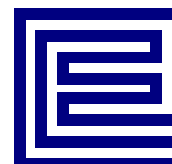


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EVALUATION-RELATED SERVICES: BUDG06/PO/01**

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of an Interim and Ex-Post Nature**

**Retrospective evaluation of CARDS programmes in
Serbia**

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List of acronyms

BCC	Border Crossing Committee
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CCE	Centre for Continuous Education
CFSP	Common and Foreign Security Policy
CIDA	Canadian International Development Agency
CoE	Council of Europe
CSO	Civil Society Organisation
CSP	Country Strategy Paper
DAC	Development Assistance Committee
DCECI	Development Cooperation and Economic Cooperation Instrument
DEL	EC Delegation
DG BUDGET	Directorate General Budget
DG ELARG	Directorate General Enlargement
EAR	European Agency for Reconstruction
EC	European Commission
ECD	European Commission Delegation
EI	Office of the Deputy Minister for European Integration
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
EP	European Partnership
EQ	Evaluation Question
EU	European Union
FRY	Federal Republic of Yugoslavia
FSP	Food Security Programme
FSRY	Federal Socialist Republic of Yugoslavia
GA	Grant Agreement
GDP	Gross Domestic Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HJC	High Judicial Council
HPC	High Prosecutorial Council
IBM	Integrated Border Management
ICTY	International Criminal Tribunal for the former Yugoslavia
IE	Interim Evaluation
IFI	International Financing Institution
IFS	Instrument for Stability
IPA	Instrument for Pre-Accession
IR	Inception report
JC	Judgment Criteria
JHA	Justice and Home Affairs
JMC	Joint Monitoring Committee
JTC	Judicial Training Centre
LFA	Logframe Approach
LFM	Logical Framework Matrix
LSDS	Local Sustainable Development Strategies
LTE	Long-term Expert
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MIA	Municipal Infrastructure Agency
MIASP	Municipal Infrastructure Agency Support Programme
MIP	Multi-Annual Indicative Programme
MISP	Municipal Infrastructure Support Programme
MoE	Ministry of Economy
MoF	Ministry of Finance

MoFE	Ministry of Finance and Economy
Moi	Ministry of Interior
MoJ	Ministry of Justice
MoLSG	Ministry of Local Self-Government
MSP NE	Municipal Support Programme North East Serbia
NAC	National Aid Co-ordination
NAO	National Authorising Office
NIPAC	National IPA Co-ordinator
NJRS	National Judicial Reform Strategy
NPI	National Programme for Integration
OSCE	Organisation for Security and Cooperation in Europe
OTJ	On the job training
PAR	Public Administration Reform
PCM	Project Cycle Management
PF	Project Fiche
Phare	Poland and Hungary: Aid for Restructuring of the Economies
PRSP	Poverty Reduction Strategy Paper
PSC	Project Steering Committee
PUC	Public Utility Companies
QA	Quality Assurance
RDA	Regional Development Agency
ROM	Results-oriented monitoring
RSP	Regional Strategy Paper
SAA	Stabilisation and Association Agreements
SAP	Stabilisation and Association Process
SAPARD	Special accession programme for agriculture and rural development
SECI	Southeast European Cooperative Initiative
SEE	South East Europe
SIA	Territorial Police Services
SIC	Strategy Implementation Commission
SIS	Strategy Implementation Secretariat
SJA	Serbian Judges Association
SME	Small and Medium Enterprises
SWG	Special Working Group
TA	Technical Assistance
TACIS	Technical Assistance to the Commonwealth of Independent States
TAIEX	Technical Assistance and Information Exchange Instrument
TEEC 2007	The European Evaluation Consortium 2007
TEP	The Evaluation Partnership Limited
TL	Team Leader
ToR	Terms of Reference
ToT	Training of Trainers
USAID	United States Agency for International Development
UNDP	United Nations Development Programme
VET	Vocational Education and Training Programme
WB	Western Balkans
WTO	World Trade Organisation

Executive summary

This evaluation report covers the CARDS assistance to the Republic of Serbia, with a special focus on Local and Municipal Development, Economic Development, Justice and Integrated Border Management sectors during the period 2000-2006.

Context of the EC co-operation

The Stabilisation and Association Process (SAP) is the main policy framework, in which Western Balkan (WB) countries progress towards achieving candidate status and eventual EU membership. The SAP, launched in the late 1990s, has been gradually enriched with elements drawn from the experience of previous enlargement processes, such as the European Partnerships (EP) and Accession Partnerships. Serbia has made substantial progress in the SAP, with its ties with the EU further strengthened by the signature of the Stabilisation and Association Agreement (SAA) in April 2008. The SAA is expected to be ratified by the Member State parliaments as soon as the EU Council confirms that Serbia is making progress on the agenda with the International Criminal Tribunal for the former Yugoslavia (ICTY).

During the period 2000-2006, the programmes supporting Serbia were mainly financed under the CARDS Council regulation No 2666/2000. Serbia benefited from the regional and the national CARDS programmes. During this period, EC regional assistance in the Western Balkans (WB) amounted to 2.9 billion EUR focusing on integrated border management (IBM), democratic stabilisation, institution building and improvement of regional infrastructure and air traffic control. Until the end of 2008, the European Agency for Reconstruction (EAR) was responsible for the management of the national CARDS programmes.

Main conclusions¹

Portfolio analysis

Between 2000 and 2006, the EAR had contracted a total of €1.15 billion CARDS portfolio in Serbia. At the beginning, the CARDS concentrated on humanitarian aid and medium to long-term investments in sectors like energy, health, rural and enterprise development. Subsequently, CARDS supported Serbian economic growth, promoted good governance and strengthened the Rule of Law. Most recently, assistance has concentrated on developing solutions to help vulnerable groups, creating a competitive economy, promoting the Judiciary, the media, the local governments and the health system, and supporting Public Administration Reform (PAR) in an effort to improve capacities of national authorities and to assist the country's integration into the EU.

Distribution of funds across all sectors shows a very pronounced focus on the energy sector, which received 31% of all allocated CARDS funds. Less funded but still important was the local and municipal government development (10%), economic growth, enterprise development and border management (each 8%) and transport and health (7% and 6%, respectively). Regarding different support categories, 41% of funds were allocated to technical assistance (TA) and twinning, 31% to infrastructure projects and 21% for equipment supplies.

Relevance

All CARDS interventions were aligned with national and EC strategic documents; the ToRs and Project Fiches (PFs) clearly addressed the needs and priorities of the beneficiary coun-

¹ For more information about conclusions and recommendations related specifically to three selected sectors please see the main body of this report

try. The programming documents proved to be more relevant if thorough needs assessment were conducted, involving participatory approaches and detailed discussions with relevant stakeholders, donors and beneficiaries to ensure transparency and prevent misdirection.

Use of logical frameworks helped to make objectives more relevant and designs more realistic and contributed to better project preparation and management. It also reduced the risk of implementation delays. The inception phase during the initial programming years was not used in some cases to carefully reassess the project context to control compliance between planned versus actual targets and costs as well as a realistic timeframe.

Occasional problems during programming were caused by the lack of transparency on behalf of EAR (in the initial programming years), proper coordination of stakeholders and information flow. Due to the limited capacity of line ministries i.e. Ministry of Finance and Economy (MoFE), Ministry of Justice (MoJ), ToRs were sometimes not prepared jointly with national stakeholders. Nevertheless, the overall design of programmes across sectors improved over the years to fully reflect the country's needs. Currently, many of the interviewed national stakeholders are not yet acquainted with IPA guidelines and programming procedures.

The overall rating under Relevance is **Satisfactory (S)**.

Efficiency

The availability of inputs and resources for the analysed sectors was generally satisfying. Implementation started in the majority of cases on time, except in the IBM sector. There were no substantial delays in receiving EC or national funding.

However, outputs delivery was primarily delayed. In some cases delivery was partial (involving time and cost extensions) due to national elections, government changes, which caused assumptions from the ToR not to be realised, all significantly impeding on the efficiency of implementation. Additionally, the lack of national capacities, delayed law adoption and less than optimal cooperation between the interventions and beneficiary (in the case of MIA, or among national stakeholders – MoJ, Serbian Judges Association (SJA), High Judicial Council (HJC), etc.) had an additional lessening effect on the efficiency. Moreover, the prolonged EAR and Ministry of Local Self Government (MoLSG) administrative procedures delayed procurement under interventions, on top of limited timeframes (of 24 months), repeated tenders under interventions and inappropriate background of some international experts not being familiar with the current situation in the beneficiary country.

All projects used accounting to control project costs but there was no systematic monitoring or financial analysis of benefits.

Bearing in mind the partial delivery of outputs, the overall rating under Efficiency is **Moderately Unsatisfactory**.

Effectiveness

Delivery of planned objectives is expected to be achieved. Currently, some objectives are partly achieved, while others are delayed due to reasons mentioned above, under Efficiency.

Some operational objectives were partly realised, i.e. the capacity building of JTC or institution building of MIA, as involved beneficiaries did not fully receive benefits under assistance due to limited timeframe or dubious quality of TA. Current cooperation with some national stakeholders is less than optimal due to their low resource capacities (MoJ) or a number of issues noted regarding the re-selection of judges and prosecutors for the new HJC (which according to SJA is facing constitutional constraints as the legislative package is still awaiting adoption). It was noted that conditionality as an instrument to provide for an efficient start of the implementation and smooth operations was not used under CARDS.

Nevertheless the local stakeholders now seem to be much more involved and motivated to steer programme implementation and participate in operational decisions. They now incorporate their own visions and priorities into the interventions. Effectiveness is therefore rated as ***Moderately Satisfactory***.

Impact

Across sectors, CARDS has had positive impacts on a number of intervention areas. The Government's commitment and institutional framework has improved. There is a strong sense of ownership over CARDS interventions in some sectors and institutions and capacities were significantly strengthened. Networking among stakeholders was intensified and some limited but steady financial national contributions were allocated to government institutions (such as JTC).

The introduced, improved capacities, institutions, local infrastructure and new Information Communication Technologies (ICT) are providing better working and living conditions and services. The interventions under economic development sector supported SMEs to improve their businesses, to trade and collaborate with the EU and regional partners, and initiated the national level co-ordination of all actions in favour of exports. The promotion of reforms in the fields of export and international trade flows indeed support the long-term economic development of the country.

Overall, the country is moving forward in improving transparency, accountability and efficiency of the systems and initiating the upgrading of collaboration and resource capacities to create preconditions for creating policies and implementing the reforms.

The impact rating is thus ***Satisfactory***.

Sustainability

Benefits issuing from some interventions are likely to continue to a certain extent; however other will only continue if additional funding is provided. Not all interventions prepare the phase-out strategy to support the continuation of activities after project end. Vertical and horizontal information exchange, especially with regard to funding opportunities, has started but needs to be maintained as well as continuous national commitment to implement the adopted policies, strategic documents and legislation for the purpose of creating further benefits.

There is evidence that some of the institutional and capacity building activities have generated sustainable effects (national authorities continue to some extent to provide funding for RDAs, Serbian Investment and Export Promotion Agency - SIEPA, JTC, etc.) coupled with enhanced commitment of government officials (Ministry of Interior – MoI and Border Police) and their realisation that only through their active involvement the benefits from interventions will be increased.

Sustainability prospects, although positive in some instances, continue to face challenges. For this reason, sustainability is rated as ***Moderately Satisfactory***.

Cross-cutting issues

All assistance responded to a higher or lesser degree to the cross-cutting requirements (gender equality; minorities' inclusion and participation; environmental dimension).

The rating is ***Satisfactory***.

Overall performance rating

Local and Municipal Development, Economic Development, Justice and Integrated Border Management in the Republic of Serbia is **Moderately Satisfactory (MS)**.

Criteria	Rating ²
Relevance	S
<i>EQ1</i>	<i>HS</i>
<i>EQ2</i>	<i>MS</i>
<i>EQ3</i>	<i>MS</i>
Efficiency	MU
<i>EQ4</i>	<i>MU</i>
<i>EQ5</i>	<i>MU</i>
<i>EQ6</i>	<i>MS</i>
Effectiveness	MS
EQ7	
Impact EQ8	S
Sustainability	MS
EQ9	
Cross-cutting issues EQ10	S
OVERALL	MS

Relevance and Impact of interventions were rated satisfactory. The Effectiveness and Sustainability prospects were moderately satisfactory and Efficiency was rated moderately unsatisfactory. Cross-cutting issues were dealt with in an acceptable way.

Main recommendations

From the above conclusions the following recommendations were derived.

Relevance

- 1) The EC Delegation should stress active coordination with all stakeholders during the design phase and close involvement of local stakeholders in the preparation of project planning documents in order to ensure relevant design, local ownership and to increase prospects of successful implementation. Systematic use of logical frameworks needs to be stressed as it facilitates project management and reduces the risk of implementation delays.
- 2) The contractors should be encouraged by ECD to carefully reassess the project context during the inception phase to control compliance between planned versus actual targets and costs as well as a realistic timeframe.

Efficiency

- 3) Administrative procedures need to be upgraded in terms of efficiency, within national structures (the MoLSG, MoFE, MoJ) as well as ECD to enable timely delivery of outputs, timely procurement procedures and prevent implementation delays. Work flow management within ECD should start with: 1) identifying the problems causing delays (on both sides: ECD and national structure, i.e. lack of resource capacities, knowledge on EC procedures, etc.); 2) setting up clear deadlines for each procurement

² HS = highly satisfactory, S = satisfactory, MS = moderately satisfactory, MU = moderately unsatisfactory, U = unsatisfactory, HU = highly unsatisfactory.

phase; 3) the procurement officer reminding the operations officer a week before deadline expires; 4) set up the system of “red flags” for immediate follow up.

- 4) The ECD should insist that 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

- 5) Relevant expertise of consultants must be ensured by ECD i.e. experts with practical experience and good knowledge on the beneficiary country. It proved to be a success when national stakeholders were involved from the very beginning to evaluate expert background, which ensured delivery of high quality outputs.

Impact

- 6) As the impact is often attached to a successful sustainability and partner cooperation, the use of conditionality or pre-condition instruments should be considered by ECD (i.e. national partners appropriately staffed, adequate premises provided, strategies or laws adopted, and so on).

Sustainability

- 7) Phase-out strategies should routinely be integrated by the ECD in the programme planning and concepts for maintaining activities after project end including sufficient capacity building and financial sustainability measures to ensure continuity and ownership.
- 8) Line ministries (MoJ, MoFE) need to adequately and timely address lack of resource capacities to be able to continue activities after the closure of interventions because national commitment needs to be lasting to ensure sustainability of many of the interventions.

Cross-cutting issues

- 9) The ECD needs to continue the integration of gender aspects during design and implementation (e.g. gender aggregation of logframe indicators, encouraging gender-balanced TA teams, gender-specific impact analysis in project documents).

With regard to the IPA programme:

- 10) IPA procedures are so far unfamiliar to most local stakeholders and training in IPA general rules and procedures is needed as well as guidelines need to be provided on how to apply for future funds.

1 Evaluation questions – findings and answers

The sections below provide more detailed analysis of the relevance, efficiency, effectiveness, impact and sustainability of CARDS assistance.

1.1 RELEVANCE (EQ1, EQ2, EQ 3)

1.1.1 EQ 1: To what extent do the programmes/projects address the needs and priorities identified in the Progress Reports, SA Agreements, Strategy Papers, Partnerships and country/sector strategies?

The needs and priorities identified in ToRs, PFs but also EC and country strategic documents have been well addressed in all analysed intervention sectors.

The interventions in the **Local and Municipal Development** Sector respond clearly to the needs and priorities addressed in MIPs 2002-2006 on decentralisation and local governance; the CSP 2002-2006, the RSP 2002-2006 the European Partnership documents and the Serbian Poverty Reduction Strategy Paper (PRSP).

The interventions focused on a more efficient and coherent decentralisation process in line with the laws on local self government. They focused also on strengthening the institutional capacity to implement the decentralisation and to stimulate regional co-operation, development and cross border co-operation. Another goal was to enhance the role of civil society in local decision-making, to improve the access to, and the quality of, municipal services and to enhance socio-economic coherence between local communities including the stimulation of local economic development initiatives. Particular attention was given to addressing the specific needs of vulnerable groups, e.g. refugees, displaced persons, Roma, etc.

The same is true for the interventions in the **Economic Development** Sector, which served in terms of economic recovery, regeneration and reform to address needs identified in the MIPs 2002-2006, PFs and ToRs on the economic development, the CSP 2002-2006, the RSP 2002-2006 and European Partnership documents. The interventions were also closely aligned with the European Charter for Small Enterprises 2003, which was considered as central to the country to promote competitive economies, jobs, innovation and wealth, as well as the Strategy for the Development of Small and Medium-sized Enterprises (SMEs) and Entrepreneurship in the Republic of Serbia, 2003-2008.

Among priorities such as economic development, the CARDS interventions focused on reinforcing the relevant laws and policies and capacity building of institutions. They supported the country's integration into the international trading system, allowing internal market reforms, promoting SMEs and restructuring of key public companies, alleviation of poverty in seriously affected areas but also on building the capacities of and cooperation between state institutions, including JHA.

The assistance to **Justice and Home Affairs** sector addressed appropriately needs and priorities expressed in the MIPs 2002-2006, PFs and ToRs, the CSP 2002-2006, the RSP 2002-2006; European Partnership documents being additionally aligned with the National Judicial Reform Strategy (NJRS) 2006-2012 and its accompanying Action Plan. Interventions targeted to support the development of the Rule of Law and promote an independent and efficient Judiciary. This remains crucial for the realisation of objectives of the SAP, i.e. institutionalising well-functioning and efficient Judiciary and law enforcement agencies, along with the regional cross-border law enforcement. The assistance are targeted to stimulate cooperation (Serbia, Montenegro and other countries in the region) to enhance transparency, efficiency, effectiveness and accountability of the JHA sector.

In addition, interventions were supporting the approximation of the Serbian national legislation to the Acquis Communautaire, promoting reforms of the procedure for appointing judges and prosecutors, fighting against organized crime and corruption and promoting the budgetary sustainability of institutions in the Judiciary. Assistance provided in the assessment of the

compatibility of draft laws (“the judicial package”) with European standards – in the first place, the EU Acquis, Council of Europe (CoE) standards and recommendations – is no doubt relevant to the needs and priorities of Serbia, and facilitates the Serbian integration into the EU.

Regarding the **Integrated Border Management (IBM)** sector, the assistance provided was fully addressing the needs detected, referring to the improvements in the protection of state borders, legislation approximation, staffing, capacity building and provision of equipment for the border police, all stemming from the national priorities to implement the national IBM Strategy. Needs of asylum and migration areas were greatly supported, including the legislation drafting, investments into asylum centres and capacity building of staff.

The needs and priorities identified in ToRs, PFs but also EC and country strategic documents have been well addressed in all analysed intervention sectors. The relevance of the CARDS programmes was confirmed by all national interviewed partners. The scoring for the Evaluation Question 1 is therefore rated as **Highly Satisfactory**.

1.1.2 EQ 2: To what extent have the stakeholders in the beneficiary countries and in the line DGs been involved in the needs assessments and contributed to the design of the programmes/projects?

The involvement of beneficiary stakeholders in the needs assessment and project design has not been always systematic.

In contrast to the initial programming years, coordination with and contribution of local stakeholders to project design in the **Local and Municipal Development** sector were improving when the Ministry of Finance (MoF), the National IPA Co-ordinator (NIPAC), the Office of the Deputy Minister for European Integration (EI) and line ministries (Ministry of Local Self-Government - MoLSG) became intensively involved in the programming. These stakeholders confirmed that the design phase in the initial programming year lacked transparency, as responsibilities and roles by national partners and expectations by the EAR were not clearly formulated with EU procedures regarding project planning and programming not understood.

For this reason the PCM training was provided for the main national level stakeholders involved in programming on behalf of the Government of Serbia. Besides the training on PCM, training was organised in project preparation, PRAG procedures, FIDIC etc, with significant improvement in understanding the PCM logic observed later on. Furthermore, needs assessment that were conducted involved relevant stakeholders. Often projects were developed on the initiative of the relevant national stakeholders. Currently, despite the fact that the training on IPA procedures is being provided, the national stakeholders confirmed it needs to be further continued, along with advanced training on proper access to funds, procedural differences between IPA and CARDS, follow-up training to train State Administration how to properly manage and implement projects, PCM training as well as the proper preparation of technical specifications. Currently, the vertical connection between the local and central governments is missing and there is also no linkage and information sharing between NIPAC and local governments (municipalities). Overall, the CARDS support was useful according to national stakeholders as it strengthened the municipalities by providing the capacity building tools to approach the EU.

In the area of **Economic Development**, the EAR fully managed the programme design and did not allow many amendments to original planning documents. There is no evidence that country stakeholders participated in a proper needs assessment. On the other hand, in the beginning CARDS years, the local stakeholders lacked resource capacities or relevant skills (Ministry of Economy and Regional Development (MoE), MoF), which has changed nowadays. During the field mission the evaluators met committed staff, proficient in English and expressing clear wishes to co-operate closely in the future programming.

In the **Justice and Home Affairs** Sector as well, the initial programming year lacked transparency to some degree, with expectations by EAR and roles by the national JHA partners

not laid down clearly. In addition, there was a low resource capacity within the Ministry of Justice (MoJ), which is currently still the case (only one Assistant Minister, who is also appointed as contact person for programming issues and cooperation with donors). The lack of clarity was addressed as every project with the respective annual programme was agreed, elaborated and drafted with the input of both the beneficiary and experts in charge of the preparation. Furthermore, tenders were always launched with the approval of the MoJ. In addition, coordination mechanisms and contribution of local stakeholders to project design was further supported with the MoF and its Section for Programming and Management of EU Funds as well as the Office of the Deputy Minister for EI becoming involved in the assistance programming.

Currently, coordination between the institutional stakeholders and line ministries needs to be optimised. For instance, the Serbian Judges Association (SJA) had remarks on the candidate selection process for the work in High Judicial Counsel (HJC) and that the package of laws adopted did not include all SJA comments, while the MoJ claimed comments were included.

In the area of **IBM**, Government and concerned institutional or civil society stakeholders were included in programme preparation meetings, workshops and feedback loops. In 2003, Government formed a Border Crossing Committee (BCC) responsible for coordination of all projects concerning border crossings and constituted by representatives of the Ministry of Interior (MoI), Ministry for Infrastructures, MoF, Customs Administration, Ministry of Health, and Ministry of Agriculture. These national stakeholders noted that CARDS interventions were not entirely transparent from the beginning, with the EAR expectations not clearly communicated. The designing role was taken by the EAR that managed and controlled the design phase. It was reported that often the local stakeholders were not a proper partner in the project preparation due to a general lack of personnel, while the available staff lacked relevant managerial skills.

The involvement of beneficiary stakeholders in the needs assessment and project design phases has not been intensive and therefore the Evaluation Question 2 is rated as **Moderately Satisfactory**.

1.1.3 EQ 3: To what extent the programmes were designed in a manner relevant to the needs and problems identified in the partner countries?

The programmes across sectors did not all respond satisfactorily to the identified needs in the beneficiary country.

