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Evaluation of IPA Cross Border Co-operation Programmes 2007-2013

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EXECUTIVE SUMMARY

This evaluation aims to assess the performance of cross-border cooperation (CBC) in the Western Balkans under the Instrument of Pre-accession Assistance (IPA) 2007-2013, to draw lessons for the 2014-2020 programmes (under 'IPA II'), particularly the improvement of performance frameworks. The evaluation was based on OECD/DAC criteria, plus coherence & value added, and consisted of 27 evaluation questions (EQs).

Overview of CBC 2007-2013

IPA 2007-2013 involved 7 countries cooperating through 11 CBC programmes, with a total EU allocation of almost €100m. The overall goal of CBC 2007-2013 was to *promote good neighbourly relations, fostering stability, security and prosperity in the mutual interest of all countries concerned, and of encouraging their harmonious, balanced and sustainable development*. As at October 2016, €84.8m had been contracted across the 11 programmes, of which 321 grants were awarded through calls for proposals (€69.9m), 12 strategic projects awarded directly (€4.5m), and technical assistance (TA) awarded directly to operating structures (€10.6m). Outside TA, the contracting rate was 82.4% of the CBC allocation to priorities (€90m), while €56.1m was disbursed, comprising a 62.4% disbursement rate. The difficulty of retrieving and organising data about CBC projects and programmes, and the fact that there are conflicting data concerning contracted amounts, is the first major finding. Up-to-date contracting and disbursement figures per programme, country or entire CBC should be available at any point in time and at the click of a button, for analysis & evaluation purposes and maintenance of project/programme databases.

Performance assessment of CBC programmes 2007-2013

Relevance: The 2007-2013 CBC programmes were largely relevant to the needs of the border areas, as identified in their situation analyses. The emphasis was placed on sustainable socio-economic development, reflecting the considerable challenges faced by border communities (high unemployment, de-population, inadequate infrastructure, weak business environment, marginalisation, etc.). These programmes were *partially* aligned with the four objectives in the IPA implementing regulation, as there were very few programmed activities concerning effective and secure borders (3rd CBC objective) and none tackling organised crime (part of the 2nd CBC objective). However, even with the 'narrower' focus on socio-economic needs, the limited funding was spread thinly across a broad thematic landscape. Many projects addressed relevant border problems, but lacked a specific cross-border element in their design. (*See replies to EQ1, EQ2 and EQ8*).

Coherence: Most CBC programmes identified coherence with other support projects as important, but actual details on complementarities or coordination were limited, and there was little evidence in practice at the project level. The Joint Monitoring Committees focused on *internal* coherence within the programmes (between CBC projects), rather than *external* coherence with other national, regional, local or donor-funded actions. This was due to the narrow focus on ensuring that the project selection fulfilled the programme's priorities/measures, the absence of mechanisms to check synergies, and a lack of vision to maximise CBC's potential to leverage other funding by, for example, publishing details of donor projects on programme websites so that stakeholders could readily identify complementary funding opportunities. (*See reply to EQ3*).

Effectiveness: In the absence of an effective monitoring & reporting system, and given the lack of programme evaluations, it is not possible to measure outcomes and rigorously assess whether objectives were met. However, the available external reports and the findings from the project sample show many examples of successful projects with respect to individual results. It can be safely argued that all programmes have achieved *some* results in enhancing socio-economic development, addressing environmental issues and intensifying contacts across the border, thereby contributing to the overarching CBC goal. While many projects missed a true cross-border dimension, every programme contained examples of projects that contributed to mutual understanding and a shared commitment to the border area's future. (*See replies to EQ4 and EQ5*).

Efficiency: The success of beneficiary countries in setting up & running complex joint management & control structures was a notable achievement. As the evaluation was conducted before the final out-turn for 2007-2013, some projects had yet to be contracted & implemented, but finite CBC resources could have been better managed; the contracting rate was depressed by de-commitments, and the average masks large variances (from 52.8% for AL-XK to 99.8% for HR-BA). At 10% of the allocation, programme management TA is a large overhead, partly reflecting the complexities of managing programmes & projects across two countries and the administrative demands of the IPA regulations. As overheads are largely fixed, this raises questions over value for money (e.g. HR-ME programme financed just 18 projects). Calls for proposals were well designed, but without sufficient attention to the cross-border dimension in both guidelines and selection processes. Capacities for preparing and implementing projects varied, NGOs being generally better equipped than other beneficiary types. Joint technical secretariats (JTSs) & their antennas were highly rated by beneficiaries, who relied on them to fulfil their management duties. CBC participation remains a challenge in these communities, especially in converting project ideas into applications. The regional 'CBIB' TA was highly valued by operating structures (OSs) and JTSs. *(See replies to EQ6, EQ7, EQ9, EQ10 and EQ11).*

