home affairs and other institutional provisions (as in Table 5), as these are not significant in terms of intended socio-economic impacts.

⁹ Achievement of initially intended impacts. The evaluators' assessment was based on implementation information for all projects evaluated plus a specific inquiry into 53 cases.

¹⁰ Sustainability of achieved impacts.

¹¹ First, the evaluation inquiry was carried out by local evaluators with limited experience. Second, intended impacts in Phare projects were generally defined rather broadly, leaving less possibility for precisely identifying – ex post – the actual unintended impacts.

institutional instability.¹² The evaluators consider that impacts were reduced in a larger proportion than the expenditure saved in these instances, which has resulted in low cost–effectiveness.

The evaluators have only been able to make a limited search for lower-cost alternatives that would have allowed similar impacts to be achieved with fewer resources. This limited search has only uncovered few examples of technically more efficient alternatives. It would be premature, however, to conclude that Phare projects have generally been highly efficient.

With the considerable advantage of hindsight, this report (Chapter 4) indicates that some approaches to designing and implementing projects tend to be more efficient than others. The evaluators consider that the main inefficiencies result from:

- weak strategy-making processes, leading to management difficulties and high implementation costs in the management period;
- lengthy learning from experience, leading to maintaining the financial support for actions that should be reformed or stopped;
- costly learning from grant schemes; and
- insufficient attention to democratic constraints, leading to supporting projects that subsequently fail to achieve their intended impacts.

¹² Institutional instability means that the institutions responsible for the projects changed during the course of the project, either partly or totally.

4. *Lessons learned*

4.1 **Design of country strategies and projects**

The interviews and the country meetings clearly indicate that the Commission dominated in designing the country strategy documents applying to the programming years 1997 and 1998. Further, the Commission dominance increased in 1998. In many ways, this is a logical consequence of the rapid shift towards the adoption of the *acquis*. The Commission assessed the challenges of accession via screening and opinions presented in Regular Reports (see Table 1). These assessments set out what was lacking in terms of accession. Programming missions were undertaken to establish priorities, and the Commission drafted the strategic documents (Accession Partnerships).

The National Programmes for the Adoption of the *Acquis* were introduced in 1998 as a means of giving the candidate countries a possibility to adapt the multi-annual strategy to their changing context on an annual basis. However, the National Programmes for the Adoption of the *Acquis* elaborated in 1998 were the first generation. They came out very late in relation to the selection of projects and were drafted so broadly that nearly all types of support could be justified, especially as the Phare projects were being prepared in parallel with the Programmes.

The interviews and the country meetings clearly indicate that the Commission has often dominated the setting of country priorities and project objectives, even to a degree where viewing the process as a real partnership is difficult. A consequence was a feeling of lacking participation, as expressed at a country meeting: *“The Accession Partnership was not a joint document; it was prepared unilaterally by the Commission.”* In any case, the process of designing and selecting Phare projects has not been used as a learning opportunity for a partner country in developing strategy.

The imbalance may have been positive in terms of imposing “project relevance” on the countries, but the negative aspect is that the process did not create the fullest possible ownership of and commitment to the overall programme objectives and priorities and the subsequent projects.

In the area of institution-building, the evaluation clearly shows that the 3-year project life cycle is too short for fully adapting institutions in a given policy domain. This discrepancy has been managed by establishing a practice of project continuation, in which Phare projects follow one another every 3–4 years. However, this practice is

only an implicit rule, which means that the next generation of projects is neither secured nor planned. The combination of weak commitment to country strategy documents and implicit project continuation entailed an absence of long-term vision, which limited the impact.

To this end, the new 1998 programming instrument, the National Programmes for the Adoption of the *Acquis*, as mentioned above, was introduced too late and was structurally too weak to play the intended role as the main partner country instrument for accession. The evaluation shows that the structural weakness of the National Programmes for the Adoption of the *Acquis* is characterised by:

- not having a strong link to the overall country strategy and to priorities for different sectors and areas (it is a plan for accession but not for the strategic development of the whole country);
- not connecting the financing of accession within the Phare Programme to the national budget in a multi-year perspective, with specification of co-financing agreements; and
- not bringing the implementation and monitoring arrangements of the Phare support together with that of the country as a whole.