The **Local and Municipal Development** interventions are relevant, as the coordination mechanisms improved and project objectives followed identified problems. There was only one case of interventions facing difficulties with the lacking Government support:

In case of the Municipal Infrastructure Agency Support Programme (MIASP 2003/2004) for example, the Grant Agreement (GA) was signed with the MoF, which was initially foreseen as the ministry to oversee the work of the Municipal Infrastructure Agency (MIA) to be established under the assistance. However, due to the change of government and the new Law on Ministries, MIA was established as an “independent” agency, with no line-ministry responsible for its operations. This had contractual implications for the GA and necessitated modification of the ToR. This project served as a good exercise for other projects, with outcomes integrated in the initial stages of the future project preparation as well as during the implementation. Needs identification improved when the linkage with central government was improved and the government was kept informed on all the issues arising from lack of transparency and co-operation of MIA but, due to the turbulence period, non functioning government, and even personal positions of newly elected government representatives, proper corrective measures were not taken by the Government. Currently, the information sharing between NIPAC and local municipalities still needs to be improved.

Interventions in the **Economic Development** Sector were having a satisfactory level of consistency between identified problems and planned results and objectives. The interventions combined TA with the grant schemes according to needs identified by the MoE. For instance,

the project Support to Enterprise Development and Entrepreneurship Programme (CARDS 2004) provided the amount of 2.1 M€ to support the establishment of an Enterprise Development and Innovation Fund to address the development needs of final beneficiaries, local enterprises. Additionally, the amount of 1.14 M€ was provided to support the Serbian Export Marketing Development Assistance Scheme that promoted the Serbian Investment and Export Promotion Agency (SIEPA) in its task to increase Serbian exports.

Some of the **Justice and Home Affairs** interventions fully involved local stakeholders like judges, prosecutors, university professors, experts through various working groups, who developed judicial training curricula and draft laws. Roundtables were organised for instance by the project Assessment of the Implementation of the National Judicial Reform Strategy (CARDS 2004) gathering international experts, working group members and representatives of the Strategy Implementation Commission (SIC), the Strategy Implementation Secretariat (SIS), the MoJ as well as parliament members, judges, prosecutors and donor representatives.

However, local stakeholders felt that detailed information on the CARDS programming procedures was missing and no trainings on EC project planning procedures were held. Judicial projects in general seemed to lack the institutional support during the design (but also implementation phase) as the MoJ has low resource capacities. Currently, cooperation of national counterparts with CARDS interventions is not yet optimal due to difficult cooperation between the SJA and the TA for the Implementation of the Judicial Reform Strategy (see also EQ2).

Additionally, most programmes do not have a consistent log frame including measurable milestones and indicators, which reduces the quality of the planning documents and hampers project steering and reporting quality.

Regarding **IBM**, the border crossing programmes were deducted from identified problems. Interventions were preceded by feasibility studies and detailed design reviews. The use of participatory tools used during the preparatory phase (beneficiary workshops, rapid appraisal techniques) was not reported for any of the projects.

The programmes across sectors did not all respond satisfactorily to the identified needs in the beneficiary country. The Evaluation Question 3 is therefore rated as **Moderately Satisfactory**.

Overall, the **relevance** of the evaluated CARDS programmes is rated as **Satisfactory**, bearing in mind that the DAC criterion encompasses the ratings of three Evaluation Questions as follows: Evaluation Question 1 was rated as **Highly Satisfactory**, Evaluation Question 2 as **Moderately Satisfactory** and Evaluation Question 3 as **Moderately Satisfactory**.

1.2 EFFICIENCY (EQ4, EQ5, EQ6)

1.2.1 EQ 4: To what extent have the outputs of the projects been produced, to which costs have they been produced and have they been produced in time as planned?

Interventions faced situations in the field different that originally foreseen. Delivery of majority of outputs was delayed.

While EC and national funding and inputs were generally delivered on time, most **Local and Municipal Development** programmes delivered outputs with delays. External factors causing delays were the government change or unexpected changes in responsibilities of national institutions e.g. the independent status of the MIA, which was not projected by the ToR (see EQ3), disturbed relations between TA and newly established institutions (e.g. MIA questioned the quality of the TA and contractor and consequently MIA representatives did not attend the trainings). Delays of up to more than 2 years were also noted in municipal infrastructure delivery.

The EAR management was intensively involved to resolve problems and mediate between national stakeholders and programme managements to avoid negative implications. Repeated tenders and prolonged EAR and MoLSG administrative procedures caused additional delays (delays caused by the government and turnover of staff involved in the project implementation on behalf of Government). The MoLSG noted that - especially in the beginning of CARDS - programme durations were too short and contractors did not have enough time to properly finalise interventions. As a result, MoLSG staff often had to finish tasks of CARDS programmes (i.e. reporting, monitoring of procurement, etc.). This was due to new government staff being confronted with the closure of the projects not being familiar with what caused additional delays. Other interventions established satisfactory cooperation with the national stakeholders and partners (i.e. MSP NE, 2005 and 2006) under which delivery of outputs is expected to be on time and within planned cost.

The **Economic Development** programmes mostly delivered outputs but with some time and cost extensions entailed. Outputs mostly related to the capacity and institution building provided to State institutions and regional development agencies for the SME and entrepreneurship development, as well as for the promotion of investments and exports. The development of a trade information system was additionally supported, as well as the registration system for the SMEs capable to meet EuroStat standards and an internet based information centre for exporters. Most importantly, the preparation of policy papers and legislation helped the creation of the legislative framework which is bringing the country closer to the EU. Concrete investments, through the Enterprise Development and Innovation Fund were established to support business development and 'innovative' businesses (2.05 M€), with a 1.1 M€ export marketing development assistance scheme launched.

Outputs in the **Justice and Home Affairs** Sector were delivered with delays, despite inputs being available on time and no delays noted in receiving EC or national funding. Delays mostly related to weak cooperation between national stakeholders and the EAR. Based on a mutual agreement between EAR and SJA, the institution and capacity building of the Judicial Training Centre (CARDS 2004), which amounted 2.0 M€, was to be accompanied by an additional 1.0 M€ grant to support activities of the SJA. However, the EAR abandoned the initial idea of the grant for SJA due to a new finance regulation prohibiting grant contracts to beneficiaries. Half of the funds from the cancelled grant (0.5 M€) was transferred to the extension of the service contract with the contractor (Progeco) with some additional activities added to the ToR and excluding the renovation of JTC premises in Belgrade, Nis, Kragujevac and Novi Sad. Local stakeholders (JTC and SJA) expressed huge dissatisfaction with these modifications.

Further delays were caused by assuming MoJ to timely provide premises for JTC branches or programme teams, which did not materialise. Other interventions were delayed due to facing different situation in the field than originally foreseen i.e. working groups in charge of drafting legislation needed more time and thus delayed delivery of draft legislation.³ In some instances local stakeholders noted that international experts did not have appropriate background and experience in countries with similar problems as Serbia, i.e. the case of project Judicial Training Centre (CARDS 2004).

EAR proved unable to finance the training lecturers under CARDS interventions as originally foreseen, due to the financing regulation forbidding civil servants to be paid by EC funds. Since the capacity building activities could have been provided by judges, prosecutors and university professors only, the compensation under capacity building activities had to be modified. The payment of lecturers needed to be taken over by the JTC, which was still a young institution with insufficient budget for capacity building measures.

None of the evaluated **IBM** interventions suffered from delays in receiving EC or national funds. However, the majority of outputs were delivered with delays. In the case of Batrovci

³ i.e. Assessment of the Implementation of the National Judicial Reform Strategy (CARDS 2004)

and Presevo crossing points, delays even in starting the projects were 2 and 3 years, respectively. Other programmes were delayed between 6 and 8 months.

Planned versus actual costs were unrealistic in some cases. In Batrovci border crossing, the planned costs were exceeded by 33% due to unforeseen construction conditions. Regarding Horgos border crossing, the construction and works were delayed due to incomplete construction documentation, which did not contain all the construction works needed to bring the premises to operational conditions. Additional investment was almost 0.9 M€.

During the field mission, the evaluators nevertheless noted high commitment of national counterparts and involvement in every stage of implementation. National stakeholders are now fully involved in decision making regarding programme orientation. Personal qualities and engagement of involved staff (project management level, contractors) were essential for the success of the interventions.

The majority of interventions faced situations different from the originally foreseen, which indicates a weakness in needs assessment during the programming stage. For this reason, delivery of many outputs was delayed affecting sometimes implementation quality. For these reasons, the Evaluation Question 4 is rated as **Moderately Unsatisfactory**.

1.2.2 EQ 5: Could similar results have been achieved at a lower cost or more results to the same costs (value-for-money)?

There was no evidence across sectors that financial calculation of benefits was utilised, besides basic cost control procedures.

All evaluated sectors used basic financial cost control procedures. There was no information across sectors that indicated that corrective actions to limit costs were systematically used or that cost efficient technologies were utilised. Economic tools to compare costs or judge cost efficiency (e.g. unit cost, benchmarking, and cost-benefit analysis) were not evident. However, all sectors deployed internal monitoring mechanisms for project costs, i.e. functioning financial departments, Project Steering Committees, and provided detailed reports according to EC guidelines, both narrative and financial. In addition, the external monitoring through the EAR Monitoring Unit provided detailed information on results achievement.

In the case of **Local and Municipal Development** Sector, there was only one case that funds were utilised building institutions with insufficient sustainability, such as the MIA. The subsequent interventions learnt from previous experience, e.g. the MISP (CARDS 2006) avoided the MIA component and only implemented infrastructure projects to local municipalities.

Under **IBM** for instance, the Batrovci border crossing used containers as basic elements for facilities, which was - in view of future EU accession and subsequent re-use - in the country, a very cost-efficient and well-appreciated method. Some technical programmes however, were not able to correct weaknesses, such as a number of booths not used due to their inadequate height (the border crossing in Batrovci, 4 out of 12 booths were too high for passenger cars), or wrong equipment delivered and not being replaced (FIAP project, which provided radio thermo and surveillance system for coastal area that is too sensitive to be used under continental conditions).

Overall, it is hardly possible to say, that in all evaluated sectors there was a systematic economic monitoring of benefits or financial calculation of benefits.

The Evaluation Question 5 is rated as **Moderately Unsatisfactory**.

1.2.3 EQ 6: To what extent have the beneficiaries been ready to absorb the CARDS funding and the pre-conditions for implementing the projects been in place?

Absorption capacities and pre-conditions for implementation varied across sectors.

The assistance in the **Local and Municipal Development** Sector has shown that there was sufficient absorption capacity in the later CARDS years and that co-funding was provided without major difficulties. However, this was not the case in the initial programming years. The conditionality as an instrument to provide for an efficient start of the implementation and smooth operations during the initial CARDS years could have been used, to address inadequate resource capacities of line ministries, laws adoption, appropriate positioning of certain institutions and so on.

However, this could not be used, for the following reasons: The Ministry of Public Administration and Local Self Government (LSG) was established in 2002. The Ministry then hardly had staff involved in support to LSG. However, the Ministry and the Minister himself were constantly involved in the design of the LSG programmes and contributed to their design. Taking into account that in crucial CARDS period the Government changed three times with long periods of its non performance in and between these periods (in particular in relation to LSG matters) it should be considered that high level absorption of EU support with the majority of outputs was achieved. If condition would have been the stable government delivering on their commitments no absorption would have taken place. The objective was fostering the decentralisation process and building the capacities of LSG to acquire more and new competencies.

Some beneficiaries criticised the rigidity of EC procedures, and asked for more flexibility. For example the financing agreements under infrastructure projects had a conditionality requiring that the financial contribution by the municipality needed to be obtained through loan. Smederevo municipality would have preferred to provide the co-funding through its regular budget; however, this comment should not be taken out of the context, as the overall objective included the support to establishment of the municipal credit market that did not exist at all prior to projects' start. It includes the principles of stirring local contributions and ownership by the LSG that was mainly inactive prior to the assistance. The project had major contribution in establishing functioning municipal market and in supporting the municipalities in acquiring and implementing infrastructure loans.

Interventions in the **Economic Development** Sector faced varying absorption capacities. On one hand, the co-funding requirements limited investments in some cases. Some pilot interventions, like the non-financial Support for the SMEs in Serbia (CARDS 2001), faced such absorption difficulties. An indicative budget of 400,000 € was allocated to implement the Service Support Scheme, however, due to a slow start of the scheme by the Regional SME Agency it could not be realised straight on. The available funds for the first year were reduced to 100,000 €. Nevertheless, in retrospect, the Regional SME Agency sees the Service Support Scheme as essential for the development of a consultancy market in Serbia.

On the other hand, beneficiaries of the project Support to Enterprise Development and Entrepreneurship Programme (CARDS 2004) could have spent significantly higher amounts through the grant scheme for SMEs. There were 400 grant applications received but only 26 projects approved. Thus, in this case the funding was limited (5%) compared to the actual beneficiary needs, causing some disappointment among target groups.

Pre-conditions for implementing the interventions were not always in place e.g. local ministries were not adequately staffed prior to project start, units supposed to deal with EU funds were not existing, necessary strategies or laws were sometimes not in place and appropriate premises not available at programme start.

The **Justice and Home Affairs** interventions did not have major absorption difficulties. There were some rare examples in the initial years where absorption was limited e.g. in the

project Judicial Training Centre (CARDS 2004). As in the other sectors, no conditionality was used.

Regarding **IBM**, the Border Crossing Committee (BCC) did not meet expectations, which hindered implementation. The management of the portfolio was based on poor documentation and weak quality control systems thereby creating substantial delays. The members of the BCC were not trained for their tasks and inter-agency cooperation was a new approach in the region. There was apparently no supportive training for beneficiaries. Improvements came from personal commitment and “learning by doing”.

The Horgos border crossing was the only one that included training for inspectors for the purpose of strengthening the inspection services. This project also included a training component for the Border Police including training of trainers for key staff/leading officials within Border Police departments, which shows an integrated conceptual approach.

The absorption capacity for CARDS funding and the pre-conditions for implementing the projects varied across sectors. Therefore, the Evaluation Question 6 is rated as **Moderately Satisfactory**.

Overall, the Efficiency is rated as **Moderately Unsatisfactory**. The Efficiency section encompasses the ratings of three Evaluation Questions, No. 4, 5 and 6, rated as **Moderately Unsatisfactory**, **Moderately Unsatisfactory** and **Moderately Satisfactory**, respectively.

1.3 EFFECTIVENESS (EQ 7): To what extent have the operational objectives of the programmes/projects been achieved or are in the process of being achieved with respect to planning provisions?

Delivery of planned objectives is expected to be achieved. Currently, some objectives are partly achieved while others are delayed.

The achievement of operational objectives in the **Local and Municipal Development Sector** is expected, some with delays. Although the institution and capacity building under some interventions did not prove to be successful, as the MIA was supposed to enable municipalities and local Public Utility Companies (PUCs) access financial resources for creditworthy infrastructure projects, still some capacities were improved regarding identification, selection and preparation of infrastructure projects. Per recommendation of the EAR's mid-term evaluation 2006, the MIA capacity building was however discontinued due to staff not attending trainings.

The policy dialogue on PUC transformation was supported, as the Green Paper on Transformation of PUCs in Serbia was prepared in Oct 2008, with clear recommendations for reform. The Green Paper will be the basis for preparing a Strategy, expected to be finalised by Sep 2009. However, seen that the members for the working group have not yet been selected (expected for March 2009); it is unsure whether the Strategy will be drafted in time. Thus, firm government commitment (MoLSG, MoE) to select the working group members and to endorse and implement the proposed changes is needed.

Tailor made software is in its final stages (SLAP 2.0) giving the country access to a reliable source of statistical data. More efficient and coherent decentralisation of responsibilities to local government levels as well as more efficient delivery of services from municipal authorities to the local population is expected to be achieved. The coordination and collaboration with project partners and RDAs is satisfactory.

The national stakeholders furthermore need to ensure that benefits issuing from interventions are continued. The ability to match interests of International Financing Institutions (IFIs) and municipalities in funding the infrastructural projects depends on the quality level of municipal staff ready to work on projects preparation, which still needs to be supported. At the central level better coordination among relevant ministries is aimed to be established in area of supporting development of local infrastructure - the Coordination Group was established bringing together both central government institutions on the one side and financiers on the other.

The evaluated interventions provided capacity building aimed at further municipal development, with the role of SCTM crucial in this process, furthermore, support to development of the policy in area of decentralisation process of LSG, strengthening administrative and strategic capacities of municipalities as well as ensuring inter-municipal cooperation (programme EXCHANGE). Objectives under municipal infrastructure projects experienced significant delays due to complexity of tenders. Projects related mostly to reconstruction, water supply, waste water, district heating and building of roads. Some municipal infrastructure projects are currently still ongoing.

The objectives were mostly achieved in the **Economic Development** sector, including the capacity building and training measures of the MoE and its SME Department. The Network of Regional Development and SME Agencies have now become an important and established part of the framework of support for the SME sector. Seven RDAs were established with varying development level, as some RDAs were only recently established while others are existing for years with several branch offices established. The Agencies provide a full range of demand-oriented services to meet the needs of new and developing SMEs.

An extensive communications and promotional programme has also been undertaken to promote the SME sector and, through conferences and other events relevant information for SMEs was exchanged. Capacities have been built at all levels of SME development structures. Some objectives relating to the national level co-ordination of all actions in favour of exports were partly achieved, since the activities targeted to take forward the programme activities to a national framework started rather late due to elections and the lack of political will. However, the project has paved the way to a co-ordinated policy, by supporting the establishment of a National Team of actors. The capacity of Serbian Investment and Export Promotion Agency (SIEPA) has been significantly increased.

The operational objectives were partly achieved regarding the capacity building in the **Justice and Home Affairs** Sector. The training curriculum was developed for judges, prosecutors, court administration and attorneys. However, apart from the train the trainers (ToT) programme, the trainings were not implemented due to the end of interventions. The works for the adaptation of the JTC building in Belgrade were delayed by administrative problems with the provision of the proprietary document and signing of the design contract.

Other objectives relating to the implementation of the judicial strategy and compliance of legislation with EU standards and best practices were achieved. The judicial package including 7 laws on judges, prosecutors, HPC, prosecutorial act and outline model of the law on judicial examination and internship was found compliant with the EU Acquis, providing a solid foundation for establishing an efficient and impartial Judiciary. The legislation under the Laws on Judicial Academy and Judicial Exam are still in process of being fine tuned to be in coherence with existing legislation and the Judicial Reform Strategy. However, the Government change delayed the adoption of the judicial package. Its implementation remains crucial to improve independence, transparency, accountability and efficiency of the judicial system.

Under some interventions,⁴ the achievement of objectives looks unlikely due to the fact that the beneficiary institutions have still not been established (the MoJ plans to reactivate the SIC after the adoption of the judicial package legislation, which is already delayed by over a year now) and to the less than optimal current cooperation with the national stakeholders (due to low resource capacities of MoJ, and SJA having a number of problems with the re-selection of judges and prosecutors for the new HJC).

The probability that programmes within **Integrated Border Management** will achieve objectives is high, as border crossings are mostly completed (Horgos and Batrovci, while Presevo is on-going). The effects of the realisation of the National IBM Strategy and its Action Plan are inextricably related to solving needs of the sector next to adjacent strategies such as those on IT and Telecommunications, Human Resources and Information & Intelligence.

⁴ Project TA in the Establishment of High Judicial Council and High Prosecutorial Council (CARDS 2006)

Mere improved facilities are not enough to improve handling of goods and passengers flows, neither its law enforcement regarding securing the state border. Despite the urgent needs for cross-border infrastructure, weakness were noted in the field of strategy and policy development and most certainly for the change management in the (inter-agency) cooperation because Serbian customs officials have faced decades of cumbersome cooperation and inconsistent guidance.

The delivery of planned objectives is expected to be eventually achieved. However, currently some objectives were achieved only partly while other were significantly delayed. Therefore, the Evaluation Question 7 is rated as **Moderately Satisfactory**.

1.4 IMPACT (EQ 8): To what extent have the projects/programmes' interventions produced political, social, economic or environmental impacts?

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

The interventions in the **Local and Municipal Development** sector have contributed to a more effective and transparent public administration by providing various training modules for the sectoral employees and institutional strengthening of new agencies. Thus, impacts on the political, strategic and institutional levels are also expected to be positive through the improved legal framework compatible with the EU Acquis. With better equipped staff and premises, more efficient and effective administrative systems are available.

Significant social, economic and environmental impacts are evident from investments into different types of local infrastructure like roads, bridges, water supplies, sewage systems, which give access to basic services like water and sanitation, increase the mobility and transport and improve the environment. The provision of tailor-made software improved client services and promoted municipal service delivery to the local population, all contributing to an efficient and coherent decentralisation of responsibilities to local levels.

The decentralisation process has resulted in more democratic and tolerant municipal public services and improved information and communication. In addition, the country is beginning to establish a reliable statistical data. Negative impacts were reduced to the extent possible, as in the case of MIA, the future assistance was directed towards the local infrastructure projects, which produced positive impacts.

Positive impacts were also noted from interventions in the **Economic Development** Sector. The institutional and capacity building had a positive impact on the political, strategic and institutional levels and brought the national legislation, guidelines and standards closer to EU standards. The Government now better recognizes the importance of SME support and of the created institutional framework. The promotion of SME sector through conferences and other events improved the information flow and communication, enhanced the skills and capacities of SMEs and enabled problem resolution and synergies. Networking positively contributed to the establishment of a harmonised overall environment and facilitates the establishment of a single economic space, especially as regards the internal market, and the integration of the country in the international trading system (including WTO membership).

The direct grant schemes supported start-ups or already running SMEs to further develop their businesses and increase employment figures. However, due to the limited number of actual grants received (only about 5% of applicants); the impact of this assistance is still rather limited.

The Network of RDA and SME Agencies creates an additional financial, institutional and consulting framework to SMEs. Through restructuring and privatisation of the public sector, development in the sectors or areas of high economic potential is stimulated. The ability of country producers to trade and collaborate with the EU and regional partners, creating local and international business partnerships have significantly improved. The national level co-ordination of all actions in favour of exports is still rather weak however, as the MoE is not materialising commitment towards forwarding the programme activities to a national frame-

work. The interventions have certainly paved the way to a co-ordinated policy, by supporting the establishment of a national team of actors. The promotion of reforms in the fields of export and international trade flows needs to be sustained to support the long-term economic development of the country.

In the **Justice and Home Affairs** sector, immediate impacts are visible in the improved infrastructure, working and IT equipment of the courts, prosecutors' offices, prisons, training institutes, which increase efficiency and contribute to a better image of the Judiciary. The building of institutions in Judiciary (e.g. JTC, HJC, HPC, etc.) and the establishment of a legislative framework adopted or in the process of being adopted lays the ground for a more independent, transparent, accountable and efficient Judiciary, which is approaching the EU standards in line with SAP requirements.

However, the Government support is essential to strengthen the Rule of Law and ensure its proper enforcement with particular attention to anti-corruption measures. Further capacity building and implementation of training curricula for judges, prosecutors, court administration and attorneys, would have further positive impact on the overall reform process. Significant computerisation of courts and other institutions in Judiciary is still necessary, along with the upgrading of overall premises to have a unified approach all over the country.