Impact: The diversity of objectives and lack of focus at the programming stage was carried forward into the calls for proposals and project selection, reducing the potential impact. As allocations were based on the populations of whole countries rather than eligible border areas, programme areas with shorter borders tended to benefit proportionately more from CBC funding, and the number of borders also explained why some countries were more advantaged than others; Montenegro had the largest share (€19m), and Podgorica was eligible under 4 out of 5 programmes. However, CBC benefits were mostly maximised through funds absorption. Environment (30%) and tourism (21%) received the largest allocations by sector (excluding TA). As with effectiveness, the absence of consistent performance data and programme evaluations does not permit a more complete picture of impact. In general, the CBC programme strongly increased the visibility of EU support in the eligible regions and would have been further enhanced if the OS had provided more information about projects on their programme websites, and used social media to inform/update beneficiaries and stakeholders. The 2007-2013 management structures laid solid foundations for IPA II, but the renewal of TA contracts to OSs is putting some achievements at risk. *(See replies to EQ12, EQ14, EQ15, EQ16 and EQ17).*

Sustainability: At the programme level, the joint preparation of CBC programmes and the formation and functioning of the JMCs brought the administrations of participating countries closer together, while building their capacities for future CBC and Structural Funds management. At the project level, sustainability was not given prominence in the design of calls for proposals. Overall, project beneficiaries did not pay much attention to the viability of partnerships, their commitment in terms of sustainability stopping at project outputs and outcomes. Nevertheless, where the programmes have been particularly successful in forging cross-border links between the civil society sector and local authorities (contributing to programme impact, *see reply to EQ15*), the prospects of new calls for proposals have helped to keep these partnerships alive (contributing to sustainability). However, there is less evidence of partnerships lasting outside the specific context of CBC programmes. *(See reply to EQ13 and EQ18).*

EU value added: Due to limited national local development funding in the eligible areas, CBC activities would not have taken place without EU support. In that sense, the programmes have undeniably contributed to the development of border areas. On the downside, CBC was not effectively integrated with supportive national development programmes and other donors' initiatives and therefore did not add value to ongoing policies and/or related interventions. There was added value through the 'cooperation incentive' for cross-border communities. This has strong merit in terms of supporting neighbourly relations. The CBC programme has also exposed peripheral communities to donor funding requirements. *(See reply to EQ19).*

Assessment of quality of design of CBC 2014-2020

The overall objective of CBC under IPA II is to “*promote good neighbourly relations, foster Union integration and promote socio-economic development*”. Within this context, participating countries had to focus their programmes on up to 4 (out of 8) thematic priorities. The total allocation for the 8 CBC programmes is €79m.

Lessons learned from 2007-2013: The introduction of 1 contracting authority per project, 1 allocation per programme, and 1 contract per project will simplify & improve project implementation. The transition from IPA I has been accompanied by a division into 2 management models - whether the contracting authority is EUD (direct management) or CFCU in the OS (indirect management) - which has created anomalies re: preparing calls for proposal, project selection, and programme & project monitoring, and reduced local ownership under direct management. TA is now implemented through service contracts with the OSs, which appears to have impeded effective management. Programmes have complied with the restricted number of thematic priorities, but still seek to address as many issues from the situation analysis as possible, so resource use is diluted, not concentrated as intended. There is increased reference to other national/donor activities, but no programming integration. CBC programmes stand alone in the eligible border areas. *(See reply to EQ20).*

Relevance: The selection of CBC priorities reflects the needs of cross-border areas, but does not translate into focused objectives & targeted results. As with IPA I, CBC programmes are attempting to address the long-term lack of national investment in eligible border areas. The overall, specific objectives and results are identified, but the formulation is very general, which undermines the intervention logic. *(See replies to EQ21 and EQ22).*

Performance framework: The hierarchy of objectives and measures was not well elaborated in programming (objectives are the sum of the measures, rather than measures being the means through which objectives will be achieved). The objectives are often wide-ranging and associated indicators are not sufficiently specific, measurable or realistic. These shortcomings can be addressed by developing an overarching framework which relates objectives, measures & activities to a hierarchy of output/result, outcome & impact indicators. The practicalities of applying it can be addressed in the calls for proposals. *(See replies to EQ23 and EQ24).*

Recommendations

R1: CBC in 2021-2027 (which for shorthand we call ‘IPA III’) should **continue** as a distinct element of pre-accession assistance, as the only multilateral instrument in the Western Balkans with the central goal of improving neighbourly relations *and* a specific focus on the border areas themselves.