4.2 Management of projects

The evaluation shows that many Phare projects lacked clear objectives and clear commitment from the responsible institutions in the partner countries in the early stages of their implementation. In addition to generating delays, these problems required adjustment of projects during their life cycle. These adjustments were sometimes very significant. There is evidence that projects were often adjusted, especially when the absorption of funds was at risk. Although the Phare Programme management was decentralised in 1998, the lack of flexibility of the overall Phare procedures made management adjustments complicated. This fact combined with the speed with which the 1998 reform was introduced made the implementation conditions very difficult for people involved in operational management.

During the period under evaluation, projects were systematically monitored in cooperation between the European Commission and the partner country. This arrangement allowed systematic learning from deviations in deliveries and immediate results during project implementation and has achieved its objectives. Nevertheless, the evaluation system did not allow for rapid learning from deviations in impacts. The

typical learning cycle for impacts under the Phare Programme has proven to be 4–5 years, which means that deviations in impacts were normally not discovered during project implementation (typically 3 years).

However, the case studies do provide examples of projects where the learning cycle has been significantly shortened due to an early impact evaluation. In these instances, projects included pilot schemes, which were the subject of early impact evaluation and where the lessons could have been integrated if the management system had been more flexible in introducing changes.

4.3 Innovative instruments

The year 1998 was critical for Phare, not only because the Programme was reorganised and partly decentralised but also because new instruments were introduced, such as twinning, or strongly developed, such as pilot grant schemes.

Since the twinning instrument was introduced in 1998 at a large scale for the first time, it faced considerable implementation difficulties that other evaluation and audit exercises have assessed negatively. However, unlike these other studies, this evaluation provides the first opportunity to assess the twinning instrument in an ex post impact-oriented perspective. The conclusion is that the 1998 twinning has been a relatively effective instrument, although there were many procedural problems with the start-up. Twinning has been especially effective when the recipient country had to adapt to parts of the *acquis* that were highly EU-specific or technical.

The evaluation is more puzzling for grant schemes, which mainly took the form of pilot schemes. Many of these schemes involved an innovative combination of learning by doing and structural actions. Success stories show that the learning impact in specific cases has been high. However, the right balance between learning by doing and learning by training has not always been found. Some regional and local authorities regret that they learned implementation procedures according to the Phare system, which did not fit exactly with the Structural Funds procedures they will use in the future.

The overall conclusion is that the grant schemes have provided relatively high learning benefits but that the cost of learning has been high and the socio-economic benefits insufficient.