The commitment of Government to implement the judicial package is noted to be weak, which remains crucial to improve independence, transparency, accountability and efficiency of the judicial system. Moreover, the coordination of JHA national stakeholders and their resource capacity (MoJ) are still not optimal, which remain further preconditions for creating policies, implementing legislation and creating transparent cooperation in the sector.

It was noted that Impact would further be supported through the organisation of an international (regional) conference on the methodology of implementing the judicial reforms to enable experience exchange and gathering of lessons learned.

Within **IBM**, there have been several intended and unintended impacts. Although not explicitly reported, awareness on Project Cycle Management has increased. It is also estimated that hierarchical communications towards the BCC and National IBM Committee influence the level of strategic-conceptual thinking and positive action. Programme experiences contributed to improved cooperation between national institutions involved in IBM.

Impacts on direct beneficiaries concern improved working conditions, which increases job satisfaction and motivation. Capacity building improved the overall system and notably the fight against organised crime and illegal border activities. Institutional capacity to develop and implement an asylum and migration policy was strengthened as well as inter-entity and regional cooperation in relation to security. Due to increased capacity of border crossings and reduced waiting time the number of vehicles passing has also increased. Very important is the improvement of customs personnel working conditions and improvement in customs management. It is expected to influence positively trade and economic development in general.

Overall, the interventions in the evaluated sectors produced significant political, social, environmental and economic impacts; therefore, the Evaluation Question 8 is rated as **Satisfactory**.

1.5 SUSTAINABILITY (EQ 9): Are the results and impacts of the programmes/projects likely to continue after EU funding ends?

Sustainability prospects, although positive under some interventions, continue to face challenges.

Under **Local and Municipal Development Sector**, the results and impacts of interventions are likely to continue to a certain extent. It is already obvious that local infrastructure projects are having sustainability in the region with local municipal governments ready to allocate funds for operation and maintenance. The preparation of phase-out strategies needs to be ensured to support sustainability of interventions as well as sustainability promoting measures.

The national stakeholders furthermore need to ensure that sustainability measures are actually implemented. The ability to match interests of International Financing Institutions (IFIs) and municipalities in funding the infrastructural projects depends on the quality level of municipal staff ready to work on projects preparation, which still needs to be supported. At the central level better coordination among relevant ministries has been established in area of supporting development of local infrastructure. The Coordination Group was established bringing together both central government institutions on the one side and financiers on the other. The evaluated interventions provided significant capacity building aimed at further municipal development, with the role of SCTM crucial in this process. Furthermore, support to development of the policy in area of decentralisation process of LSG, strengthening administrative and strategic capacities of municipalities as well as ensuring inter-municipal cooperation (programme EXCHANGE). These are all important elements that have been produced throughout support of EU funds.

Municipalities expressed the need for proper access to information regarding current funding opportunities and mechanisms to be established to share this information. Regarding infrastructure projects, there are no monitoring mechanisms established to follow up what is happening with projects after the technical assistance has ended. The municipalities need to be ready to assign staff for these tasks.

In the area of **Economic Development**, the RDAs established under CARDS interventions are becoming increasingly sustainable as a result of the significant revenues generated from project activities and some operational budgets provided by municipal authorities. However, there is some uncertainty as to their future role and function, to the level of financial support and the necessary recognition of their role in the Serbian economy places. The Regional Agency network is an effective and efficient structure for the delivery of SME and regional development services. However it is undervalued and underutilised by central government, with a danger to significantly weaken if it is not sufficiently funded on a long-term basis. Currently, financial resources from the state budget are very limited and the Serbian Investment and Export Promotion Agency is not expected to run programmes of the same size as those financed by CARDS interventions, and neither is support to entrepreneurship expected to be as strong as under CARDS. High staff turnover due to low salaries exerts another strain on sustainability.

Under **Justice and Home Affairs**, the results and impacts of the projects still cannot continue without external funding. There are some cases that interventions prepared exit strategies, like Implementation of the Judicial Reform Strategy – TA in the Establishment of HJC and HPC (CARDS 2006). However, this was not the case for most projects. Nevertheless, some mechanisms to ensure after-project continuation have been established. Although the Serbian legislation prevents the JTC from raising its own income, the financial sustainability of the JTC is to some degree ensured. Since 2005, JTC has its own budget line in the state budget. The JTC institutional sustainability was enhanced by the interventions. Apart from drafting significant primary and secondary legislation, the judiciary staff has been involved in the process of the training curriculum development, building their capacities to manage and implement similar activities in the future. In addition, the ToT component enhanced capabilities of lecturers to provide trainings to all groups of the judicial system, which can be used in future.

Regarding the sustainability of **Integrated Border Management** interventions, it is secured by high commitment of government officials (MoI, Border Police) having understood that their active involvement increases the benefits from interventions. The development of a coherent IBM Strategy and its Action Plan are the most valuable aspects to ensure sustainability. The constitution of the National IBM Committee is also seen as promising to ensure after-project continuation. However, significant funds are still needed to implement the comprehensive strategy and its action plan.

Sustainability prospects, although positive in some instances, continue to face challenges. For this reason, the Evaluation Question 9 is rated as **Moderately Satisfactory**.

1.6 CROSS-CUTTING ISSUES (EQ 10): To what degree do the programmes respect issues of gender, environment, minority inclusion and complementarity with the CARDS regional programme and those of other donors, notably EU member states?

Gender and minority issues

Cross-cutting issues were mostly respected in all relevant programmes under evaluated sectors.

Regarding **Local and Municipal Development** Sector, programmes responded well to gender equality and minorities' inclusion and participation. Gender-balanced employment was applied under all interventions as well as minorities' inclusion. The brochures, training manuals and documents issued were bilingual or printed in local languages if spoken by 25% of the inhabitants. All regional development strategies follow a thorough citizen participation process. Cross cutting issues in both the development of the municipal planning and the regional development process were dealt with.

In the **Economic Development Sector**, a short analysis was undertaken to determine the impact of interventions and the work of some of the RDAs on training and business development for women. Within the grant scheme, 9 out of 26 project leaders were women. One programme for instance was completely dedicated to the support of prospective women entrepreneurs. Analysis of the Belgrade Regional SME Agency activities in the period 2002-2007 showed that 53% of all clients were women. Most of them were in the category of unemployed persons, who are registered at the National Employment Service. Interventions in the sector did not specifically target minorities or disadvantaged groups.

The interventions in the **Justice and Home Affairs** sector respect gender equality and minorities' inclusion and participation. Mainstreaming of these issues was partly satisfactory for some interventions such as the Judicial Training Centre (CARDS 2004). However, it was rather a coincidence with the training on EU legislation than the result of a deliberate effort. The programme has not provided any disaggregated data on gender equality and minority participation of judges and prosecutors in the training programmes and applicants for the lecturers.

The minority issues are tackled through the training curriculum because the law on minorities is included in the International law. Trainees will thus be trained on best practices concerning minority rights. The legal framework in relation gender equality is also part of the Curriculum, including family law.

Environmental issues

Infrastructural projects under **Local and Municipal Development** projects normally have some impact on environment. One criterion for approval or rejection of infrastructure projects was the environmental impact. Systematic EIAs were conducted under all infrastructure projects funded under CARDS assistance.

The impact of the **Economic Development** projects on the environment could not be clearly identified.

For **Justice and Home Affairs**, mainstreaming of cross-cutting issues coincided with different trainings. Thanks to an agreement with the Module 4 "Introduction to EC Law and EU Judicial System" of the Regional CARDS Programme 2003, it has been possible to organise two workshops in public procurement and environmental law.

The **Integrated Border Management** interventions have paid attention to environmental issues, though not based on EIA. No EIA was conducted; however it remains unknown if the suggestion to request the EIA for Presevo BC has been followed up.

More specifically, in Presevo, the EIA has been found neither in BDS nor in EAR. According to Serbian legislation such a study should have been carried out. Since the project is an upgrading of an existing facility, environmental impacts are expected to be not significant. In Horgos, two borrow-pits opened in the proximity of the site are the main environmental issue

generated by the project, which were considered to be transformed into fish ponds (June 2005), no additional information was obtained on the follow-up and results. Another issue is that, due to the numerous and necessary extra works, the financial resources allocated by the EAR to horticulture have been cancelled. Most of the area has no top-soil. In addition there are piles of sand which, besides the negative visual impact, in case of rain might block the sewerage system. In Batrovci, the border crossing is equipped with an oil treatment unit, as well as a waste water treatment plant (these were absent in the old structure). There are some concerns however, because no personnel on site was specialised in running and maintaining the new plants.

Coordination with other donors

Donor coordination was satisfactory in the **Local and Municipal Development** Sector as overlaps were not noticed. Donor coordination meetings were regularly held and project documents circulated to ensure transparency.

Economic Development interventions liaised closely with many donor funded programmes to share information. On a number of occasions attempts were made to organise donor meetings with MoE and the Ministry of Science, however, none of these meetings materialised as involved Ministries were reluctant. In the end, it was agreed that EAR should convene a donor meeting. Project reports were systematically circulated in the sector i.e. to Ministries and Government Agencies, international donors and projects, other stakeholders, interested organisations and individuals.

Under **Justice and Home Affairs** sector, there was no overlap with other donor interventions in support of the judicial reform. The coordination was satisfactory, including Organisation for Security and Cooperation in Europe (OSCE), ABA CEELI, Canadian International Development Agency (CIDA) and United States Agency for International Development (USAID). Most of the interventions provided detailed background of the previous assistance in their programme reporting, as well as listed active donors.

No information was obtained on coordination of **Integrated Border Management** projects with other donors' projects or regional CARDS programmes.

Cross-cutting issues were mostly respected in all relevant programmes and therefore the Evaluation Question 10 is rated as **Satisfactory**.

2 Conclusions and recommendations

Overall programme level conclusions and recommendations, as well as performance rating can be found in the “Executive Summary” chapter.

2.1 Sector-specific conclusions and recommendations

2.1.1 Local and Municipal Development Sector

Projects were ***in conformance with the national strategy papers as well as EU strategic documents***. According to interviewed national stakeholders, the design phase during the initial programming year lacked transparency, i.e. responsibilities, roles and expectations by national partners and EAR were not clearly drawn, which improved through the needs assessment and active involvement of local stakeholders and end beneficiaries. Vertical connection and linkage with central government as well as linkage and information sharing between NIPAC and local municipalities needs to be further optimised.

Active coordination mechanisms and contribution of local stakeholders to project design of Local and Municipal Development Sector were however more satisfactory in the recent CARDS programming (2004 onwards), when the MoF Sector for Programming and Management of EU Funds (NIPAC) became intensively involved in the assistance programming (as well as line ministries, MoLSG, and Former Ministry for international economic relations - MIER).

Some interventions, due to government changes and new Law on Ministries, ***faced difficulties during implementation and the need to amend the ToR***, which would seem to be prevented by defining clear conditionalities during project design. However, this could not be used, for the following reasons: The Ministry of Public Administration and Local Self Government (LSG) was established in 2002. The Ministry then hardly had staff involved in support to LSG. However, the Ministry and the Minister himself were constantly involved in the design of the LSG programmes and contributed to their design. Taking into account that in crucial CARDS period the Government changed three times with long periods of its non performance in and between these periods (in particular in relation to LSG matters) it should be considered that high level absorption of EU support with the majority of outputs was achieved. If condition would have been the stable government delivering on their commitments no absorption would have taken place. The objective was fostering the decentralisation process and building the capacities of LSG to acquire more and new competencies.

The ***availability of inputs and resources was mostly satisfactory*** in the Sector, with implementation starting on time and no delays in receiving either national or EC funding. The projects have shown that beneficiaries were able to absorb the CARDS funding and to provide the required co-funding. However, the Sector delivered outputs with significant delays due to external factors, such as government change or unrealised assumptions from ToRs, not optimal cooperation between the assistance and beneficiary, delayed procurement procedures caused by repeated tenders and prolonged EAR and MoLSG administrative procedures as well as limited timeframes under the interventions (up to 24 months, sometimes less).

The ***operational objectives of the Sector were mostly achieved***. The evaluated interventions provided significant capacity building aimed at further municipal development, with the role of SCTM crucial in this process. Furthermore, support to development of the policy in area of decentralisation process of LSG, strengthening administrative and strategic capacities of municipalities as well as ensuring inter-municipal cooperation (programme EXCHANGE) are important elements that have been produced throughout support of EU funds. Municipal infrastructure projects achieved its objectives while more efficient delivery of services from municipal authorities to the local population and the software provision were ensured.

Regarding policy dialogue on PUC transformation, the Green Paper on Transformation of PUCs in Serbia was prepared in Oct 2008, with clear options and recommendations for reform. The Green Paper will be the basis for preparation of a Strategy, awaiting the selection of members for the working group by the Government. Success now depends on firm government commitment to endorse and implement the proposed changes.

CARDS interventions produced positive impacts on the political, strategic and institutional levels through significant capacity building of State and municipal employees and the improved legal framework. Significant social, economic and environmental impacts are evident from significant investments into local infrastructure, which help, to give access to basic services like water and sanitation or increase mobility and transport and improve the local environment. Negative impacts were reduced, as in the case of MIA, assistance was discontinued and directed towards assistance, which would produce positive impacts.

Infrastructural projects normally have high impact on environment, which was taken into account when approving bankable projects. Donor coordination was satisfactory as overlap was not noticed with other donor interventions.

The **results and impacts of interventions are likely to continue** to a certain extent. The legal basis needs to be improved to enable smooth implementation of municipal infrastructure projects in future including less than optimal access to information regarding current funding opportunities. Additional weakness is the lack of monitoring mechanisms to follow whether the infrastructure programme has been successfully implemented after the technical assistance has finalised.

The following recommendations were drawn from the above mentioned conclusions for the Local and Municipal Development Sector:

- 11) The EC should **continue building local capacities of stakeholders at State and municipal level** with regard to: EU procedures regarding project planning and programming; IPA funding procedures; follow-up training of State Administration to manage and implement projects; PCM training; and proper preparation of technical specifications.
- 12) The EC should insist that **economic monitoring by interventions is applied by introducing systematic cost-benefit considerations** and establishing benchmarks and references for unit costs.
- 13) A **mechanism of access to funding opportunities needs to be established** by the NIPAC and information shared at all levels (vertically and horizontally) to timely provide funding information to relevant national stakeholders.
- 14) **Government and line ministries (MoLSG, MoF) need to be more proactive** in the case of commenting draft strategies and green papers (on PUC transformation for instance) as well as to show commitment to endorse and implement the proposed changes.
- 15) Government needs to **improve the legal basis to enable smoother implementation of municipal infrastructure projects** in future. The EC could consider supporting the national stakeholders improve resource capacities for the purpose of establishing monitoring mechanisms to follow whether the infrastructure programme has been successfully implemented.
- 16) In order for the impacts to be long lasting, the **national commitment needs to be proactive, resource capacities strengthened, responsibilities clearly drawn** and mechanisms for information sharing strengthened both vertically and horizontally.

2.1.2 Economic Development Sector

The CARDS interventions were **clearly supporting the implementation of the Strategy for the Development of Small and Medium-sized Enterprises and Entrepreneurship** in the

Republic of Serbia, the preparation of which was done through CARDS assistance. The interventions in the sector were following priorities defined in the national and EC strategies focusing on capacity and institution building of relevant government institutions and SMEs. They were relevant to solve problems and responded to identified needs.

Whereas **implication of local stakeholders** in project preparation was weak in the initial CARDS years, later on, they became much committed to be involved actively in the design phase and motivated to incorporate own visions and priorities into programming documents.

Economic Development interventions faced **no absorption problems** and there was sufficient readiness of beneficiaries to absorb more CARDS funds than allocated especially in the area of grant schemes. The limited financial sources for grants led to a very low percentage of funded projects (only about 5% of applicants got grants), which caused disappointment among final beneficiaries.

In the economic development sector the **implementation and achievement of planned objectives** is considered as satisfactory. However, pre-conditions for implementing interventions were not always in place e.g. local ministries were not adequately staffed prior to project start, laws were sometimes not in place and appropriate premises not available at programme start.

After analysing outputs, results and impacts, **weaknesses** were noted that would potentially hinder future programming and implementation of economic development projects. It was noted that **the SME sector in Serbia is still rather weak, and that financial assistance is still needed**, in particular in the form of grant schemes. The difference between the interest of potential beneficiaries in export supporting and SME supporting grant schemes was quite visible. The needs and importance of the SME sector within the economy as a whole are still not fully understood or accepted by the general public or, indeed, within much of the Government structure.

The interventions significantly **improved the ability of country producers to trade and collaborate with the EU** and regional partners and create local and international business partnerships. However, the national level co-ordination of all actions in favour of exports is still weak, as the programme activities were not forwarded to the national framework. The promotion of reforms in the fields of export and international trade flows is still not optimal to support the long-term economic development of the country.

Regarding sustainability prospects under interventions, the **network of RDAs is becoming increasingly sustainable**. However, there is still some uncertainty as to their future role and function in the Serbian economy places and to the level of financial support especially from the state budget. The very limited funds allocated from the state budget will not allow the Serbian Investment and Export Promotion Agency to run programmes of the same size as under EC-funding. Sustainability is also at risk because of high staff turnover due to low salaries.

On a number of occasions attempts were made by the intervention to organise **donor meetings with MoE and the Ministry of Science**, however, none of these meetings materialised as involved Ministries were reluctant. In the end, the EAR convened donor meetings.

The following recommendations were drawn from the above mentioned conclusions for the Economic Development Sector:

- 17) Future EC programmes need to continue putting emphasis on **proper project design** i.e. intensive inclusion of national stakeholders during the preparation process, gender and minority sensitive analysis monitoring through indicators. **Exit strategies** should be an integral part of the programmes right from the beginning.
- 18) During the programming stages of designing either institution or capacity building, the EC should **clearly address the financial consequences for the Government and obtain a firm national commitment** of Government for sustained support to improve sustainability prospects.

- 19) The EC should insist that economic monitoring by interventions is applied by **introducing systematic cost-benefit considerations** and establishing benchmarks and references for unit costs.
- 20) **Regular donor coordination meetings need to be organised by the NIPAC** to obtain understanding on the common procedures for working with Government staff, intervention areas and approaches.
- 21) The EC should organise **trainings and consulting services directly for SMEs** instead of exclusively addressing governmental institutions. In the case of training governmental staff, the conditionality reducing high turnover of personnel should be considered.
- 22) The EC should **increase the grant scheme budgets** to be clearly focused on a specific support (for example Export Promotion Grant Scheme or Grant Scheme to Support Innovative SMEs) and target Serbian high potential industries. The assistance should not only promote participation in trade fairs but also support other export development aspects (like promotional materials for example or certain segments of business operations) and allow group applications to support specific Serbian industrial associations to participate. Future ToRs should consider involvement of more local experts. Grant schemes should consider stronger “filter criteria” to reduce the number of applications.
- 23) The Government should consider **allocating regular funding for the operational costs of RDAs** to secure sustainability. Increased financial resources should be considered for the SIEPA to run programmes of similar size as under EC programmes.
- 24) The **national level co-ordination of actions in favour of exports needs to be improved**, as the MoE needs to continue materialising commitment towards forwarding the programme activities to a national framework. The promotion of reforms in the fields of export and international trade flows needs to be sustained to enable country producers to increasingly trade and collaborate with the EU and regional partners.

2.1.3 Justice and Home Affairs Sector

Programmes in the sector were **clearly aligned with the national and EC strategic priorities focusing on establishing the Rule of Law**, promoting independent, efficient and accountable judiciary and strengthening its capacities to fight against crime and corruption. The projects address the priorities specified in the National Judicial Reform Strategy (NJRS) and the Action Plan adopted by the Government for the implementation of the NJRS. The overriding main goals of the NJRS, establishment of the Rule of Law and legal certainty, are cornerstones of meeting European and EU standards for the judiciary and other parts of the Justice and Home Affairs sector.

The **involvement of local partners was sometimes suboptimal** throughout the design phase and in decisional processes during implementation. The programming lacked transparency during the initial programming years, which was later-on improved. The still weak resource capacity within the Ministry of Justice does not allow strong contributions to future assistance programming. Insufficient relations between institutional stakeholders impede the implementation for some interventions. In addition, the MoF is still facing difficulties to allocate funds for running costs of some newly established institutions.

Outputs in the Justice and Home Affairs sector were mostly delayed due to unfavourable cooperation between national stakeholders and EAR caused by unfulfilled expectations, ToR amendments and immaterialising assumptions on behalf of MoJ to timely provide premises for new institutions or programme teams. Some interventions were delayed due to external delays (i.e. delayed drafting of legislation). There were also some instances where background of international experts was judged insufficient.

Efficiency monitoring is generally limited to the standard accounting procedures and steering committees. Specific tools for economic analysis were not applied.

The **objectives of the Sector were partly achieved**. The training curriculum, developed for judges, prosecutors, court administration and attorneys was not implemented except for the Training of Trainers (ToT) programme.

In some cases, the achievement of objectives looks unlikely as beneficiary institutions need to be re-established (SIC). The MoJ plans to reactivate the SIC after the adoption of the judicial package legislation, which is, however, already delayed over a year now. In addition, current cooperation with national stakeholders is less than optimal due to low resource capacities of MoJ and SJA having a number of issues noted regarding the re-selection of judges and prosecutors for the new HJC, which is according to SJA facing constitutional constraints;

CARDS has **supported the Serbian Government to adjust its legislation to EU standards and best practices**. The “judicial package” including 7 laws on judges, prosecutors, HPC, prosecutorial act and outline model of the law on judicial examination and internship was found compliant with the EU Acquis, providing a solid foundation to establish an efficient and impartial Judiciary. The legislation under the Laws on Judicial Academy and Judicial Exam are still in process of being fine tuned. The implementation of this package is crucial to improve independence, transparency and accountability of the judicial system.

CARDS interventions produced **positive impacts through a significantly improved legal and institutional framework**. Significant infrastructure investments and equipping took place and curricula were developed for continuous training in the Sector. The CARDS assistance helped to restructure the court system and to streamline court procedures. It increased the effectiveness of court procedures by computerisation and overall Information and Communication Technology (ICT). Effects of the projects still cannot continue without external funding with weaknesses to be potentially addressed through experience exchange during an international (regional) conference on the methodology of implementing the judicial reforms to enable and gathering of lessons learned.

There are **some cases that interventions prepared exit strategies**, but most projects did not prepare for the after project period. The projects respected the cross-cutting aspects (gender equality; minorities’ inclusion/participation; environmental dimension).

Additional **weaknesses** in the sector were noted, such as awaited implementation of the judicial package, which remains crucial to improve independence, transparency, accountability and efficiency of the judicial system. Moreover, the collaboration between JHA national stakeholders and resource capacities (MoJ) are less than optimal, being preconditions for creating policies, implementing legislation and supporting transparent cooperation in the sector. Some operational issues still remain pending, such as the current constitutional and legal solutions for selection of judges and appointment of Public Prosecutors still opens up the possibility of political influences. Judges and prosecutors are appointed according to the old system, without giving any strong guarantees for the candidates graduating from the Academy. Frequent changes of the legislation require continuous training and regular late appointments of members of the HJC and HPC and lack of genuine cooperation between various institutions in the Judiciary impair the effectiveness of the institutions. Criminal and civil law are not significantly stressed in the trainings, with the lack of full time trainers noted within the Academy. The continuous training of the legal associates and court/public prosecutors’ staff is insufficient compared to that provided for the magistrates. The Judiciary does not have the required access to the relevant legislative materials necessary for its work as the legal information is not centralised and systematized. IT in judiciary is not compatible and efficient due to lack of coordination between the state institutions in IT matters, despite the existing Strategy; there is a significant judicial backlog. The medium- and long-term IT policy for the Academy is missing as well as appropriate IT staff. The legal library is noted to miss specialized collection of legal documents.