R2: The CBC envelope in ‘IPA III’ should be **expanded** to more viable levels, at least doubling the current allocation. (Many of the following recommendations are conditional on a more substantial budget, which in turn can only be justified by greater prioritisation and higher quality, higher impact projects).

R3: The Commission should consider whether CBC should be **integrated** into national sector programmes under ‘IPA III’, to address the disconnect between CBC and the rest of IPA, national programmes and other donor-funded actions: **thematically**, by treating ‘border effects’ as a cross-cutting principle in all IPA programme documents (on a par with gender mainstreaming, engaging civil society, etc.), to give the needs of border regions more prominence & require explicit links to CBC programmes in the relevant IPA sector programming documents (e.g. environment, competitiveness) and vice versa; and/or **financially** by creating ring-fenced CBC allocations for thematic priorities within *relevant* sector programmes.

R4: The Commission should also consider moving to a **bilateral or trilateral (or even quadrilateral) basis** for CBC programmes, whichever is most appropriate to the sector & border region. For example, as air & water pollution do not respect administrative boundaries, the environment programme in Serbia could make CBC provision for needs and opportunities at the contiguous RS-BA-ME border.

Programme management

R5: There should be **consistency across the region in the allocation & execution of duties** within the CBC management structures, including a common approach to assessing & selecting project applications (re: the cross-border dimension and synergies / added value), backed up by mandatory training, and a common JTS manual for all beneficiary countries, with variants only where necessary (*see R10, R11, R13 and R22-25*).

R6: There should be a **greater focus** on a narrower & more targeted set of objectives & outcomes that offer a higher probability of sustainable socio-economic impact in the border regions.

R7: National authorities should strengthen the availability & quality of **local and regional statistics, alongside their analytical capacities**, which could include carrying out preliminary studies in preparation for 2021-2027 programming, funded under the TA priority axis. The national authorities should also ensure that the relevant line ministries for the chosen thematic priorities are fully engaged in the programming process.

R8: The future IPA III regulatory framework should require a **prioritisation process at the SWOT synthesis stage**. Beneficiary countries should rank their most critical needs/opportunities to be supported under the CBC programmes and agree to focus their funds on the top 3-4 priorities. Other identified needs could be referred to alternative potential donor/national funding opportunities.

R9: **Thematic calls for proposals** should focus on a few priority issues that have a high cross-border content within the scope of the specific objective (*see reply to EQ27 for further details*).

R10: The **definition of cross-border cooperation** should be codified in all future guidelines for applicants under IPA II (and the implementing regulation for IPA III) as *“joint implementation of activities by partners resulting in the intensification of cross-border links and sustainable cross-border partnerships and/or the removal of cross-border obstacles to sustainable socio-economic development”*.

R11: **Greater weight** should be given to the cross-border dimension by: increasing the points allocation to applications with high cross-border contents; promoting the meaning of genuine & lasting CBC; improving the assessment process (selecting & guiding assessors, training assessors & evaluation committee members); and JMCs ensuring that shortlisted projects have been rigorously evaluated for cross-border content.

R12: Subject to a larger funding envelope in IPA III (*see R2*), calls for proposals should be **stratified with two lots**, to set a minimum size (e.g. €100,000) for most grants, while retaining a specific allocation to fund worthwhile small-scale applications with a strong cross-border element for less experienced beneficiaries. An **alternative scenario** to support small-scale projects would be grant(s) to experienced non-governmental organisations which are capable of sub-granting (*see R16*).

R13: Within the recommended larger funding envelope in IPA III (*see R2*), an **increase in the number and size of strategic projects** should be identified in the programming phase using transparent selection criteria, particularly if R3 to move to national / cross-border integrated sector action documents is taken forward.

R14: A greater weight should be attached to selecting projects through calls for proposals that demonstrate **added value**, particularly with regards to synergies with ongoing national/local development strategies or other donor-funded actions. The OSs should publish information at the programme level on EU / multilateral and bilateral funding programmes, so potential beneficiaries are aware of complementary funding sources.

R15: Assuming the CBC envelope is sufficient to make hard infrastructure projects viable (*see R2*), the Commission should establish a **CBC Project Preparation Facility (CPPF)** to prepare cross-border strategic projects for funding consideration, working closely with the Western Balkans Investment Framework and national PPFs, linked to national/EU/other donor policies. It could be a conduit for investment projects from local to national to macro-regional (e.g. Danube Strategy).

R16: Subject to a larger envelope (*see R2*), the OSs should launch calls for proposals to identify **experienced NGOs to develop small-scale, innovative projects in remote areas**, by helping potential beneficiaries to develop cross-border links & build concepts into viable propositions. This could include sub-granting.