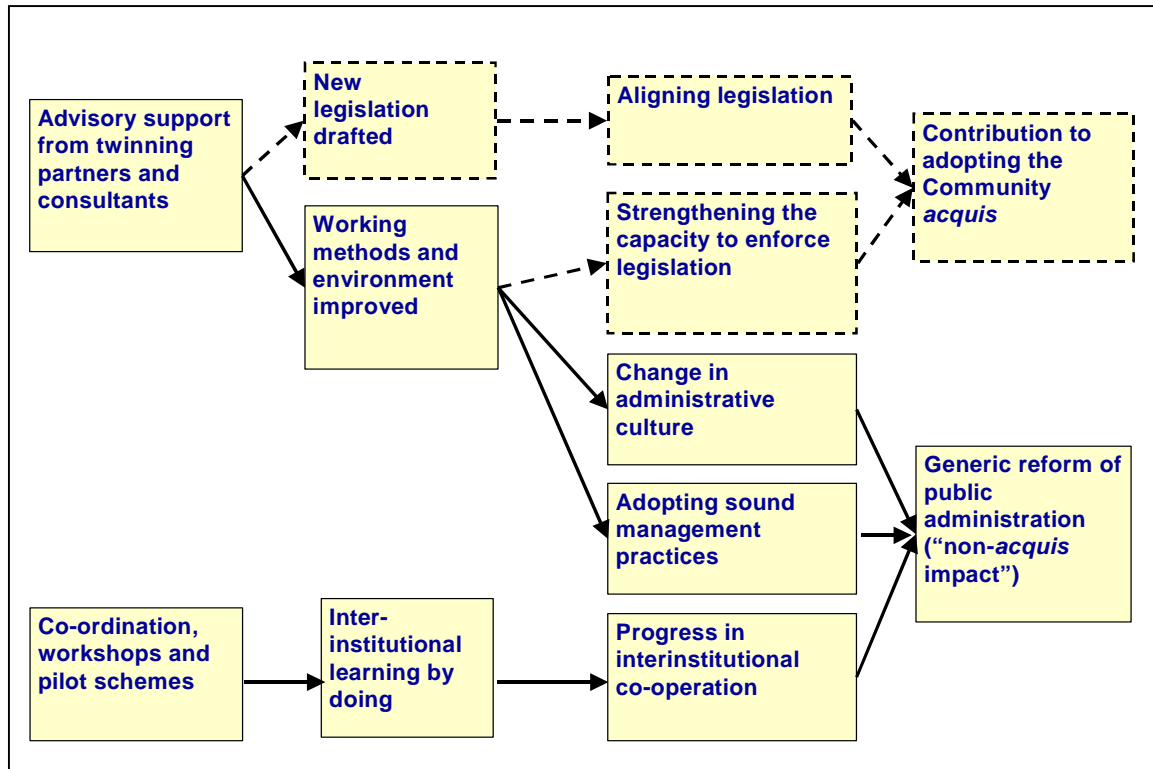
4.4 Generic reform of public administration

Institution-building activities focused on adopting the *acquis* in specific areas. Previous evaluation reports have indicated that specific adjustments were not sufficient for a successful accession process, and the European Council has (Madrid 1995) recognised that public administration needs to be improved overall.

During the period under evaluation, only five Phare projects supported generic administration reforms, including the inter-country SIGMA (Support for Improvement in Governance and Management in Central and Eastern European Countries) project, which provided light support on demand in all candidate countries. These five projects are considered to be exceptions. If Phare was expected to have a large-scale impact across the public administrations of partner countries, such impact could only have been produced by the mainstream of the overall Phare support and not from these few exceptions.

In this respect, the evaluation shows that many supposedly *acquis*-related projects also had wider positive side effects in the general functioning of the public administration, which could be called non-*acquis* administrative impacts (Figure 5).

Figure 5. Generic administrative impacts beyond adopting the *acquis*



These side effects took the form of improved public management methods, increased transparency and changed organisational culture in the targeted institutions. For methodological reasons, the evaluation could not assess if these impacts have permeated the whole public sector beyond the targeted institutions.

In a number of instances, excessive staff turnover has constrained or even destroyed generic administrative impacts. The stability of top-level public management has clearly suffered from politically driven changes, which is a factor that the evaluators consider cannot be avoided in a democratic environment in the current situation in the partner countries.

The leakage effect induced by changes in the institutions responsible for the projects has been relatively more critical. These changes resulted from insufficient anticipation of institutional issues and/or poor national ownership at the stage of project design. The problem of the wage gap between the private and public sectors has been encountered, but the evaluators do not consider it to be the main difficulty.

Phare had limited impacts in terms of improvements in co-ordination between institutions or between levels of administration. The evaluation provides evidence that targeted institutions had to be strengthened first before they could engage in building interinstitutional capacity.

The evaluation shows uneven successes in the case of reforms that were politically challenging. In some cases, Phare projects have been successful in getting policy communities and public opinion to overcome their resistance and to support the reform. Other Phare projects did not pay enough attention to democratic decision-making processes, which resulted in the proposed reforms being cancelled or delayed.