The following recommendations were drawn from the above mentioned conclusions for the Justice and Home Affairs Sector:

- 25) It is **essential that EC assistance is continued in the sector**, especially regarding the capacity building and implementation of the training curricula, computerisation and ICT as well as upgrading of overall premises, while making sure that national commitments are materialising. The EC Delegation and local stakeholders could consider stronger use of twinning.
- 26) The EC should insist the interventions **utilise economic monitoring and introduce systematic cost-benefit considerations** and establish benchmarks and references for unit costs.
- 27) The Government **needs to materialise commitment** to: implement the judicial package; improve collaboration of JHA national stakeholders, which is a precondition for creating policies and implementing legislation; improve resource capacities of relevant ministries (MoJ), another precondition for efficient, effective and transparent cooperation in the sector; and increasingly allocate funds for institutions, capacity building and ICT to support sustainability of the reform process.
- 28) The JTC should **identify training needs** of new judges as well as court officers. The **status of the SJA needs to be regulated** as well as the judicial institute established to enable various legal research as well as analytical and development projects.
- 29) **Further support to the JTC alias Training Academy is recommended** to the EC, as it is under-funded despite funding from the state budget. The workload of the teachers needs to be reduced and full time trainers contracted. Criminal and civil law needs to be more stressed in the trainings, and full time staff is needed within the Academy. The medium- and long-term IT policy for the Academy needs to be prepared and additional IT staff hired. The legal library needs to be extended to become a specialized and unique collection of legal documents.
- 30) A **framework for follow-up or continued assistance needs to be defined** by the local stakeholders (MoJ and JTC) to monitor the extent to which the Training Curricula are being implemented and put into practice.
- 31) The MoJ should promptly **activate the SIC** and SIS to allow for an uninterrupted implementation of interventions.
- 32) EC Delegation should **consider supporting the international (regional) conference on the methodology of implementing the judicial reforms** to enable experience exchange and gathering of lessons learned.

2.1.4 Integrated Border Management Sector

CARDS **fully addressed the needs detected by the National IBM Strategy** i.e. improvements in the protection of state borders, legislation approximation, staffing, capacity building and provision of equipment for the border police. Coordination mechanisms and project design included the Government and concerned institutional or civil society stakeholders. However, the initial programming years were not entirely transparent, with the EAR not clearly communicating the expectations and managing the design phase. The local stakeholders were initially weak partners in project preparation due to the lack of personnel and relevant skills. This however improved in the later CARDS years. During the field mission, the evaluators noted **high commitment of national counterparts and involvement in every stage of implementation**. Further on, national stakeholders are now fully involved in decision making regarding programme orientation.

Efficiency was occasionally impeded, with sound exception regarding Horgos border crossing. In case of Batrovci, a 2 year slippage was reported due to the complete absence of preparatory activities. In case of Presevo, the programme was labelled with a 3 year delay in its design/tendering phase.

The **achievement of operational objectives is rather high**, as border crossings are mostly completed (Horgos and Batrovci, while Presevo is on-going). The effects of the realisation of the National IBM Strategy and its Action Plan are inextricably related to solving needs of the sector next to adjacent strategies such as those on IT and Telecommunications, Human Resources and Information & Intelligence. Mere improved facilities are not enough to improve handling of goods and passengers flows. Neither is law enforcement regarding securing the state border. Despite the urgent needs for cross-border infrastructure, **weakness were noted in the field of strategy and policy development and most certainly for the change management** in the (inter-agency-) cooperation.

Given all circumstances, **positive and sustainable improvements have been realised at the level of border crossings** in Serbia. Capacity improvements of institutions are in line with the "EU-Accession horizon". The situation in the sector is improving, bearing in mind that Serbian customs officials have faced long periods of poor cooperation and inconsistent guidance.

Due to increased capacity of border crossings and reduced waiting time, **the number of vehicles passing has also increased**. However, since it was noted that further infrastructure investments are still needed in border crossings, a uniformed and clustered (various border crossings in a set geography) approach, under a pre-defined and designed PM Cycle is to be considered, including training for participants.

Very important is the **improvement of customs personnel working conditions and improvement in customs management**. It is expected to influence positively trade and economic development in general.

Regarding the **sustainability options**, they **are secured by high commitment of government officials** (Mol, Border Police) having understood that their active involvement increases the benefits from interventions. The development of a coherent IBM Strategy and its Action Plan are the most valuable aspects to ensure sustainability. The constitution of the National IBM Committee is also seen as promising to ensure after-project continuation. However, significant funds are still needed to implement the comprehensive strategy and its action plan. Regarding cross-cutting issues, not all investments projects were covered by EIA.

The following recommendations were drawn from the above conclusions for Integrated Border Management Sector:

- 33) The EC should assist not only the improvement of the overall cross-border infrastructure but **also additional TA to target strategy and policy development and the improvement of management capacities in the inter-agency-cooperation** (having in mind extensive EU experience in IBM processes, supported by the foundation built by the Frontex).
- 34) In view of easy identification of prioritisation of border crossings to be (re-)constructed in future, it is advised to **use a uniformed and clustered (various border crossings in a set geography) approach, under a pre-defined and designed PM Cycle**, including its preceding training for participants.
- 35) **Conditionality should be considered** when insisting on proper staffing, timely implementation and adequate co-financing. Support to the implementation to the National IBM Strategy should be focused on replication (multiplication) of best cooperation practices and Project Cycle Management
- 36) **No works projects** should be allowed **without having prior realised proper needs assessment and EIA**.

2.2 Performance rating

Relevance

The Evaluation Questions 1-3 relate to the relevance criterion and are rated as following:

- Evaluation Question 1 – Highly Satisfactory

The country priorities identified in PFs, EC and country strategic documents have been well addressed in all analysed sectors, including the needs of transition to a functioning market economy, the implementation of decentralisation process in the local development and developing the Rule of Law and promotion of independent, efficient and accountable Judiciary. The programmes under evaluation are considered as highly relevant.

- Evaluation Question 2 – Moderately Satisfactory

The beneficiary stakeholders contributed to some degree to design phase of the interventions; however, the involvement of target groups and stakeholders in the needs assessments have not been conducted systematically in all sectors right from the beginning. The stakeholders' involvement in programme design has been rated as moderately satisfactory.

- Evaluation Question 3 – Moderately Satisfactory

The design of programmes was relevant to the needs and problems identified in the beneficiary country and are therefore rated as **Moderately Satisfactory**.

Efficiency

Ratings of the Evaluation Questions 4-6 relating to efficiency are as follows:

- Evaluation Question 4 – Moderately Unsatisfactory

The majority of interventions faced different situations than originally foreseen, which was caused by the lack of proper needs assessment conducted during the programming stage. For this reason, delivery of many outputs was delayed, involving sometimes implementation problems. For these reasons efficiency was rated moderately unsatisfactory.

- Evaluation Question 5 – Moderately Unsatisfactory

Overall, it is hardly possible to say, that in all evaluated sectors there was systematic monitoring and financial assessment of benefits. The question was therefore rated moderately unsatisfactory.

- Evaluation Question 6 – Moderately Satisfactory

The absorption capacity for CARDS funding and the pre-conditions for implementing the projects varied across sectors. Therefore, the question is rated as moderately satisfactory.

The overall efficiency was rated as **Moderately Unsatisfactory**.

Effectiveness

- Evaluation Question 7 - Moderately Satisfactory.

The delivery of planned objectives is expected to be eventually achieved. However, currently some objectives were achieved only partly while others were significantly delayed. Therefore, effectiveness is rated as **Moderately Satisfactory**.

Impact

- Evaluation Question 8 - Satisfactory.

Overall, the interventions in the evaluated sectors produced significant political, social, environmental and economic impacts; therefore, the impact is rated as **Satisfactory**.

Sustainability

- Evaluation Question 9 - Moderately Satisfactory.

Although sustainability was not systematically addressed by the interventions through the preparation of clear exit strategies, still higher commitment of national counterparts and in-

volvement in every stage of implementation was noted, which is a strong indicator of improving sustainability prospects.

The Evaluation Question 9 is rated as **Moderately Satisfactory**.

Cross-cutting issues

- Evaluation Question 10 - Satisfactory.

Cross-cutting issues were respected in most major programmes and therefore the respect of cross-cutting uses was rated as **Satisfactory**.

Overall performance rating

Relevance and impact are rated as satisfactory. Bearing in mind some problems recognised, the effectiveness was rated as medium, while the overall efficiency and sustainability of programmes was unsatisfactory. In spite of sometimes being taken formally in programming documents, the cross-cutting issues are dealt with in an acceptable way. The proposed overall performance rating of the evaluated CARDS programmes in the Republic of Serbia is therefore **Moderately Satisfactory**.

Table 1: Overall performance rating⁵

	Economic Development	Local and Municipal Development	Justice and Home Affairs	IBM	Overall
Relevance	S	S	S	S	S
EQ1	HS	HS	HS	HS	HS
EQ2	MS	MS	MS	MS	MS
EQ3	MS	MS	MS	MS	MS
Efficiency	MU	MU	MU	MU	MU
EQ4	MU	MU	MU	MU	MU
EQ5	MU	MU	MU	MU	MU
EQ6	MS	MS	MS	MS	MS
Effectiveness	MS	MS	MS	MS	MS
EQ7					
Impact	S	S	S	S	S
EQ8					
Sustainability	MS	MS	MS	MS	MS
EQ9					
Cross-cutting issues	S	S	S	S	S
EQ10					
OVERALL RATING					MS

Local and Municipal Development, Economic Development, Justice and Integrated Border Management in the Republic of Serbia is **Moderately Satisfactory (MS)**.

⁵ HS = highly satisfactory, S = satisfactory, MS = moderately satisfactory, MU = moderately unsatisfactory, U = unsatisfactory, HU = highly unsatisfactory.

3 ANNEXES

3.1 The evaluation team

The evaluation team consisted of the following experts:

Name	Position	Planned and possible foci in the evaluation
Martin Huba	Team leader	Attributed sectors: <ul style="list-style-type: none"> • Economic development • Institution building • Municipality development • Justice and Home Affairs
Elma Balic	Local evaluator	Attributed sectors: <ul style="list-style-type: none"> • Justice and Home Affairs • Regional economic development • Local and municipal development • Institution building
Dr. Dieter Nill	Project director	Overall quality assurance
Sylvia Tag	Project manager and support evaluator	Attributed tasks: <ul style="list-style-type: none"> • Overall management and coordination of the evaluation • Backstopping • Contribution to the evaluation report: Financial analysis of the CARDS portfolio
Claes Sandgren	Sector expert	Technical Back-up for the Justice and Home Affairs sector
Timotheus Bremmers	Sector expert	Technical Back-up for the IBM sector

3.2 The phases of the evaluation process

Stages	Main documents	Meetings/Activities	From... to
INCEPTION PHASE			
Starting Stage	Evaluation team's technical and financial proposal - presentation	Kick-off meeting	17.11.2008
Structuring Stage	Evaluation questions Reconstruct Intervention Logic Selection of sectors	Desk research and data collection Meeting with EAR Meeting with desk officers	17.11.2008 17.12.2008
Reporting Stage	Draft Inception Report	Compiling of the Inc. Rep.	13.-23.12.08
Revising Stage	Final Inception Report		16.01.2009
IMPLEMENTATION PHASE			
Preparation Stage	Matrix for the Serbia Detailed field mission schedule	Desk research, communication with relevant stakeholders	02.01.2009 18.01.2009
Desk research	Project portfolio analysis Analysis of available documentation	Complementary communication with stakeholders	02.01.09 until 30.03.09
Field Mission in Serbia	Evaluation matrix Serbia Summary of findings Early warnings	Kick-off meetings with stakeholders Interviews with relevant stakeholders Debriefing in Serbia	19.01.2009 until 29.01.2009 29.01.2009
Analysis of the information collected during the field-mission	First draft of answers of evaluation questions for Serbia	Compiling of the evaluation matrix and analysis of data	01.02.2009 02.03.2009
REPORTING PHASE			
Elaboration of the first draft evaluation report (ER)	Submission of the first draft evaluation report for Serbia	Compiling of the first draft evaluation report (Serbia)	15.06.2009
Reviewing of the draft ER by the DG ELARG Evaluation Unit	Comments to the first draft evaluation report	DG ELARG Evaluation Unit comment the first draft evaluation reports	17.06.2009
Revision of the first draft evaluation reports for Serbia	Submission of the second draft evaluation report for Serbia	Revision of the first draft evaluation reports based on the comments	18.06.2009
Reviewing of the draft ER by relevant stakeholders	Comments to the second draft evaluation report	Stakeholder comment 2 nd draft eval. reports	09.07.2009
Revision of the second draft evaluation report for Serbia	Submission of the third draft evaluation report for Serbia	Revision of the third draft evaluation reports based on the comments	21.07.2009
Revision of the third draft evaluation report for Serbia	Submission of the final evaluation report for Serbia	Revision of the last comments from DG ELARG and Ministry of Justice	8.08.09
DEBRIEFING PHASE			
Debriefing of the evaluation results and recommendations with stakeholders	Debriefing meeting in Serbia	Presentation and discussion of the evaluation results	September/October 2009

3.3 Itinerary of the field mission and list of interviewed persons

19/01/2009

Kick-off Meeting Participants:

1. Kostas Soupilas, Programming and Co-ordination Manager, ECD Belgrade;
2. Gordana Lazarevic, Assistant Minister, Ministry of Finance, Sector for Programming and Management of EU Funds;
3. Ognjen Miric, Coordinator for EU Funds, Office of the Deputy Minister for European Integration;
4. Pierre Dypman, Head of Operations, ECD Belgrade;
5. Dejan Suvakov, Task Manager for Economic Development, ECD Belgrade;
6. Valerie Covic, Task Manager for Economic Development, ECD Belgrade;
7. Ana Stankovic, Task Manager for Local and Municipal Development, ECD Belgrade;
8. Bogdan Turudija, Task Manager for Justice, ECD Belgrade;
9. Danka Bogetic, Task Manager for Local and Municipal Development, ECD Belgrade;
10. Thillo Moller, Task Manager for Home Affairs, ECD Belgrade;
11. Vladan Petrovic, Task Manager for Public Finance, ECD Belgrade;
12. Ferenc Simon, Head of Operations, ECD Belgrade;
13. Jelica Stojanovic, Task Manager for Education, EC Belgrade;
14. Stefano Conte, Head of Monitoring Unit, ECD Belgrade; and
15. Jose Busfamante, Head of Operations, ECD Belgrade.

Individual Meetings:

1. Bogdan Turudija, Task Manager for Justice, ECD Belgrade;
2. Danka Bogetic, Task Manager for Local and Municipal Development, ECD Belgrade;
3. Ana Stankovic, Task Manager for Local and Municipal Development, ECD Belgrade;
4. Dejan Suvakov, Task Manager for Economic Development, ECD Belgrade;
5. Valerie Covic, Task Manager for Economic Development, ECD Belgrade;
6. Vladan Petrovic, Task Manager for Public Finance, ECD Belgrade;
7. Mr. Papajanis, Task Manager, ECD Belgrade; and
8. Stefano Conte, Head of Monitoring Unit, ECD Belgrade.

20/01/2009

Individual Meetings:

1. Gordana Lazarevic, Assistant Minister, Ministry of Finance, Sector for Programming and Management of EU Funds;
2. Ognjen Miric, Coordinator for EU Funds, Office of the Deputy Minister for European Integration;
3. Petar Spasic, Justice Advisor, Ministry of Finance, Sector for Programming and Management of EU Funds;
4. Marija Marinkovic, Local sub government Advisor, Ministry of Finance, Sector for Programming and Management of EU Funds;
5. Ana Perisic, Head of Department for International Cooperation, Ministry of Economy and Regional Development, Sector for Regional Development Policy; and
6. Marija Jovicic, Advisor at Department for International Cooperation, Ministry of Economy and Regional Development, Sector for Regional Development Policy.

21/01/2009

Individual Meetings:

- 1) Cok van Schooten, Team Leader, Municipal Infrastructure Support Programme – MISP, EPTISA implementer);
- 2) Nabojsa Radinovic, Deputy Director, Serbian Agency for Development of SMEs and Entrepreneurship;
- 3) Ana Zegarac, Head of International Cooperation Department, Serbian Agency for Development of SMEs and Entrepreneurship;
- 4) Aleksandra Vuckovic, PR Advisor; Serbian Agency for Development of SMEs and Entrepreneurship;

- 5) Bojan Jankovic, Deputy Director, Serbia Investment and Export Promotion Agency;
- 6) Dusan Brajkovic, Head of Sector for EU integrations, international cooperation and project management, Ministry of Public Administration and Local Self Government;
- 7) Natasa Radulovic, Advisor at Sector for EU integrations, international cooperation and project management, Ministry of Public Administration and Local Self Government.

22/01/2009 (Trip to Kragujevac and Smederevo)

1. Jasminka Lukovic Jaglicic, Director, RDA Sumadija i Pomoravlje;
2. Natasa Pesic Radosavljevic, Head of Office of Local Economic Development, City of Kragujevac;
3. Dragan Paunovic, Advisor for Private Entrepreneurship at City Kragujevac Assembly;
4. Miroljub Matic, Director, Ishrana Product doo Paracin; and
5. Zdravka Kovacevic Vasic, Economic Advisor, The Municipality of Smederevo.

23/01/2009 (Trip to Zrenjanin)

1. Mirjana Paunov, Director, RDA Banat;
 2. Spomenka Vojvodic, PA Expert, RDA Banat;
 3. William Lewis, Team Leader, Municipal Support Programme - MSP North-East Serbia;
 4. Predrag Stankov, Deputy Mayor, Municipality Zrenjanin, Autonomous Province of Vojvodina;
- Petar Janjic, Advisor at Mayors Office Indjija (Municipal Infrastructure Support Programme) cancelled the meeting with explanation that nobody will be able to meet with the evaluators.

24/01/2009 Trip to Border Crossing Batrovci)

1. Vojislav Ivkovic, Chief of Border Police Unit, Border Crossing Batrovci.

26/01/2009

1. Elli Xenou, Team Leader, Technical Assistance to the Implementation of National Judicial Reform Strategy and Support to High Judicial Council;
2. Dr Stephanos Kareklas, Deputy Team Leader, Technical Assistance to the Implementation of National Judicial Reform Strategy and Support to High Judicial Council;
3. Aivars Ostapko, Key Expert, Technical Assistance to the Implementation of National Judicial Reform Strategy and Support to High Judicial Council;
4. Marko Jovanovic, Local Non-Key Expert, Technical Assistance to the Implementation of National Judicial Reform Strategy and Support to High Judicial Council;
5. Dragan Gligoric, Deputy Head of Border Police;
6. Drazen Maravic, Head of Bureau for International Cooperation and European Integration, Cabinet of the Minister, Ministry of Interior;
7. Simonida Vratonjic, Advisor for International Projects, Cabinet of the Minister, Ministry of Interior;
8. Mladen Spasic, Assistant Minister for International Cooperation, Cabinet of the Minister, Ministry of Interior;
9. Nebojsa Puric, Deputy Head of Border Department and Coordinator for IBM, Cabinet of the Minister, Ministry of Interior;
10. Vladan Atic, Officer for Border Management and Admin Support, Border Police;
11. Silvija Panovic Djuric, Project Manager, Council of Europe; and
12. Maja Stojanovic, Project Assistant, Council of Europe.

27/01/2009

1. Nenad Vujic, Director, Judicial Training Centre;
2. Djordje Stanicic, Secretary General, Standing Conference of Towns and Municipalities;
3. Zorica Vukelic, Deputy Secretary General, Standing Conference of Towns and Municipalities;
4. Irina Slavkovic, Project Manager for Exchange Grant, Standing Conference of Towns and Municipalities; and
5. Marina Matic, Strategic Development Expert, Public Prosecutors Association.

28/01/2009

1. Omer Hadziomerovic, Deputy President (Association of Judges)

29/01/2009

1. Jasmina Kijurski, Deputy State Prosecutor, Prosecutors Office of Republic of Serbia
2. Slobodan Radovanovic, Republic Prosecutor, Prosecutors Office of Republic of Serbia;
3. Dragana Lukic, Assistant Minister, Ministry of Justice.

Individual Debriefings at ECD

4. Bogdan Turudija, Task Manager for Justice, ECD;
5. Danka Bogetic, Task Manager for Local and Municipal Development, ECD;
6. Ana Stankovic, Task Manager for Local and Municipal Development, ECD;
7. Dejan Suvakov Task Manager for Economic Development, ECD;
8. Valerie Covic, Task Manager for Economic Development, ECD;
9. Vladan Petrovic, Task Manager for Public Finance, ECD; and
10. Mr. Papajanis, Task Manager, ECD.

Overall Debriefing at ECD

11. Kostas Soupilas, Head of Operations, ECD;
12. Dejan Suvakov (ECD TM EC DVPM);
13. Danka Bogetic (ECD TM LOC DVPM);
14. Mr. Papajanic, Task Manager, ECD.

3.4 List of evaluated projects under the four chosen sectors

Projects selected for desk research and field visits are highlighted in yellow

Year	Contract number	No of contracts	Euro
2006	Program: 06SER01 - Programme2006 Serbia	40	39,415,560
	Project: 02 - Integrated Border Management	5	4,493,263.58
	Project: 05 - Justice and Home Affairs	17	8,205,089.14
	Project: 11 - Local/Municipal Government and Regional Economic Development	4	10,019,216.25
2005	Program: 05SER01 - EC PROGRAMME2005 SERBIA	83	91,466,010
	Project: 02 - Justice and home affairs	21	13,363,144.21
	Project: 07 - Enterprise development & investment climate	8	30,299,923.75
	Project: 16 - Local Gov. and Regional Econ. Dev.	28	21,056,719.91
	Program: 05SER02 - STATE UNION SERBIA 2005		
	Project: 02 - Justice and home affairs	2	346,981.09
2004	Program: 04SER01 - ASSISTANCE PROGRAMME2004	182	130,480,756
	Project: 04 - Justice and home affairs	17	12,460,899.82
	Project: 05 - Integrated Border Management	4	68,960,901.41
	Project: 10 - Privatisation and enterprise development	31	11,930,016.40
	Project: 11 - Local & municipal development	117	24,476,397.63
2003	Program: 03SER01 - FIRST PROGRAMME2003	48	63,113,954
	Project: 05 - Justice and home affairs	14	10,494,283.41
	Project: 06 - Privatisation and enterprise development	24	12,914,561.15
	Project: 11 - Local and municipal development	10	39,705,109.56
2002	Program: 02SER01 - PROGRAMME1 2002	19	28,568,556
	Project: 05 - Enterprises	5	15,452,105.77
	Project: 11 - Integrated border management	12	9,645,143.61
	Project: 12 - Justice and home affairs	2	3,471,305.67
2001	Program: 01SER01 - ASSISTANCE PROGRAMME2001	16	20,926,851
	Project: 03 - Enterprise Development	13	9,952,946.25
	Program: 01SER03 - SECOND TRANCH FOR 2001		
	Project: 04 - Enterprise Support	2	5,973,906.00
	Project: 07 - Integrated Border Management	1	4,999,999.10

3.5 List of CARDS projects 2000 – 2006 in Serbia

Year	Contract number	No of contracts	Euro
2006	Program: 06SER01 - Programme2006 Serbia	114.00	98,394,363.12
1	Project: 01 - Public Administration Reform - Public Finance	5	1,972,989.61
2	Project: 02 - Integrated Border Management	5	4,493,263.58
3	Project: 03 - Transport	3	4,454,200.00
4	Project: 04 - Trade and Agriculture	4	3,074,329.73
5	Project: 05 - Justice and Home Affairs	17	8,205,089.14
6	Project: 06 - Investment Climate	3	5,544,470.00
7	Project: 07 - Energy	7	11,012,597.51
8	Project: 08 - Minority Rights and Refugee Return	7	8,079,191.33
9	Project: 09 - European Integration	2	3,457,200.00
10	Project: 10 - Health	5	8,350,708.07
11	Project: 11 - Local/Municipal Government and Regional Economic Development	4	10,019,216.25
12	Project: 12 - Media	6	1,653,150.12
13	Project: 13 - Civil Society	1	4,500,000.00
14	Project: 14 - Reform of Statistical System	7	1,619,818.85
15	Project: 15 - VET and Labour Market	7	7,746,689.24
16	Project: 16 - Environment	3	9,999,108.65
17	Project: 17 - GTAF	13	1,328,177.17
18	Project: 19 - IPA programming	1	1,892,000.00
	Program: 06SER02 - NEIGHBOURHOOD PROGRAM		
19	Project: 01 - Italy	7	384,841.87
20	Project: 02 - NP Hungary	7	607,322.00
2005	Program: 05SER01 - EC PROGRAMME2005 SERBIA	249	169,401,251.65
21	Project: 01 - Public administration reform / Local development	2	3,937,602.48
22	Project: 02 - Justice and home affairs	21	13,363,144.21
23	Project: 03 - Energy	17	26,366,712.67
24	Project: 04 - Transport	12	11,249,227.83
25	Project: 05 - Environment	5	9,206,965.16
26	Project: 06 - Rural economy - agriculture	10	8,336,148.77
27	Project: 07 - Enterprise development & investment climate	8	30,299,923.75
28	Project: 08 - Returns and reintegration of refugees & IDPs	11	13,763,992.45
29	Project: 09 - VET	3	4,109,452.00
30	Project: 10 - Civil society	1	2,000,000.00
31	Project: 11 - Media	21	2,484,732.91
32	Project: 12 - GTAF	20	1,971,483.94
33	Project: 14 - European Integration	17	1,748,272.63
34	Project: 15 - Health	16	9,480,745.49
35	Project: 16 - Local Gov. and Regional Econ. Dev.	28	21,056,719.91
36	Project: 17 - Opening of the EC Community Programmes	1	872,500.00
	Program: 05SER02 - STATE UNION SERBIA 2005		
37	Project: 01 - Minority rights and refugees return	1	361,498.29
38	Project: 02 - Justice and home affairs	2	346,981.09
39	Project: 03 - Public administration reform	7	3,896,266.00
	Program: 05SER03 - Neighbourhood Programme for SERBIA 2005		
40	Project: 02 - Italy / Adriatic	7	248,037.08
41	Project: 03 - Hungary	10	949,126.00
42	Project: 04 - Bulgaria	11	932,993.11
43	Project: 05 - Romania	17	1,348,725.88
44	Project: 09 - Capacity building CBC	1	1,070,000.00

Year	Contract number	No of contracts	Euro
2004	Program: 04SER01 - ASSISTANCE PROGRAMME2004	395	260,027,258.58
45	Project: 01 - Public administration reform	8	20,696,210.83
46	Project: 02 - European integration	11	10,198,227.74
47	Project: 03 - Public administration reform - Health	20	5,350,989.09
48	Project: 04 - Justice and home affairs	17	12,460,899.82
49	Project: 05 - Integrated Border Management	4	68,960,901.41
50	Project: 06 - Energy	25	46,122,099.92
51	Project: 07 - Transport	8	13,554,018.25
52	Project: 08 - Environment	4	11,889,538.55
53	Project: 09 - Rural economy - agriculture	3	3,864,373.47
54	Project: 10 - Privatisation and enterprise development	31	11,930,016.40
55	Project: 11 - Local & municipal development	117	24,476,397.63
56	Project: 12 - Returns and reintegration of refugees and IDP's	10	8,788,167.54
57	Project: 13 - Vocational Education and Training (VET) & HR res.	23	7,760,997.46
58	Project: 14 - Civil society	25	3,797,197.75
59	Project: 15 - Media	14	3,096,548.25
60	Project: 16 - GTAF and Reserve	26	2,635,402.11
	Program: 04SER02 - PROGRAMME2004 NEIGHBOURHOOD		
61	Project: 01 - Hungary	13	973,762.85
62	Project: 02 - Bulgaria	12	994,677.11
63	Project: 03 - Romania	11	1,313,691.33
64	Project: 04 - CADSES	7	875,086.00
65	Project: 05 - Italy / Adriatic	6	288,055.07
2003	Program: 03SER01 - FIRST PROGRAMME2003	279	213,332,904.82
66	Project: 01 - Public finance management	13	11,562,708.56
67	Project: 02 - Public administration reform - general	2	1,249,954.01
68	Project: 03 - European integration - new union structures	61	7,960,350.19
69	Project: 04 - Public administration reform - health	27	11,077,704.31
70	Project: 05 - Justice and home affairs	14	10,494,283.41
71	Project: 06 - Privatisation and enterprise development	24	12,914,561.15
72	Project: 07 - Energy	30	75,585,503.15
73	Project: 08 - Transport	5	5,069,909.76
74	Project: 09 - Environment	10	9,105,648.04
75	Project: 10 - Rural economy - agriculture	12	6,391,463.70
76	Project: 11 - Local and municipal development	10	39,705,109.56
77	Project: 12 - VET	19	12,649,063.40
78	Project: 13 - Civil society	1	984,228.64
79	Project: 14 - Media	18	5,881,941.32
80	Project: 15 - project 15	33	2,700,475.62
2002	Program: 02SER01 - PROGRAMME1 2002	133	165,785,897.61
81	Project: 01 - Public administration reform	12	10,638,874.76
82	Project: 02 - Public health administration	19	5,398,803.55
83	Project: 03 - Energy	31	65,892,275.68
84	Project: 04 - Transport	8	41,650,717.62
85	Project: 05 - Enterprises	5	15,452,105.77
86	Project: 06 - Agriculture	12	5,694,160.99
87	Project: 08 - Environment	1	491,421.00
88	Project: 09 - Civil society / Media	8	2,824,999.77
89	Project: 10 - Technical and administrative assistance	22	2,637,779.16
90	Project: 11 - Integrated border management	12	9,645,143.61
91	Project: 12 - Justice and home affairs	2	3,471,305.67
92	Project: 14 - Vocational educational training	1	1,988,310.03
2001	Program: 01SER01 - ASSISTANCE PROGRAMME2001	288.00	189,603,052.29

Year	Contract number	No of contracts	Euro
93	Project: 01 - Energy	170	80,580,134.79
94	Project: 02 - Agriculture	8	18,761,291.17
95	Project: 03 - Enterprise Development	13	9,952,946.25
96	Project: 04 - Health	12	26,469,332.00
97	Project: 05 - Policy and Legal Advice Centre	1	6,000,000.00
98	Project: 06 - Technical and Administrative Assistance Facility	39	1,544,034.30
	Program: 01SER03 - SECOND TRANCH FOR 2001		
99	Project: 01 - Energy	26	27,366,744.28
100	Project: 02 - Health	2	4,991,607.00
101	Project: 04 - Enterprise Support	2	5,973,906.00
102	Project: 05 - Media	2	1,985,052.00
103	Project: 06 - Technical and Administrative Assistance Facility	12	978,005.40
104	Project: 07 - Integrated Border Management	1	4,999,999.10
2000	Program: 00SER01 - ENERGY FOR DEMOCRACY II	275	52,829,215.20
105	Project: 03 - EFD - Contingencies	1	964,982.36
	Program: 00SER02 - SCHOOLS FOR DEMOCRATIC SERBIA		
106	Project: 01 - Schools for Democratic Serbia - Grants	52	1,521,155.30
	Program: 00SER03 - EMERGENCY ASSISTANCE		
107	Project: 03 - Energy	22	23,244,255.83
108	Project: 04 - Municipalities	164	24,952,206.68
109	Project: 05 - Media	2	499,825.00
110	Project: 06 - Assistance	20	1,335,805.42
111	Project: 08 - ATA	14	310,984.61

3.6 General Evaluation Questions (EQs)

Relevance
EQ1: To what extent do the programmes/projects address the needs and priorities identified in the progress reports, SA agreements, strategy papers, partnerships and country/sectoral strategies?
EQ2: To what extent have the stakeholders in the beneficiary countries and in the line DGs been involved in the needs assessments and contributed to the design of the programmes/projects?
EQ3: To what extent the programmes were designed in a manner relevant to the needs and problems identified in the partner countries?
Efficiency
EQ4: To what extent have the outputs of the projects been produced, to which costs have they been produced and have they been produced in time as planned?
EQ5: Could similar results have been achieved at a lower cost or more results to the same costs (value-for-money)?
EQ6: To what extent have the beneficiaries been ready to absorb the cards funding and the pre-conditions for implementing the projects been in place?
Effectiveness
EQ7: To what extent have the operational objectives of the programmes/projects been achieved or are in the process of being achieved with respect to planning provisions?
Impact
EQ8: To what extent have the projects/programmes' interventions produced political, social, economic or environmental impacts?
Sustainability
EQ9: Are the results and impacts of the programmes/projects likely to continue after EC funding ends?
Cross cutting issues
EQ10: To what degree do the programmes respect issues of gender, environment, minority inclusion and complementarity with the CARDS regional programme and those of other donors, notably EU member states?

3.7 Financial analysis of programme portfolio

3.7.1 Overall analysis of all projects

In the period 2000 to 2006, the CARDS programme for Serbia has engaged a budget of €1.08 billion. The annual contracted budget increased from 53 M€ in 2000 to a peak of 213 M€ in 2003. Average annual contracted budget was 164 M€.

The programme started with small contracts of less than 200,000 € in the average in 2000. Project sizes then increased to an average of 624,000 € with an exceptional peak of 1.2 M€ in 2004. All in all 1.733 contracts were issued during the 7 years (average of 248 contracts per year) with a large variation between 114 and 395 per year.

Figure 1: Annual CARDS contracted budget in Serbia (million €)

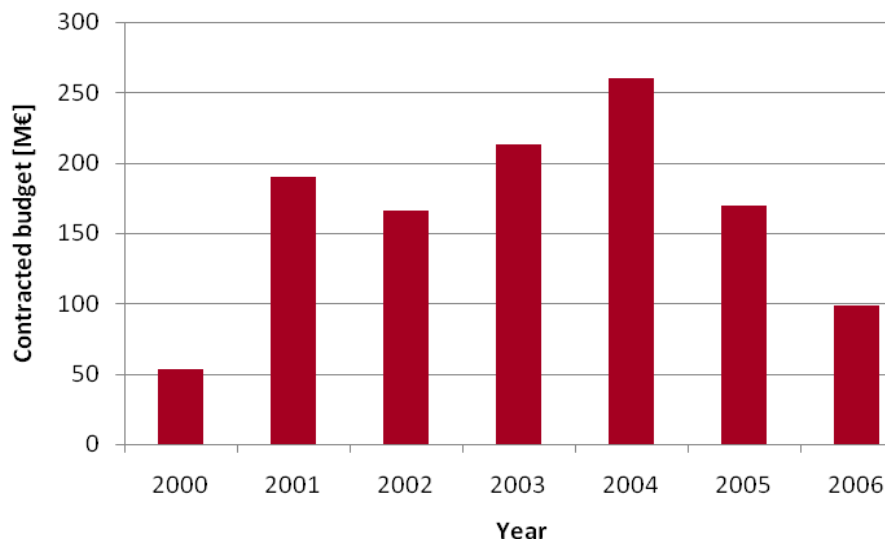
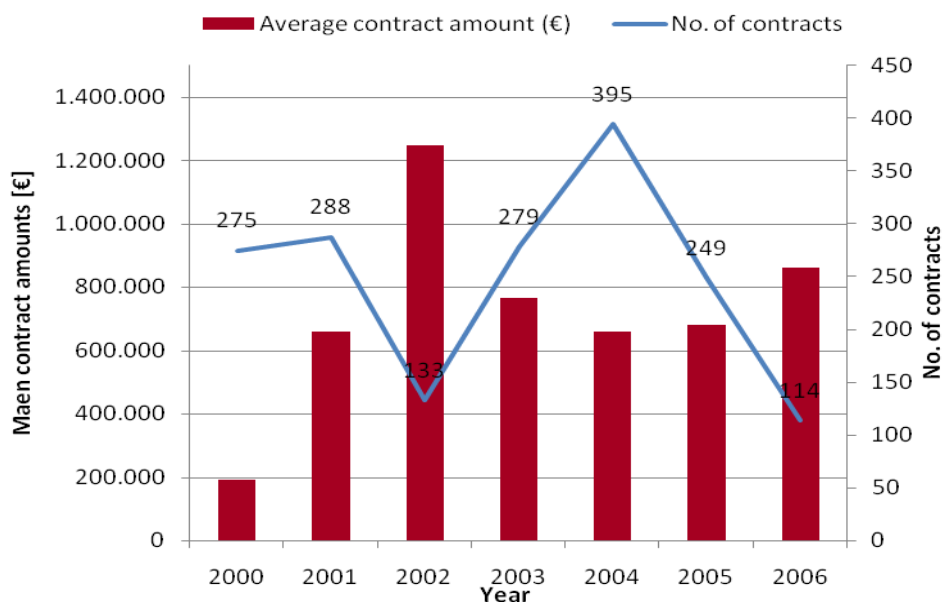


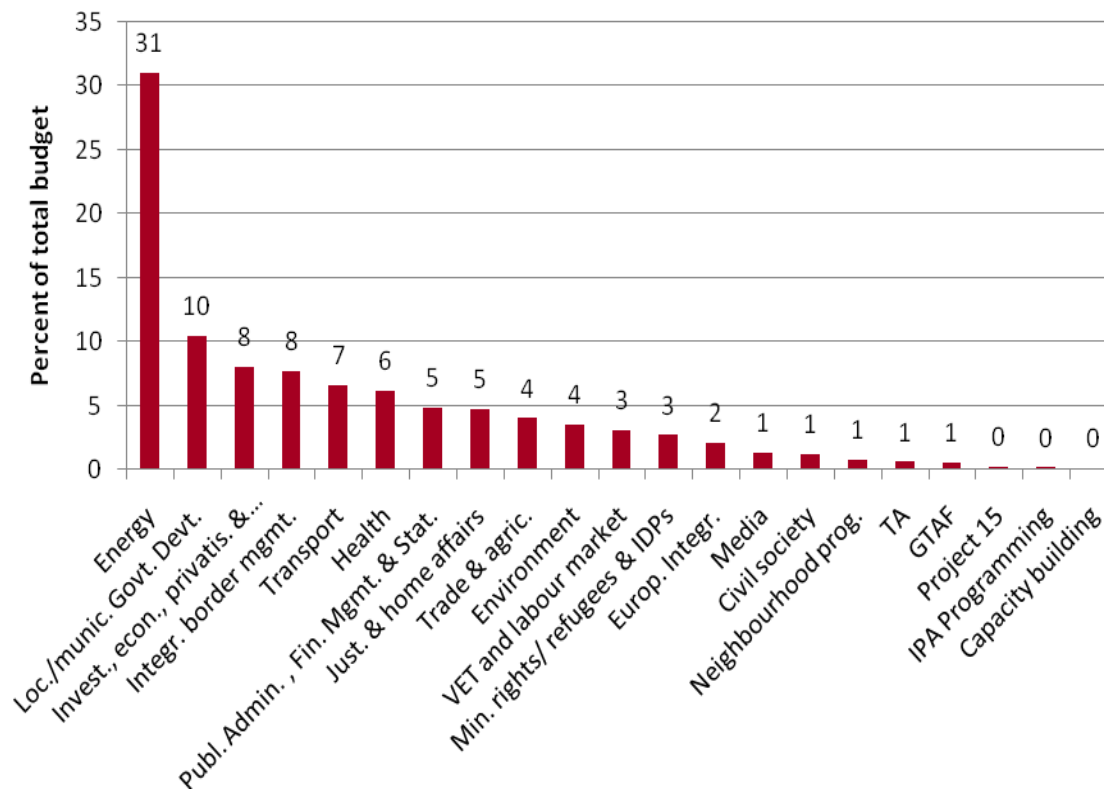
Figure 2: Average contract amounts (€) and number of contracts per year in Serbia



Distribution of funds across all sectors shows a very pronounced focus on the energy sector, which received 31% of all allocated CARDS funds in Serbia during the period. Less funded but still important were the investments in the sectors of local and municipal government development (10%), economic growth/enterprise development and border management (each

8%) and transport and health (7% and 6%, respectively). All other sectors received 5% or less.

Figure 3: Distribution of overall contracted budget across sectors in Serbia (%)



In terms of different support categories, the next figure shows that nearly 450 M€ (41%) of the funds have been allocated to technical assistance and twinning, around 340 M€ (31%) to infrastructure projects and about 220 M€ (21%) to supply of different equipment. Three per cent of the total budget was allocated for studies (feasibility studies, thematic studies, evaluations) and 2% each for financial assistance contracts and for supervision contracts (especially for infrastructure projects).

Figure 4: Distribution of overall contracted budget across support categories (in %)

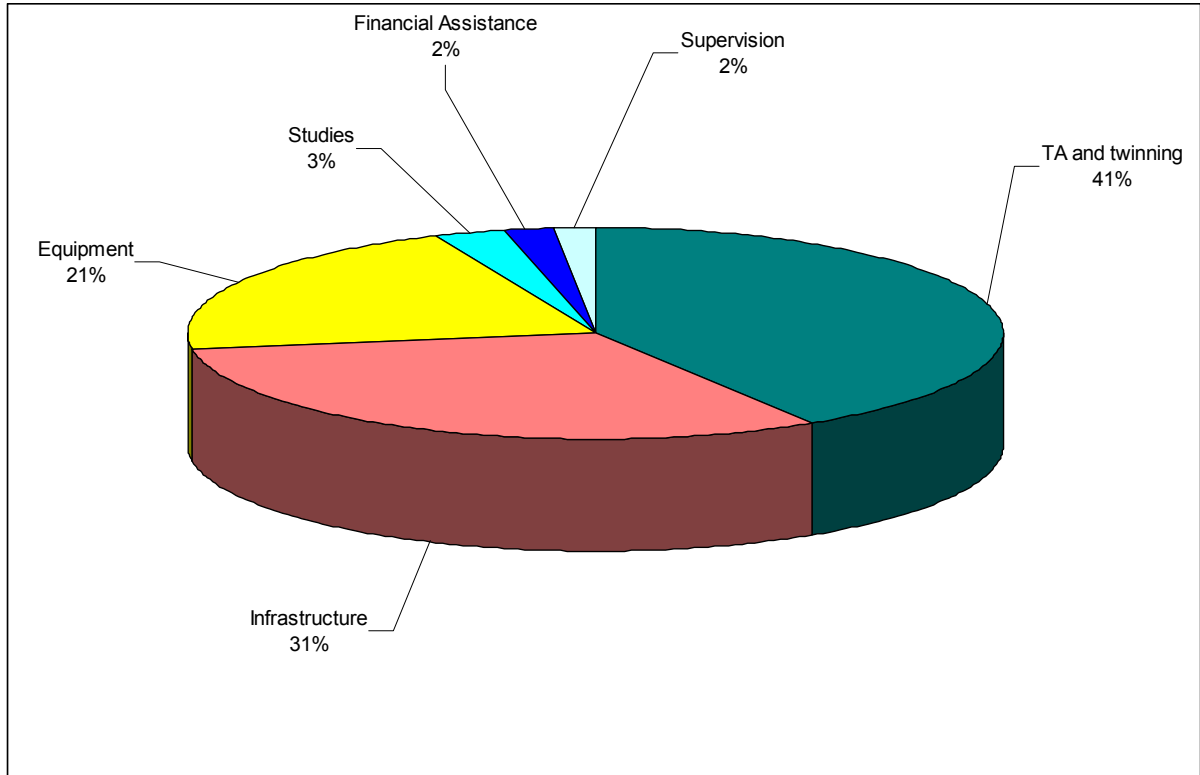
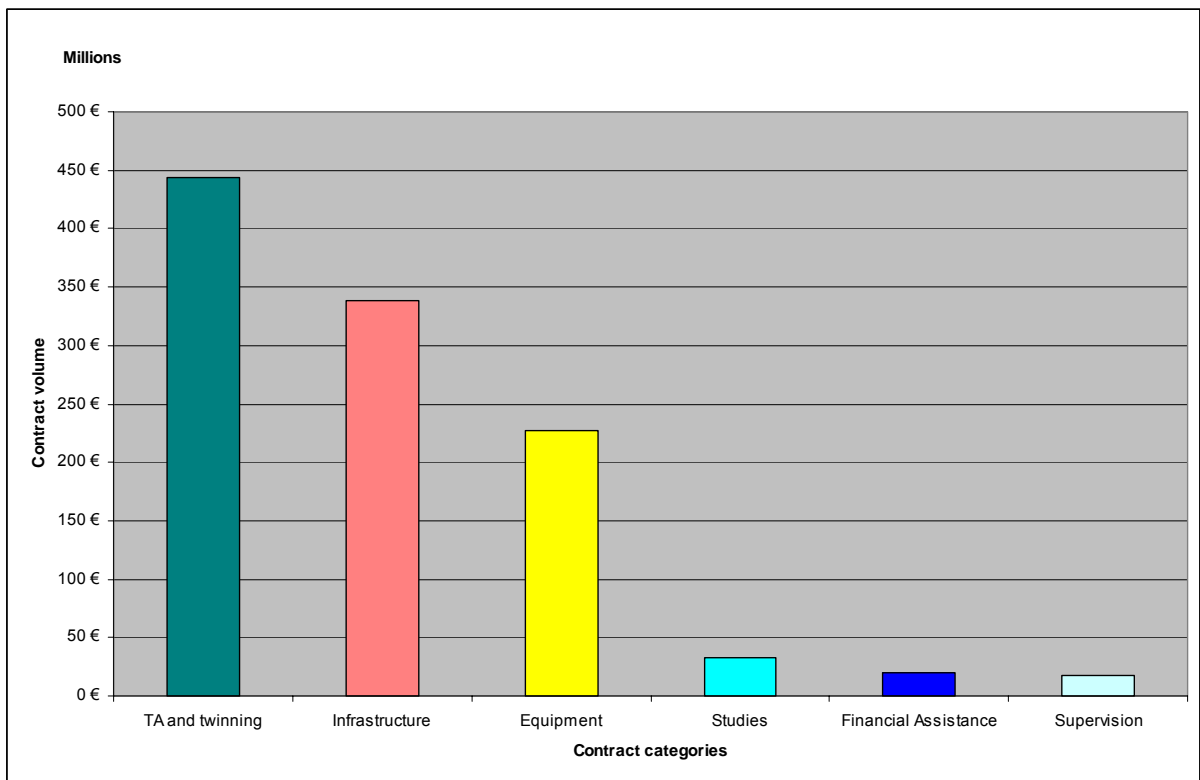
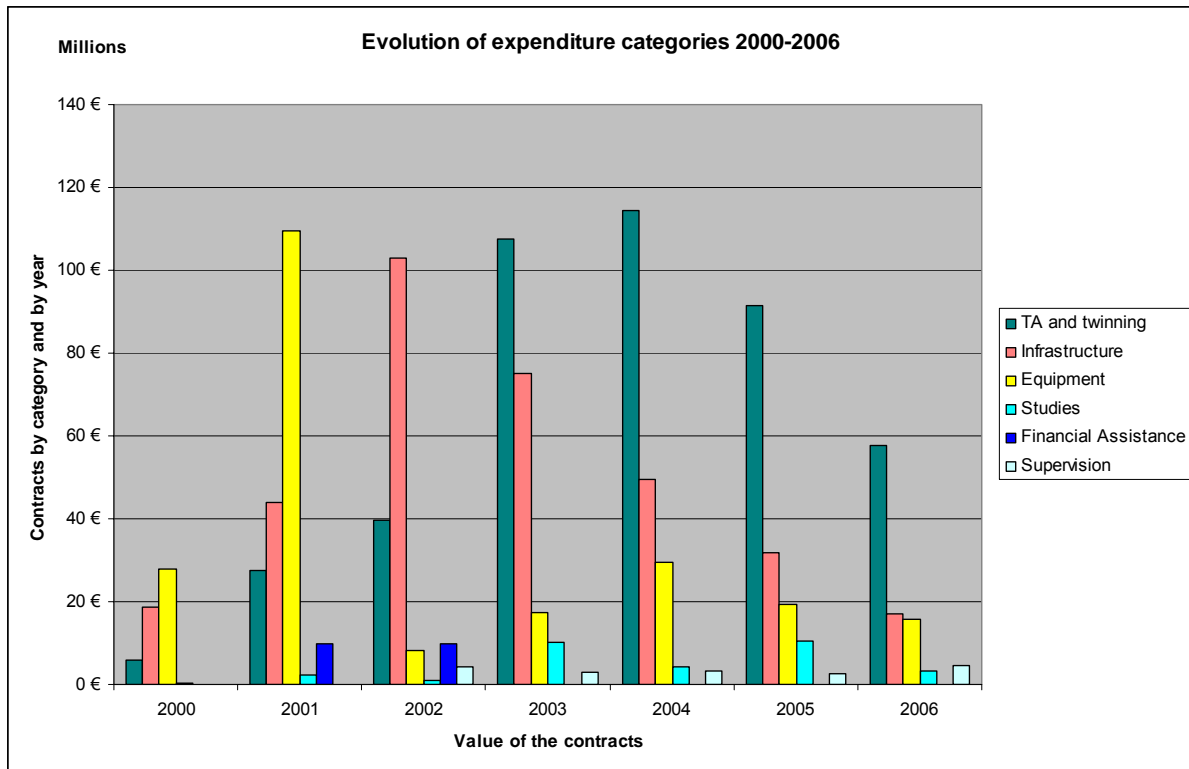


Figure 5: Distribution of overall contracted budget across support categories (in volumes)



The evolution of the expenditure categories during the seven years of CARDS programme was quite variable. Whereas in the first two CARDS years the focus has been on the supply of equipment and on infrastructure contracts, while only marginal technical assistance was provided. Since 2003, technical assistance has gained importance and represented the most important support of the EC until the end of the CARDS programme, even if in 2006 its absolute value decreased considerably. The following figure shows also that the CARDS support to Serbia in 2006 had declined as compared to the years 2001 to 2005.

Figure 6: *Distribution of overall contracted budget across expenditure categories*



A.

An analysis of the allocation of CARDS funds by sector and by year in the next table shows that four or five sectors have been supported only during 1 to 3 years⁶, while other sectors were assisted during the entire programme duration i.e. Energy, Agriculture, Local Government and Development, Economic Development and Health.

⁶ For ex. Cross-Border Cooperation, Neighborhood Programme, Public Finance and Telecommunication.

Table 2: Distribution of overall contracted budget across sectors and years

	2000	2001	2002	2003	2004	2005	2006	2000-2006
Agriculture		18.761.291 €	5.694.161 €	6.391.464 €	3.982.203 €	8.336.149 €	3.074.330 €	46.239.598 €
Civil Society				984.229 €	3.797.198 €	2.090.826 €	4.500.000 €	11.372.252 €
Cross-border cooperation	1.647.790 €	978.005 €	2.825.000 €					5.450.795 €
Economic Development		15.926.852 €	15.452.106 €	13.099.428 €	11.930.016 €	16.855.997 €	13.390.930 €	86.655.329 €
Education	1.521.155 €		1.988.310 €	12.649.063 €	7.760.997 €	4.109.452 €		28.028.978 €
European Integration				7.962.003 €	10.198.228 €	2.620.773 €	3.457.200 €	24.238.203 €
Energy	24.209.238 €	107.946.879 €	65.892.276 €	75.697.145 €	46.122.100 €	26.366.713 €	11.012.598 €	357.246.948 €
Environment			491.421 €	9.105.648 €	12.118.653 €	9.378.986 €	9.999.109 €	41.093.816 €
Health		31.460.939 €	5.399.004 €	11.242.604 €	10.407.176 €	9.528.992 €	8.362.408 €	76.401.123 €
Integrated Border Management		4.999.999 €	9.645.144 €	942.887 €	6.260.543 €	1.235.439 €	7.147.580 €	30.231.590 €
Justice and Home Affairs			3.471.306 €	9.634.740 €	12.609.529 €	12.758.914 €	5.618.181 €	44.092.670 €
Local Governments	24.952.207 €	4.000.000 €		39.705.110 €	24.744.999 €	21.056.720 €	10.019.216 €	124.478.251 €
Media	499.825 €	1.985.052 €		5.881.941 €	3.096.548 €	2.484.733 €	1.680.134 €	15.628.234 €
Neighborhood Programme					4.445.272 €	4.548.882 €	992.164 €	9.986.318 €
Others		7.551.021 €	2.637.779 €	1.527.653 €	854.108 €	628.269 €	4.086.687 €	17.285.516 €
Public Administration			10.638.875 €	1.249.954 €	20.696.211 €	5.834.558 €	320.569 €	38.740.168 €
Public Finances				11.562.709 €		1.999.310 €	2.043.445 €	15.605.463 €
Post-crisis assistance				187.560 €	8.788.168 €	14.188.459 €	8.235.613 €	31.399.800 €
Telecommunication				29.141 €				29.141 €
Transport			41.650.718 €	5.479.627 €	13.554.018 €	11.614.088 €	4.454.200 €	76.752.651 €
All sectors	52.830.215 €	193.610.039 €	165.786.098 €	213.332.905 €	201.365.966 €	155.637.259 €	98.394.363 €	1.080.956.845 €

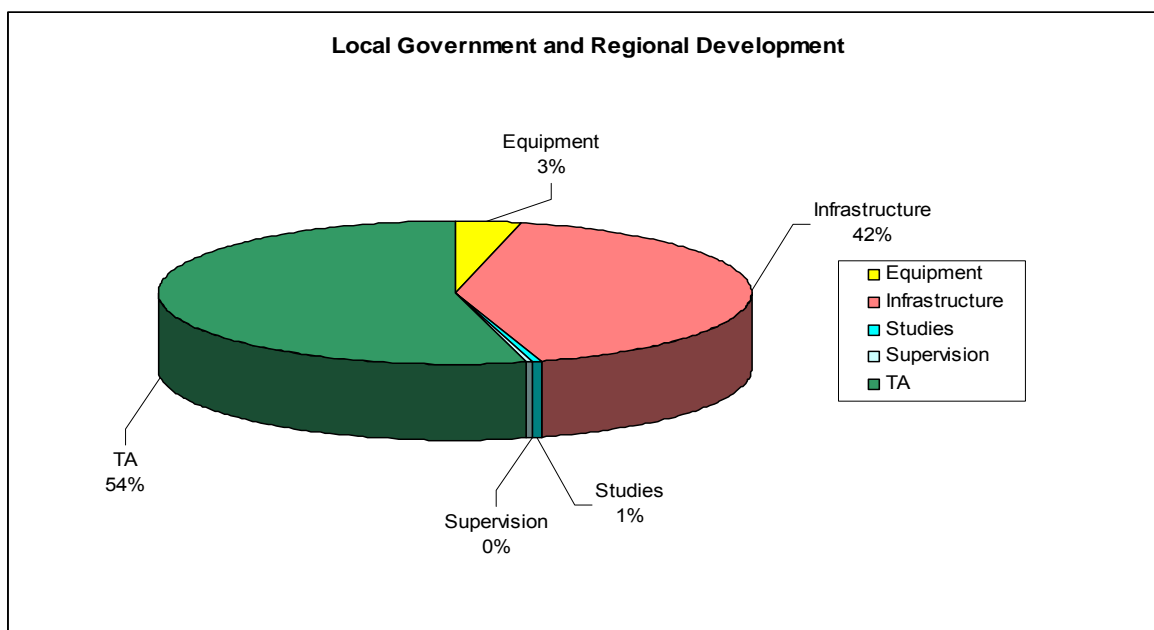
3.7.2 Analysis of sectors selected for the evaluation

Local government and regional development

Despite the fact that the energy sector had the biggest share of all funds, more than 128 M€ has been spent for the promotion of **local government and regional development**.

Almost half of the total CARDS funds in the sector have been disbursed for infrastructure (42%) and supply contracts (3%). 54% of the contract volume was allocated to technical assistance. Only 3% went to equipment investment and 1% to studies.

Figure 7: Allocation of CARDS-funds in the sector of Local Government



B.

In the first years, the assistance has been focussed on infrastructure and supplies to rebuild the country after the NATO air raids in 1999. In 2003, the EC support for municipalities has been enlarged to *local governance* (Municipal Support Programme North-Eastern Serbia with 6.7 M€), *infrastructure* (Municipal Infrastructure Agency Support Programme - 4.7 M€) and PPP Project for Water and Wastewater Treatment - 1.5 M€) and *local and regional development* (Municipal development in South West Serbia Sandzak Region – 2.2 M€).

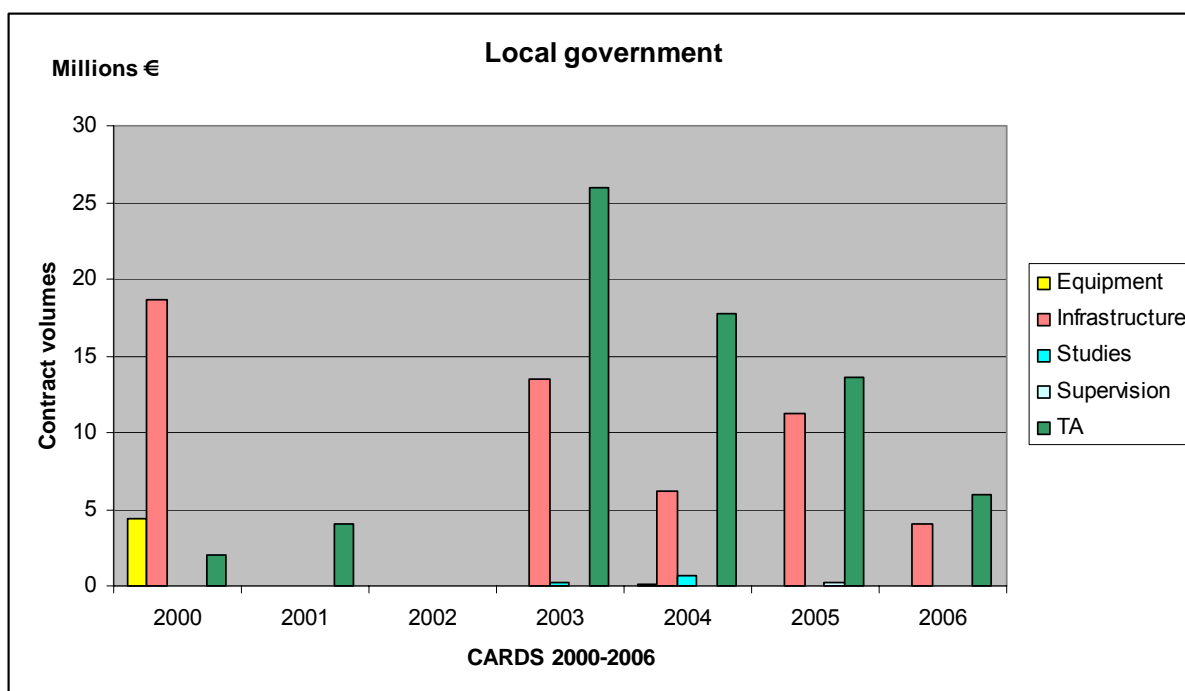
Thereafter, CARDS maintained an important *infrastructure component* with the Municipal Infrastructures Investments Support Programme (3.5 M€), but *regional development components* were introduced by the Inter Regional Cooperation Support Programme (2.5 M€). TA to *enhance local governance and their cooperation capacities* has been realised by an Exchange Project for EU Models of Local Governance (1.1 M€) and a Cross-Border Cooperation Support Programme for Local Municipalities (0.9 M€).

In 2005, *infrastructure support* continued with a Road Rehabilitation Programme for the Eastern Serbia (4.7 M€), but the *technical assistance to local governments* represented the most important support with (i) The Municipal Improvement and Revival Programme (6.5 M€) strengthening local government and supporting inter-municipal social and economic development in Southern Serbia, (ii) the Municipal Support Programme North-Eastern Serbia, which continued with an additional budget of 6.7 M€ and (iii) a programme with the Council of Europe to strengthen local self-government (1.5 M€).

The last year of CARDS continued the support to inter regional cooperation (1.5 M€) and capacity building for local governments (4.5 M€). Promotion of industrial zone infrastructure has been supported by another 4 M€ contract.

The following figure shows that the support to local governments and regional development has been quite selective in the beginning of CARDS with, however, a total break in 2002. A continuous support with TA and infrastructure projects is only visible since 2003.

Figure 8: Expenditure in the local government sector 2000-2006



C.

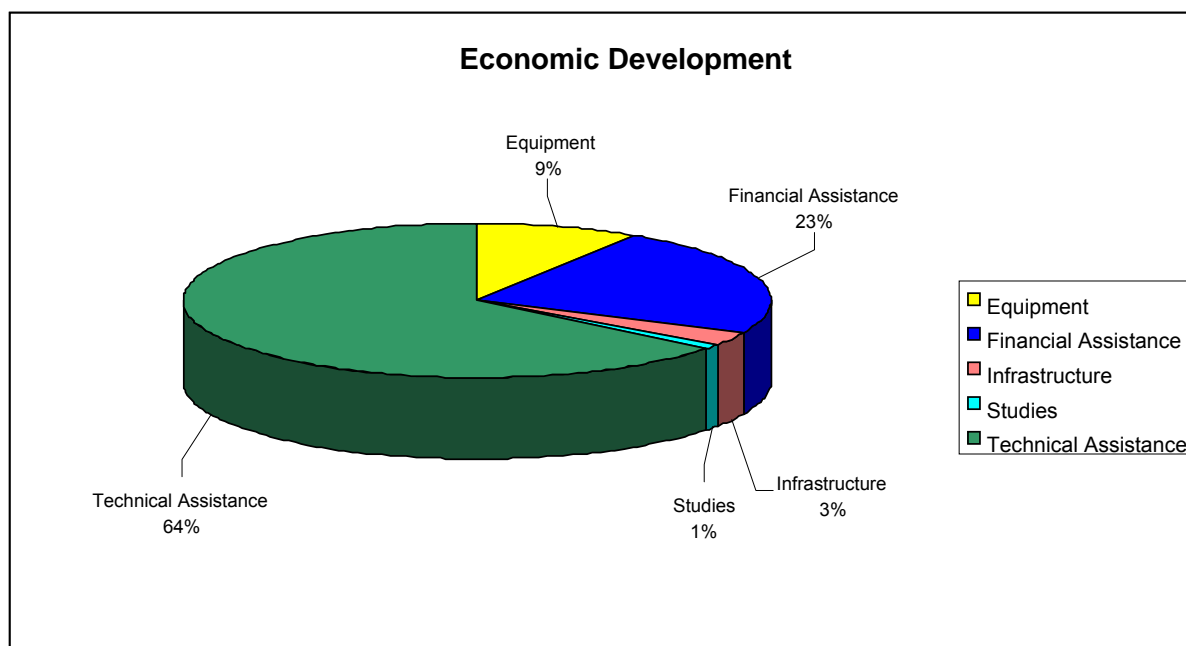
Economic Development

The economic development sector constitutes the third most important intervention sector of the CARDS programme 2000-2006. More than 86 M€ were spent to promote economic growth through private enterprise development and the creation of a generative investment climate.

In this sector, the TA component was dominant with 64% of the overall budget. Four financial assistance contracts over 5 M€, each, amounted to 23% of the support. Supply contracts for equipment represented about 9% and infrastructure projects 3% of the contract volumes. About 1% of the budget was spent for studies and evaluations.

During 2001 and 2006, the annual assistance for Economic Development varied between 12 and almost 17 M€/year. In the first CARDS year (2000), no Economic Development projects were in the portfolio.

Figure 9: Allocation of CARDS-funds in the field of economic development (in categories)



In 2001, the CARDS assistance in this sector started with support projects for enterprises and the national credit system through the Federal Republic of Yugoslavia (FRY) National Bank: TA for support to the FRY National Bank (550,000 M€), a finally 10 M€ fund for SME, a project for restructuring of three state-owned companies (970,000 €) and another, non-financial support for SME (3.6 M€).

In 2002, the EC launched with the German Ministry of Economic Cooperation and Development and other donors the European Fund for Serbia, which aimed through credit agreements with Partner Banks, accompanying consultancy, training and portfolio monitoring services to support the restructuring of Serbia's economy. This fund was supported with 5 M€. Additionally, CARDS 2002 continued to spend funds to the credit line for SME (5 M€) and financed a TA for a SME revolving credit facility (1.5 M€). Two further support projects for the restructuring of the Serbian industry provided more than 2 M€ for the chemical industry and 1.98 M€ for the metal industry.

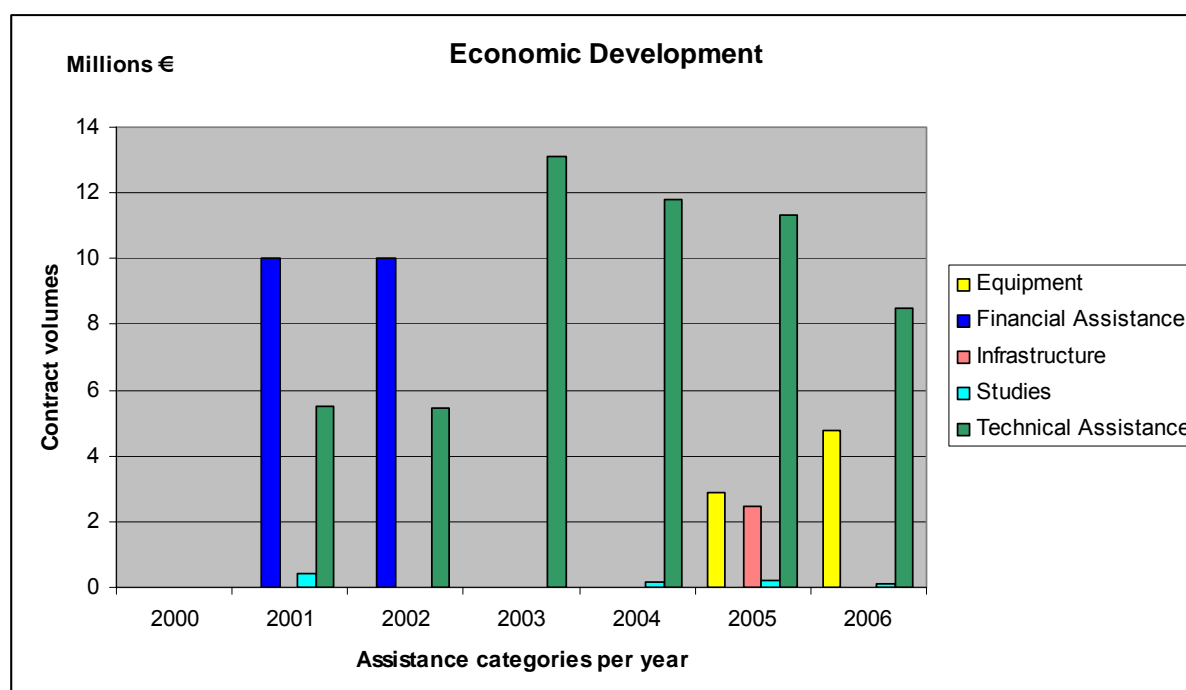
CARDS continued - during 2003 - the Development Programme for SME and the Support of Privatisation and the Economic Restructuring Process (1.4 M€). Furthermore, a Decentralisation Programme of Privatisation Agency (2 M€) was included. A new course in the promotion of economic development has been set with two contracts supporting an Export Development Programme (1.8 M€) and a Regional Socio-Economic Development Initiatives Programme (2.4 M€).

The Promotion of SME and Enterprise Development (with an overall budget of about 8 M€) continued to be an important focus of the CARDS assistance in 2004. These projects have been accompanied by a project to encourage the investment climate in the country (3.5 M€). Besides the sectors already funded by then (Privatisation and enterprise restructuring EC support managed by the World Bank with 6.5 M€ and an EC and EBRD project for restructuring and development of SME (TAM Programme, 2.5 M€), CARDS 2004 supported two new kinds of intervention in the field of infrastructure and equipment: (i) the Rehabilitation of the Middle Danube River Basin and Inland Waterway System of Serbia (975,000 €) and the Revitalisation of Navigation Locks at Djerdap (1.5 M€) and (ii) two supply contracts for the provision of digital photomaps (2.9 M€) to enhance the cadastral geographic information system in Serbia.

The last year of the CARDS programme tied in with former projects: the fourth phase of the Project for Privatisation, Restructuring and Development of SME (4 M€) and Technical Support to Enterprise Policy and Innovation (1.5 M€). Another intervention in the economy sector constituted a real re-steering of the EC assistance policy in Serbia. In 2006, as a follow-up to the CARDS 2002 Pilot Training/ Re-training Programme for the Redundant and Unemployed and the CARDS 2004 Employment Support Programme, the national employment policy and services were supported with three important contracts: (i) The Support to the Development of National Employment Policy (1.5 M€), (ii) the Modernisation of the National Employment Service (1.5 M€) and (iii) IT equipment for projects in Vocational and Educational Training Programme (VET) and employment services (3.6 M€).

All in all, the Economic Development sector benefited from a continuous and important support in the field of enterprise restructuring and development with a strong emphasis on privatisation efforts. Other inputs were more punctual, for instance the assistance for the restructuring of industries and particularly the support of the national employment policy and services.

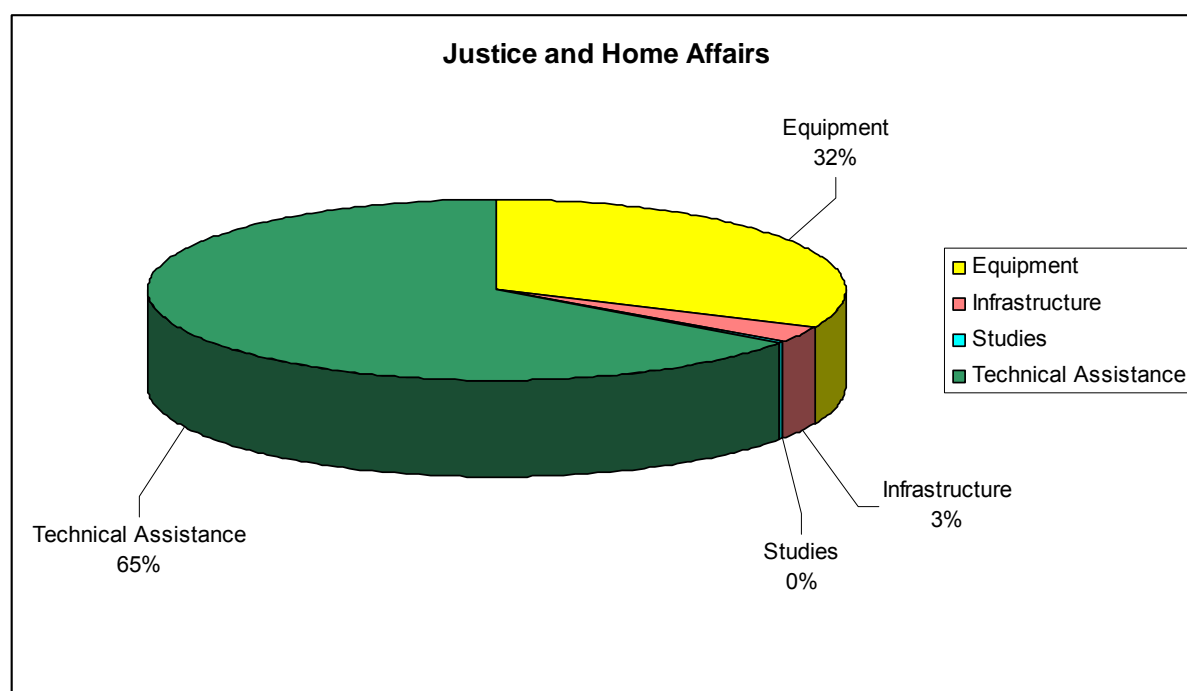
Figure 10: Expenditure in the Economic Development sector 2000-2006



Justice and Home Affairs

With almost 44 M€, the support to the Justice and Home Affairs (**JHA**) sector was only about half the size of the support given to the previously mentioned economic sector. 65% of JHA-funds were allocated to Technical Assistance and more than one-third of the funds to equipment contracts. Infrastructure projects played a minor role in the sector, with only 5% of the total budget.

Figure 11: Allocation of CARDS-funds in the Justice and Home Affairs sector



The support in the Justice and Home Affairs sector started only in 2002 with an increasing TA budget until 2004 (10.2 M€) in order to drop abruptly in 2005 and 2006 (only 2.2 M€). In these two last years, supply contracts were quite important with 8.4 (2005) and 3.4 M€ (2006). Some infrastructure measures have also been realised in 2003 with an amount of 1 M€.

In the 2002, JHA support started with *TA contracts* to reform the judicial system and to develop the civil register (3.5 M€). The reform project continued also in 2003 by the Implementation of the National Judicial Reform Strategy (0.9 M€) and an infrastructure project to renovate and maintain a district court (1 M€). Another important TA-project supported the law enforcement agencies with an overall budget of about 4.7 M€.

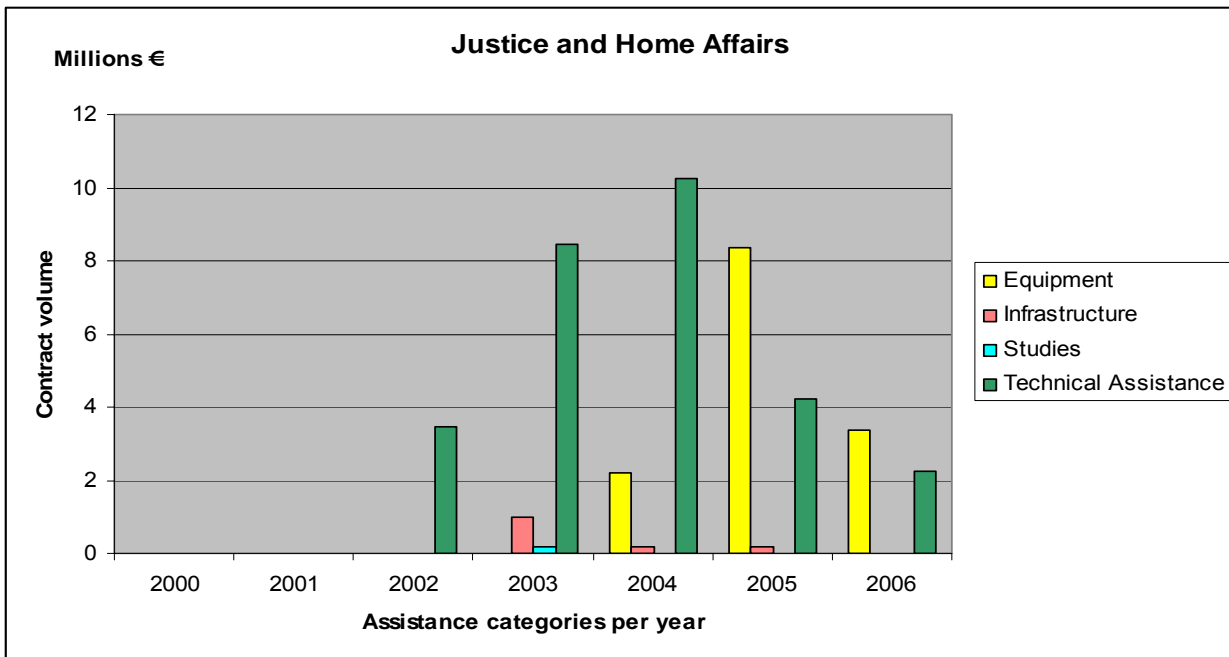
As already mentioned, the CARDS programme 2004 furnished the highest TA support in mainly three fields: (i) Support for a judicial training centre (2.5 M€), (ii) support to court administration including IT-training (with an overall budget 5 M€) and (iii) capacity building and strengthening of the Ministry of Justice (1.4 M€). An important funding has also been given to security by several supply contracts for DNA and biological testing equipment and instruments (about 2.7 M€).

In 2005, the focus remained on security issues with a TA project for the Capacity Building and Strengthening of the Department of the Organised Crime (1.1 M€), another Project against economic crime implemented by the Council of Europe (1.5 M€) and a couple of supply contracts for the equipment of the crime and criminal police directorate with an overall amount of about 7 M€. Further new IT equipment was given to the Ministry of Interior and to selected courts (1.8 M€).

The CARDS budget for 2006 has also put emphasis on security issues with a couple of contracts for the equipment of correctional institutions (with an overall amount of about 3.3 M€). A TA project enhanced the High Judicial Council (2 M€).

To sum up, the CARDS support in the JHA sector has mainly focussed on two areas: (i) reform of the judicial system and improvement of the judicial infrastructure (approximately two-thirds of the total JHA funds) and (ii) improvement of security by the fighting against crime (one-third of the funds). Technical assistance contracts have been quite dominant with 28.6 M€. Equipment and infrastructure contracts accounted for 15.3 M€.

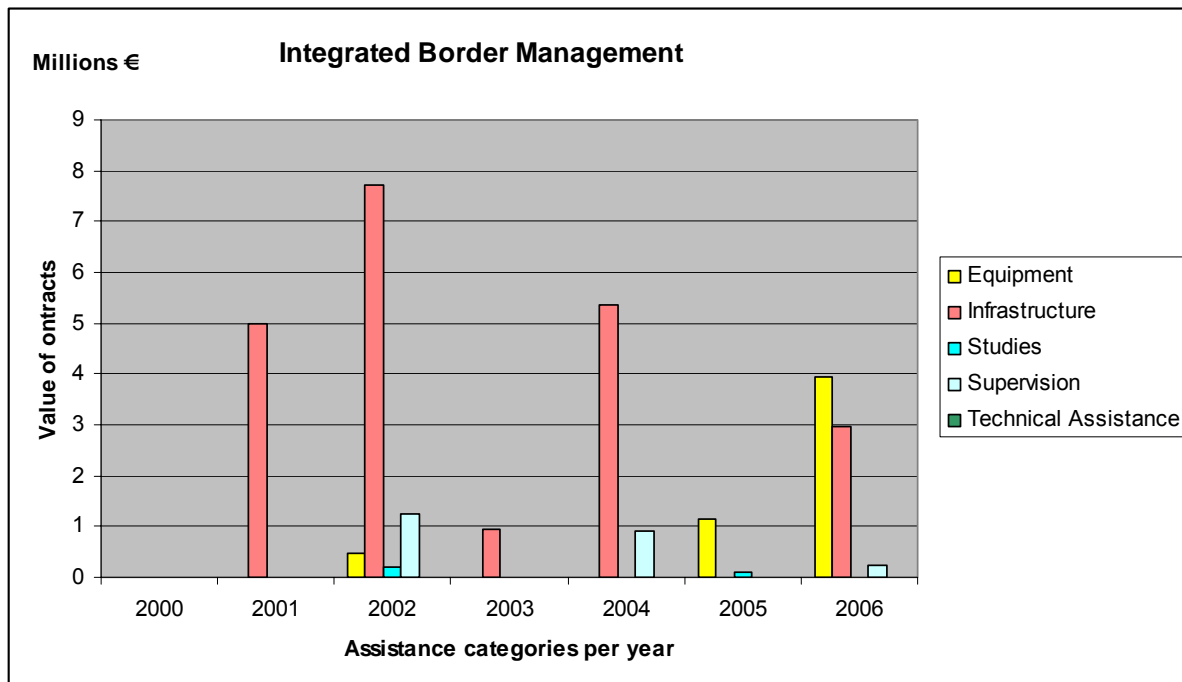
Figure 12: Expenditure in the Justice and Home Affairs sector 2000-2006



Integrated Border Management

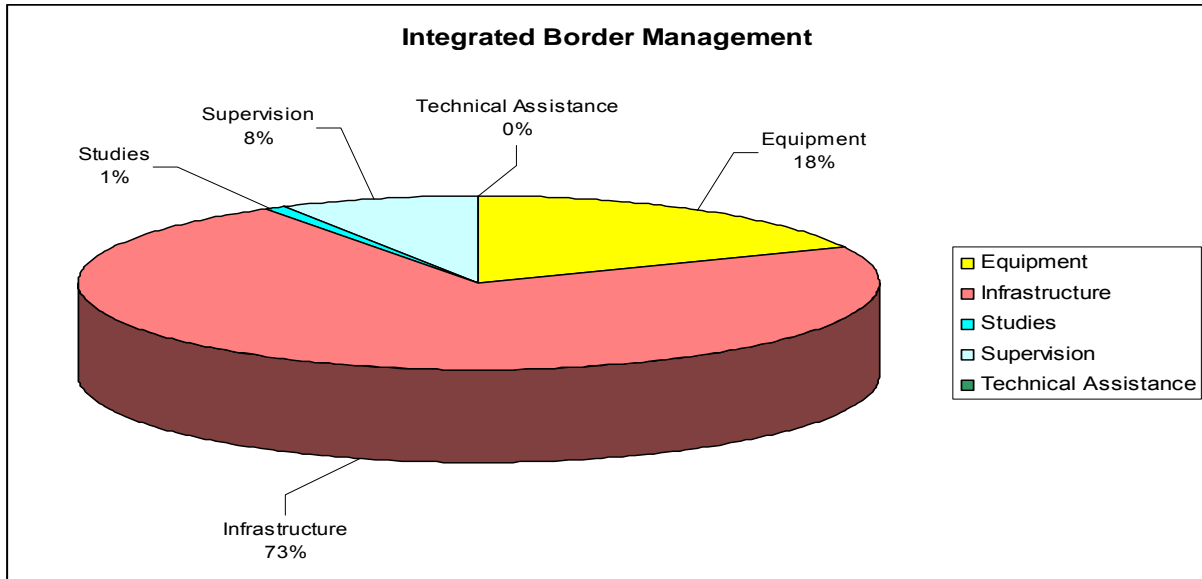
The total assistance for the Integrated Border Management (IBM) during the review period amounted to approximately 30.2 M€. The support was concentrating on the following years: 2001-2002, 2004 and 2006 with an average support of 7 M€. In 2003 and 2005, however, the CARDS funds for IBM achieved only around 1 M€.

Figure 13: Expenditure in the Integrated Border Management sector 2000-2006



Infrastructure projects took the biggest share of the assistance budget with 73%, followed by supply contracts for diverse equipments (18%) and supervision contracts for the infrastructure measures (8%). However, there were no substantial TA contracts in this sector.

Figure 14: Allocation of CARDS-funds in the field of Integrated Border Management (in categories)



The IBM support started in 2001 with the infrastructure project Construction of Border Crossing Horgos Phase 1 (5 M€). This project continued in 2002 with additional funds (4.2 M€ for infrastructure works and 0.6 M€ for supervision). Other infrastructure projects followed with the Batrovci Border Crossing Infrastructure Contracts (3.5 M€ for the first lot and 636.000 € for supervision). Another activity was the provision of customs equipment with an overall amount of 460,000 €.

In 2003, border crossing infrastructure was financed with 1 M€ and some TA-contracts to the law enforcement agencies of the border police were signed for 4.8 M€ (this TA was already considered in the JHA-chapter).

CARDS 2004 started with a new Border crossing project at Presevo (5.6 M€). In addition, the programme continued the existing projects from the previous years (Horgos border crossing and Batrovci border crossing infrastructure) with together 660.000 €.

In 2005, the border police was equipped with new road vehicles (1.1 M€) and a study for the renovation of the Dimitrovgrad Railway Station was funded (97,000 €). This study constituted the focus of CARDS 2006 on the renovation with a total contract amount of 3 M€. Other contracts concerned the supply of equipments for the custom administration and border police (2.7 M€) and the procurement and monitoring of supplies for secondary border crossing (250.000 €).

All in all, IBM-support in Serbia was limited regarding the immense need on new cross border infrastructure. Technical assistance was also limited in this sector.

3.8 Scope and methodology of the evaluation

3.8.1 Scope of the evaluation

The scope of the retrospective evaluation in the Republic of Serbia consisted of projects and programmes funded under CARDS assistance between 2000 and 2006. During the evaluation inception phase, the CARDS sectors displayed below were selected based on the following criteria:

Table 3: Selected CARDS sectors according to different selection criteria

Criterion	Sector Ranking
Portfolio analysis	<ul style="list-style-type: none"> ▶ Energy (31% of budget) ▶ Local and municipal government development (10% of budget) ▶ Economic development (8%) ▶ Integrated border management (8%)
Utility analysis table	<ul style="list-style-type: none"> ▶ Agriculture and rural development ▶ Institutional building ▶ Justice and home affairs ▶ Environment
Opinions expressed during kick-off	<p>Energy not to be included (explicitly stated during the kick-off meeting)!</p> <ul style="list-style-type: none"> ▶ Justice and home affairs ▶ Local and municipal government development ▶ Economic Development
Availability of already existing EAR evaluations	Almost In all sectors one or several evaluations have been commissioned by the EAR during the last years (please see list of available evaluation reports in the annex).
Responding to the present global challenges	Economic development

Based on the above pre-selection, the following sectors for Serbia were agreed upon by DG ELARG and the Delegation:

- Institutional strengthening of local and municipal governments (was cited as priority area by all interviewed people and covers around 10% of the entire budget).
- Economic development (was cited as priority area by all interviewed people and covers around 8% of the entire budget).
- Justice and home affairs (cited as priority area by all interviewed people and covering around 5% of the entire budget).
- Integrated Border Management as a special sector (2.8% of the entire budget)

The detailed list of projects in the selected sectors, which have been covered by desk research and the field-mission, is provided in Annex 3.4. The evaluated project sample covers 81% of the project portfolio in the four sectors and 24 % of the whole project portfolio.

The evaluation process put more emphasis on the period 2003-2006 because (i) older projects were already evaluated by the EAR in the past and the evaluation and monitoring reports contained sufficient information, especially for the period 2000-2002 and (ii) the retrospective evaluation was supposed to concentrate on the on-going or recently finalised projects.

After discussions with the EC Delegation in Belgrade, the consultant team focused for the field mission on the following projects within the four selected sectors:

Local and Municipal Development

- Municipal Infrastructure Agency Support Programme (MIASP) – CARDS 2003/2004
- Municipal Infrastructure Support Programme (MISP) – CARDS 2006
- Municipal Support Programme North East Serbia (MSP NE) – CARDS 2005/2006

Economic Development

- Support to Enterprise Development and Entrepreneurship Programme (CARDS 2004)
- Non-financial Support for the SMEs in Serbia (CARDS 2001)
- Export Development Programme (CARDS 2003)

Justice and Home Affairs

- Judicial Training Centre (CARDS 2004)
- Assessment of the Implementation of the National Judicial Reform Strategy (CARDS 2004)
- Implementation of the Judicial Reform Strategy – TA in the Establishment of High Judicial Council (HJC) and High Prosecutorial Council (HPC) – CARDS 2006

Integrated Border Management

Integrated Border Management was analysed as a whole (CARDS 2001, 2002, 2004, 2006) with a focus on:

- supporting the (re-)construction of border crossings Horgos, Batrovci and Presevo
- with (where relevant) an additional short review of basic (pre-conditional) elements regarding strategy and institution building

3.8.2 Evaluation process and methodology

The evaluation consisted of four phases: inception, implementation, reporting and debriefing phase. It involved desk research of available documentation during the inception and implementation phase and interviews during the field phase to assess the results and impacts of the projects.

The Inception Report was approved on 16th January 2009 and allowed a timely start of the field mission during the period from 19th to 29th January 2009.

The methodology followed closely the EC Interim Evaluation Guide and the Development Assistance Committee (DAC) evaluation criteria: relevance, efficiency, effectiveness, impact and sustainability.

The desk analysis drew on the progress, monitoring and evaluation documents available within DG Enlargement and the EAR. Moreover, it took into account the reports produced by the beneficiaries and/or implementing agencies in the country. The initial findings have been completed by further document analysis and interviews with stakeholders, intermediaries and beneficiaries during the field phase.

The analysis of CARDS has been done on three levels, which covered:

- i. All CARDS programmes during the evaluation period 2000 to 2006: A general financial analysis of the distribution of all CARDS programmes across sectors, assistance categories and allocated budgets.
- ii. All CARDS programmes under selected sectors: A similar portfolio analysis as under (i) has been performed for the selected sectors in order to get the information on the year-wise evolution and structure of expenditures of each of the selected sectors.
- iii. A sample of projects and programmes that were selected from these sectors: Based on results of the budget distribution and indication of important sectors by staff of DG ELARG and the EC Delegation, a judged sample of 11 projects in four sectors has been analysed in depth during field visits and meetings with relevant stakeholders, for example non-state actors, local authorities and different targeted groups. The project-specific document analysis was enriched by individual and group interviews with project staff, implementing institutions (Ministries, NGOs etc.) and direct beneficiaries.

Specific results for these projects have been complemented by larger assessments of the CARDS programme through available documentation and interviews with higher level institutions i.e. the EC Delegation, the national stakeholders represented by the national agencies and line ministries, the national authorities with intra-sectoral competence, such as the National Aid Coordination (NAC), the National Instrument for Pre-Accession (IPA) Co-ordinator (NIPAC) and the National Authorising Office (NAO).

The performances of selected sectors were rated according to the DAC criteria.

The contract was managed by E.4 and steered by the contact group consisting of E.4 representatives, two desk officers, two EC Delegation representatives and four representatives of the National IPA Coordinator.

An early warning to indicate major weaknesses already during the evaluation process, as described in the Interim Evaluation Guide,⁷ was not necessary.

In order to allow a systematic analysis of information and the subsequent comparison and aggregation of results, ten Evaluation Questions (EQ) were structured into an evaluation matrix consisting of the EQs, which were detailed into a number of Judgment Criteria (JC) and indicators for better common understanding and orientation (Annex 3.11). While relevance and efficiency were covered by three evaluation questions each, the other DAC criteria and the cross-cutting issues were linked to one EQ per criterion.

The evaluation grid was the guiding tool for collecting information. Answers to the EQs for each of the evaluated projects and sectors were aggregated to a sector-wise and overall assessment of EQ and DAC criterion according to the five performance ratings: (HS) – Highly Satisfactory, (S) – Satisfactory, (MS) – Moderately Satisfactory, (MU) – Moderately Unsatisfactory, (HU) – Highly Unsatisfactory according to the Interim Evaluation Guide. A subsequent aggregated assessment of each DAC criterion provided an overall rating for the CARDS programme in the country.

⁷ European Commission, DG Enlargement (2004), *Interim evaluation guide part I and part II*, page 8

3.9 The EC-cooperation with the republic of Serbia

3.9.1 General EC development policy and priorities

The general EC development policy is regulated by the *Amsterdam Treaty* of 1st May 1999. Article 177 of the Treaty defines the EC priorities as follows:

- Sustainable economic and social development in favour of developing countries, with a particular emphasis on the most disadvantaged countries.
- Progressive and harmonious integration of developing countries in the world economy.
- Fighting poverty in developing countries.

The *European Consensus on Development* signed in December 2005 and intended to guide both EC and Member State development, sets out common objectives and principles for development cooperation. It reaffirms the EC's commitment to poverty eradication (Millennium Development Goals - MDG1), owner- and partnership strengthening and the delivery of more aid, while promoting policy coherence for development.⁸ Along with more aid, the *European Consensus* obliges the EC to provide also "better" aid by reducing transaction costs and improving overall impact. The EC has adopted a timetable for Member States to achieve the internationally agreed aid target equal to or exceeding 0.7% of the Gross Domestic Product (GDP) by 2015, with an intermediate collective target of 0.56% by 2010, which will double EU aid to over € 66 billion in 2010.⁹

3.9.2 The Western Balkans and the Stabilisation and Association Process

The Stabilisation and Association Process (SAP) is the main policy framework, in which the WB countries progress towards achieving candidate status and eventual EU membership. The SAP, launched in the late 1990s in the wake of the conflicts in the region, had initially sought to underpin the implementation of the Dayton, Paris and Erdut agreements and to bring basic stability and prosperity to the affected countries. Since 2004, the SAP has been gradually enriched with elements drawn from the experience of previous enlargement processes, such as European Partnerships and Accession Partnerships. The progress reports issued on a regular basis identify priorities and obligations that each country must fulfil. SAPs involve the development of contractual relations through Stabilisation and Association Agreements (SAA) and financial assistance to support the WB countries in their effort to meet their respective SAP priorities.

The SAP focuses on regional cooperation and compliance with peace agreements, implemented through national and regional programmes and financed under the CARDS council regulation. The SAP consists of three main building blocks:

- SAAs aiming at, among others, promoting economic relations including the establishment of a free trade area, and enhancing cooperation in the field of JHA and in economic, social, educational, and scientific areas;
- A uniform system of autonomous trade measures, established in the autumn of 2000, offering duty-free access to the EU market for almost all goods;
- Financial assistance through the CARDS programme to support the SAP in Albania, Bosnia and Herzegovina, Croatia, Serbia, Montenegro, Kosovo and the Former Yugoslav Republic of Macedonia.

The WB countries have to meet certain conditions before SAA with the EU can be signed.¹⁰ After signature, preparations for achieving candidate status are finalised and the accession

⁸ The European Consensus on Development (2005), p. 4

⁹ The European Consensus on Development (2005)

¹⁰ As stated in the Co-operation Agreement between the EC and a western Balkan country, "to share values and strengthen

process can proceed. So far, Croatia (2001), the Former Yugoslav Republic of Macedonia (2001), Albania (2006), Montenegro (2007), Serbia (2008) and Bosnia & Herzegovina (2008) have signed these agreements.

Serbia has continued to make progress in the framework of the SAP. Its ties with the EU were further strengthened by the signature of the SAA in April 2008. EU Foreign Affairs Ministers agreed to submit the SAA to their parliaments for ratification as soon as the EU Council decides that Serbia fully co-operates with the *International Criminal Tribunal for the former Yugoslavia* (ICTY). A new European Partnership had previously been adopted in February 2008. This document provides the country with guidance on short and medium term priorities for action in the context of the SAP.

3.9.3 General context of the CARDS programme

During the period 2000 to 2006, the programmes supporting Serbia were mainly financed under the CARDS Council regulation No 2666/2000 (Community Assistance for Reconstruction, Development and Stabilisation).

Serbia benefited from the regional CARDS programmes, which were defined by the Regional Strategy Paper (RSP). The regional programmes are centrally managed by the EC and support regional issues of interest for the WB.

During the period 2000-2006 EC regional assistance in the WB amounted to € 2.9 billion and focused on four main areas:

- (1) IBM
- (2) Democratic stabilisation
- (3) Institution building
- (4) Improvement of regional infrastructure and air traffic control

According to the RSP logic, the activities promoting IBM and intensified coordination of the neighbouring countries were supposed to lead to shared priority border crossings with common customs approaches, which will ease the movement of goods and people and intensify trade and exchange.

The strengthening of civil society for democratic stabilisation intended to arrive at open discussions on minorities and vulnerable groups and a general freedom of opinion and expression. Open expression of opinion was expected to improve the awareness for human rights in a generally strengthened civil society.

The institution building efforts envisaged an improvement of the overall economic growth and environment by increasing the efficiency and effectiveness of public institutions through harmonised legislation, civil service reforms and financial control.

Regional development is strengthened by solving across borders the existing bottlenecks in transport, energy and environment and by improving air traffic control in the region.

All these efforts were supposed to finally lead to the prevention of conflicts and improved living conditions of the local populations.

The EAR was until the end of 2008 responsible for the management of the CARDS programmes in Serbia. The EAR had its headquarters in Thessaloniki, and operational centres in Pristina, Belgrade, Podgorica and Skopje.¹¹ As an independent body of the European Union, it was accountable to the Council and the European Parliament, and overseen by a Governing Board comprising representatives from each of the EU Member States and from the European Commission. Its role and responsibilities were described in the Council Regulation 2667/2000.

links".

¹¹ Following the amendment of the Agency Regulation in December 2001, which extended the Agency's activities to the Former Yugoslav Republic of Macedonia from 2002 onwards – Council Regulation 2415/2001 of 10 December 2001.

The CARDS programme follows 5-year Country Strategy Papers (CSPs) and 3-year Multi-Annual Indicative Programmes (MIPs), which define the priority areas for EC interventions in each country according to the specific needs. CSPs and MIPs are broken down into annual action programmes. The objectives of current EU-funded programmes managed by the EAR are: (i) to support good governance, institution building and the rule of law, (ii) continue supporting the development of a market economy while investing further in critical physical infrastructure and environmental actions and (iii) to support social development and the strengthening of civil society. At the end of 2007, the total sum of EC assistance managed by the EAR across its four operational centres amounted to € 2.8 billion.

3.9.4 EC Strategic objectives and priorities in Serbia

In Serbia, the EAR had contracted some €1.15 billion out of a total CARDS portfolio, initially to provide humanitarian aid and medium and long-term investment to energy, health and rural and enterprise development sectors. Subsequently, Serbian economic growth, good governance and strengthening of the Rule of Law were supported. Most recently, EU assistance has concentrated on (i) developing solutions to help vulnerable groups, (ii) creating a competitive economy, (iii) promoting the Judiciary, the media, the local governments and the health system, and (iv) supporting PAR in an effort to improve capacities of national authorities and to assist the country's integration into the EU.

Main foci of CARDS in Serbia were (Figure 1):

- Support for good governance and institution building
- Economic recovery, regeneration and reform
- Social development and civil society

According to the CSP 2002-2006, the activities in support of good governance and institution building lead to reformed and functioning public administration, Judiciary and customs, which will improve transparency and effectiveness of the public administration.

The economic recovery, regeneration and reform are supposed to lead to the establishing of adequate energy pricing and the strengthening of infrastructure and local authorities. This will ensure more reliable energy supply and economic development.

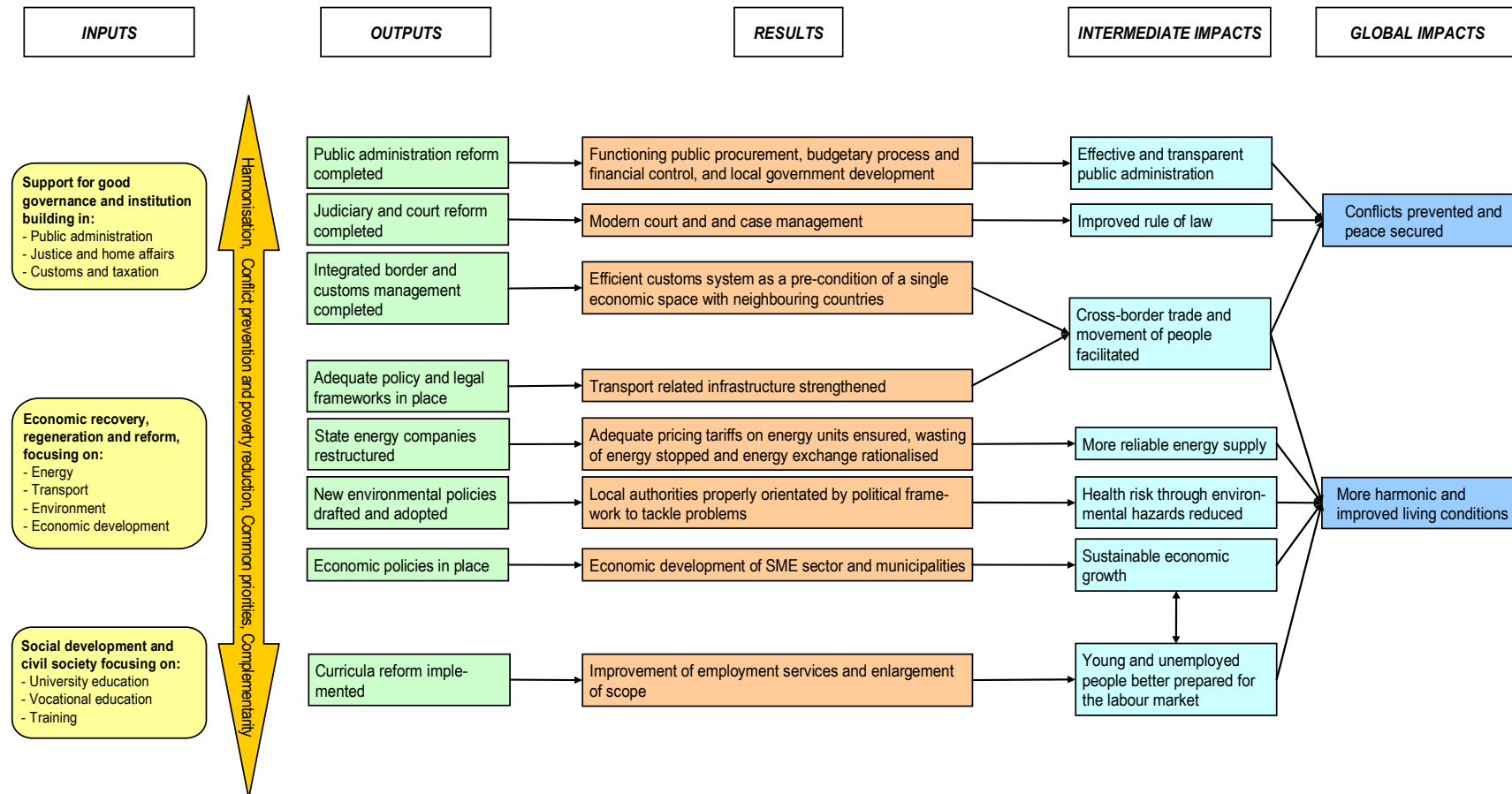
Social development and civil society area activities should result in an improvement of employment services and an increased employability of people.

All these efforts should finally lead to the prevention of conflicts and more harmonic and improved living conditions of the local population.

The objectives are in line with those defined in the CARDS Regional Strategy Paper that focuses on strengthening of civil society and sustainable economic development.

Figure 1: Impact diagram of the CARDS interventions in the Republic of Serbia

Impact diagram – EC Country Strategy Paper Serbia 2002 - 2006



3.10 The EU legislative package of EU programmes for the financial programming period 2007-2013

Council decisions	Legal basis period	Current prices in M€
Instrument for Pre-Accession – IPA	2007-2013	11 565.0
Macroeconomic Assistance	2007-2013	753.0
Common and Foreign Security Policy - CFSP	2007-2013	1 980.0
EC Guarantees for lending operations	2007-2013	1 400.0
Emergency Aid Reserve*	2007-2013	1 744.0
Co-decision programmes		
European Neighbourhood and Partnership Instrument – ENPI	2007-2013	11 967.0
Development Cooperation and Economic Cooperation Instrument – DCECI	2007-2013	17 055.0
Instrument for Stability – IFS	2007-2013	2 879.0
Humanitarian Aid	2007-2013	5 614.0
Other expenditure	2007-2013	1 179.3

* The commitment appropriations under the Emergency Aid Reserve are not included in the ceilings agreed in the Financial Framework 2007-2013. They will be entered over and above these ceilings.

Source: http://ec.europa.eu/financial_perspective/index_en.htm (latest news 24.05.2006)

3.11 General Evaluation Matrix

EVALUATION QUESTIONS (EQ), JUDGMENT CRITERIA (JC) AND INDICATORS	METHOD	SOURCES AND COMMENTS				
Relevance	Performance rating	HS	S	M	U	HU
EQ1: To what extent do the programmes/projects address the needs and priorities identified in the Progress Reports, SA Agreements, Strategy Papers, Partnerships and country/sectoral strategies?	Performance rating	HS	S	M	U	HU
JC1.1: Compliance of project/programme objectives with EC strategic objectives (i.e. SA Agreements, Country strategy, Sector strategy, Partnerships)						
I1.1.1 Projects/programmes with project documents referring comprehensively to EC strategic papers and objectives.	Analysis of project planning documents.					
I1.1.2 Part of projects/programmes with project goals corresponding to EC strategic papers and objectives without explicit references.	Analysis of project planning documents.					
JC1.2: Alignment of project/programme objectives with national strategies.						
I1.2.1 Projects/programmes with project documents referring comprehensively to national strategic papers and objectives.	Analysis of project planning documents.					
I1.2.2 Programmes with project documents containing a comprehensive analysis of their sectors and the respective development initiatives in the country.	Analysis of project planning documents.					
I1.2.3 Projects/programmes, for which national partners confirm high relevance for achievement of national strategies.	Interviews with national partners, stakeholders and resource persons.					
JC1.3: Readjustment of project/programme objectives during implementation						
I1.3.1 Projects/programmes that needed major re-steering during implementation to increase relevance.	Analysis of mid-term and final evaluations, interviews with resource persons					
EQ 2: To what extent have the stakeholders in the beneficiary countries and in the line DGs been involved in the needs assessments and contributed to the design of the programmes/projects?	Performance rating	HS	S	M	U	HU
JC2.1: Implication of beneficiary country representatives in project/programme preparation and design.						
I2.1.1 Part of projects/programmes, for which active coordination mechanisms were applied with Government and/or concerned institutional or civil society stakeholders during project/programme preparation (meetings, workshops, feedback loops etc.).	Analysis of planning documents, interviews with Government representatives, concerned institutions and other stakeholders.					

EVALUATION QUESTIONS (EQ), JUDGMENT CRITERIA (JC) AND INDICATORS	METHOD	SOURCES AND COMMENTS				
I2.1.2 Projects/programmes, for which stakeholders confirm that at least part of their suggestions were reflected in the final project/programme design.	Interviews with Government representatives, concerned institutions and other stakeholders and resource persons.					
JC2.2: Implication of line DGs and DEL in project/programme preparation and design.						
I2.2.1 Projects/programmes, in which DGs/DEL were intensively involved during the design stage.	Interviews with DEL and DGs' representatives.					
EQ3: To what extent the programmes were designed in a manner relevant to the needs and problems identified in the partner countries?	Performance rating	HS	S	M	U	HU
JC3.1 Level of consistency between identified problems and planned results and objectives.						
I3.1.1 Projects/programmes with results and objectives consistently deducted from identified problems.	Analysis of planning documents					
JC3.2: Participation of final beneficiaries in project/programme preparation and design.						
I3.2.1 Projects/programmes for which participatory tools were used during the preparatory phase (beneficiary workshops, rapid appraisal techniques).	Analysis of planning documents, kick-off and evaluation reports. Interviews with stakeholders and project staff.					
I3.2.2 Projects/programmes for which direct beneficiaries confirm that they were consulted during the initial phase.	Group interviews with beneficiaries.					
Efficiency	Performance rating	HS	S	M	U	HU
EQ4: To what extent have the outputs of the projects been produced, to which costs have they been produced and have they been produced in time as planned?	Performance rating	HS	S	M	U	HU
JC4.1 Timely availability of inputs and resources from all parties.						
I4.1.1 Percentage of projects/programmes having started in time according to planning.	Analysis of project documents.					
I4.1.2 Percentage of projects/programmes having suffered from delays in receiving EC funds in time.	Analysis of project progress reports, interviews with project responsible.					
I4.1.3 Percentage of projects/programmes having suffered from delays in receiving national co-funding.	Analysis of project progress reports, interviews with project responsible.					
JC4.2 Level of compliance of planned cost with actual cost.						
I4.2.1 Percentage of projects/programmes with major inconsistencies in compliance of planned and actual cost.	Analysis of a sample of cost-intensive investment activities in					

EVALUATION QUESTIONS (EQ), JUDGMENT CRITERIA (JC) AND INDICATORS	METHOD	SOURCES AND COMMENTS				
	projects.					
I4.2.2 Percentage of projects/programmes with major budget reallocations.	Analysis of budget adjustments/ requests for reallocation and budget extensions.					
EQ5: Could similar results have been achieved at a lower cost or more results to the same costs (value-for-money)?	Performance rating	HS	S	M	U	HU
JC5.1 Quality of financial monitoring of project costs and benefits.						
I5.1.1 Projects using economic tools (e.g. unit cost, cost-benefit analysis) to follow-up cost efficiency.	Document analysis and interviews with project staff.					
I5.1.2 Projects/programmes having taken corrective actions to limit costs.	Interviews with project staff and resource persons.					
JC5.2 Level of cost-efficiency.						
I5.2.1 Percentage of projects that have applied cost-efficient technologies.	Assessment by resource persons and evaluators.					
EQ6: To what extent have the beneficiaries been ready to absorb the CARDS funding and the pre-conditions for implementing the projects been in place?	Performance rating	HS	S	M	U	HU
JC6.1 Level of fund utilisation.						
I6.1.1 Percentage of funds directed to beneficiaries.	Analysis of financial reports.					
I6.1.2 Projects/programmes having clearly documented arrangements with beneficiaries on utilization of funds (e.g. fund application forms, contracts, procedures manuals etc.)	Analysis of projects' procedures.					
I6.1.3 Projects/programmes, for which beneficiaries confirm that conditions and procedures to access funds are clear.	Group interviews with beneficiaries.					
JC6.2 Degree of human resource and institutional strengthening accompanying measures.						
I6.2.1 Percentage of projects/programmes applying supportive training measures to beneficiaries.	Analysis of project documents, operational plans and reports.					
I6.2.2 Projects/programmes for which beneficiaries confirm that strengthening measures have improved their capacity to access funds.	Group interviews with beneficiaries.					

EVALUATION QUESTIONS (EQ), JUDGMENT CRITERIA (JC) AND INDICATORS	METHOD	SOURCES AND COMMENTS				
Effectiveness	Performance rating	HS	S	M	U	HU
EQ7: To what extent have the operational objectives of the programmes/projects been achieved or are in the process of being achieved with respect to planning provisions?	Performance rating	HS	S	M	U	HU
JC7.1 Level of achievement of results and objectives.						
17.1.1 Part of projects/programmes with a high level (>80%) of results achieved.	Assessment by evaluators and resource persons, analysis of evaluation reports and monitoring data.					
17.1.2 Part of projects with a high level of achievement of project purpose (>80%).	Assessment by evaluators and resource persons, analysis of evaluation reports and monitoring data.					
17.1.3 Projects with identified major failures.	Analysis of evaluation reports, interviews with stakeholders, site visits.					
JC7.2 Influence of external factors on achievement of results and objectives.						
17.2.1 Projects/programmes, which report major hindrances due to unfavourable framework conditions (political, social or economic influences out of project reach).						
Impact	Performance rating	HS	S	M	U	HU
EQ8: To what extent have the projects/programmes' interventions produced political, social, economic or environmental impacts?	Performance rating	HS	S	M	U	HU
JC8.1 Extent of impacts on the politico-strategic level.						
18.1.1 Type and extent of intended and unintended impacts on political and strategic level.	Analysis of evaluation reports, interviews with resource persons and stakeholders.					
JC8.2 Extent of impacts on the institutional level.						
18.2.1 Type and extent of intended and unintended impacts on institutional level (partners, NGOs etc.)	Analysis of evaluation reports, interviews with resource persons and institutional beneficiaries (intermediaries).					
JC8.3 Extent of impacts on the social and economic level.						
18.3.1 Type and extent of intended and unintended impacts on direct beneficiaries level	Analysis of evaluation reports, inter-					

EVALUATION QUESTIONS (EQ), JUDGMENT CRITERIA (JC) AND INDICATORS	METHOD	SOURCES AND COMMENTS						
(population, enterprises, etc.)	views with resource persons and direct beneficiaries.							
JC8.4 Extent of impacts on the environmental level.								
8.4.1 Type and extent of intended and unintended impacts on environment	Interviews with resource persons and beneficiaries, analysis of evaluation reports.							
Sustainability		Performance rating		HS	S	M	U	HU
EQ9 Are the results and impacts of the programmes/projects likely to continue after EU funding ends?		Performance rating		HS	S	M	U	HU
JC9.1 Availability of clearly defined/ implemented phase-out strategy.								
I9.1.1 Projects/programmes with defined (for projects in initial phase) or implemented phase-out (for projects in final phase or ended) strategy.	Analysis of planning documents, interviews with resource persons and beneficiaries.							
JC9.2 Use of sustainability-promoting measures.								
I9.2.1 Projects/programmes having mechanisms to ensure after-project continuation (funding/credit mechanisms, maintenance plans and funds, management committees etc.)	Interviews with beneficiaries and stakeholders, document analysis.							
I9.2.2 Projects/programmes, which have a clear contribution strategy for beneficiaries (physical or financial contribution).	Interviews with beneficiaries and stakeholders, document analysis.							
JC9.3. Extent of initiatives having been transferred to local institutions for independent management.								
I9.3.1 Projects/programmes, which have proofs of independently managed initiatives having been transferred to beneficiaries.	Interviews with beneficiaries and resource persons/project staff.							
I9.3.2 Projects/programmes, where beneficiaries confirm that they are able to continue initiatives after project end.	Interviews with beneficiaries.							
Cross cutting issues		Performance rating		HS	S	M	U	HU
EQ10: To what degree do the programmes respect issues of gender, environment, minority inclusion and complementarity with the CARDS regional programme and those of other donors, notably EU member states?		Performance rating		HS	S	M	U	HU
JC10.1: Respect of gender aspects in projects/programmes								
I10.1.1 Projects/programmes with a gender-differentiate target group analysis.	Analysis of planning documents.							
I10.1.2 Percentage and function of women among project staff.	Analysis of staff list.							

EVALUATION QUESTIONS (EQ), JUDGMENT CRITERIA (JC) AND INDICATORS	METHOD	SOURCES AND COMMENTS
10.1.3 Estimated percentage of women among direct beneficiaries.	Assessment by project staff, resource persons and evaluators based on M&E data.	
10.1.4 Existence of documented gender relevant impacts of the project/programme.	Analysis of project documents.	
10.1.5 Existence of gender differentiated data in project planning and evaluation documents	Document analysis.	
JC10.2 Inclusion of environmental aspects in projects/programmes		
110.2.1 Percentage of non-environmental projects/programmes having integrated environmental issues in their programme.	Assessment by evaluators based on interview results and document analysis.	
110.2.2 Percentage of projects/programmes causing negative environmental effects without alleviation scheme.	Assessment by evaluators based on interview results and document analysis.	
10.2.3 Percentage of projects/programmes having realized an EIA ¹²	Document analysis, interviews project responsible.	
10.3 Inclusion of minority and disadvantaged groups.		
110.3.1 Projects/programmes having specific targeting mechanisms for the inclusion of minorities and disadvantaged groups. (e.g. special programmes components, identification procedures for marginal groups, quotas etc.)	Document analysis, interviews project responsible.	
10.4 Coordination and cooperation with CARDS Regional programme and those of other donors		
110.4.1 Projects/programmes with a comprehensive analysis of activities of the RSP and other donors in their sector in the planning documents. .	Analysis of planning documents.	
110.4.2 Projects/programmes participating in coordination mechanisms or cooperating with other donors' projects or regional CARDS programmes.	Interviews with project staff and other donors.	

¹² Environmental impact assessment

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