R17: To enable potential applicants to plan ahead and thereby improve project quality, each contracting authority should publish a **timetable of calls for proposals** for the rest of 2014-2020, setting out when calls will be launched & which themes will be covered (*see R29*). This principle should be followed in 2021-2027.

R18: A **maximum length of time** for the assessment, selection and contracting of projects should be introduced & made known to beneficiaries through the programme / CBIB+ websites & guidelines for applicants. JMCs should be tasked with monitoring performance against this time limit, identifying causes in the event of breaches, and proposing action to improve compliance.

Technical assistance

R19: To complement the work of CBIB+, which should continue (prioritising and enhancing synergies with national policy, the performance framework, and dissemination and capitalisation), and to help OSs and (potential) beneficiaries to learn more about inspiring practices, the Commission should mandate the INTERACT project to extend the **'Keep EU Cooperating' database** to also include IPA-IPA projects.

R20: Where CBC would clearly benefit from consistent, standardised approaches across the whole region, the proposals of CBIB+, after discussion and agreement with all EUDs and OSs, should be formally endorsed and communicated to the contracting authorities by DG NEAR at Director level, so that these modifications are **adopted & mainstreamed in all CBC programmes**. This could cover potentially all aspects of implementation, including preparation of calls, training of assessors, performance frameworks, common indicators, etc.

R21: To acknowledge and reinforce their *de facto* role, before and during implementation, the JTSs and their antennas should be re-branded as **'CBC Help-Desks'**, whose sole purpose and mission is to support prospective and actual beneficiaries in preparing and executing high quality projects.

R22: The 'CBC Help-Desks' should pursue more 'hands-on', pro-active support to beneficiaries in **project preparation**, including organising regular project preparation workshops, facilitating partner searches & providing feedback on the most promising proposals, especially in more remote areas. The precise scope of support would depend on the response to R12, regarding use of experienced NGOs for project preparation.

R23: The JTSs and their antennas ('CBC Help-Desks') should continue to support beneficiaries during **project implementation**, acting as facilitators/mentors, including advising them on secondary procurement and fulfilling the requirements of the new performance framework.

R24: CBIB+ should prepare **simplified templates for secondary procurement**, which can be applied to single tenders & competitive negotiated procedures by grant recipients in all CBC programmes.

R25: DG NEAR develops a **common JTS human resources policy** for 'IPA III', which would form part of the contract terms, and which would be applied across all programmes and hence by all contracting authorities.

R26: EUDs review (risk assess) and, if necessary, amend the **TA contracts with OSs** to ensure that they are comparable with service contracts with private consultancies regarding checks, controls and audits (i.e. proportionate to the risk of irregularities), particularly regarding the authorisation of incidental expenditures.

Performance framework

R27: DG NEAR should require all contracting authorities & operating structures to instigate the **proposed CBC performance system**, consisting of 7 elements / steps (*R28-R35*).

R28: The **scope of future calls for proposals should be focused** to improve the impact of limited funding & provide the foundations for a workable performance framework. The objectives of calls should be tailored to a **specific location, target group and/or theme** within the scope of the programme specific objective.

R29: Each OS, in dialogue with the contracting authority, should draft a **work plan of future calls for proposals** foreseen under each specific objective that they can put to JMCs for their agreement, and subsequently executed by the contracting authority (*in line with R17*).

R30: OSs should elaborate **the performance framework for each call**, with assistance from CBIB+.

R31: Assessors should take account of the applicant's projections of indicator values on and after completion of the project when **scoring proposals** (i.e. link the indicators to the assessment process).

R32: Beneficiaries should be required to **improve the quality of their project performance frameworks** (logical frameworks and indicators) before contract signature.

R33: **Beneficiaries should be required to calculate the value and provide evidence for indicators** (at output, outcome and impact levels) as part of their monitoring and reporting duties, with support from the JTSs.

R34: **Contracting authorities should share this performance data with the (relevant teams within the) OSs**, so the latter can analyse the findings, conduct their own verifications & monitoring missions, including liaising with the JTSs, present their conclusions to the JMCs (including through the annual implementation reports) and feed the intelligence into evaluation and programming. This should be accompanied by the development of a **management information system (MIS)**, which can be used to share and aggregate data automatically.

R35: The OSs should publish information on their **programme websites** about programme performance.

R36: **DG NEAR's coordinating role** in carrying out overall performance analysis for the entire CBC Western Balkans should be strengthened, including periodic overviews and comparisons of CBC programmes. As a priority, the Commission should reconcile its systems for collecting and assembling basic financial data (contracted amounts and disbursements at the project level) on the CBC programmes using CRIS numbers and its MIS, so that it has a complete and accurate picture in one place.

R37: The performance frameworks of each programme should be reworked at the **mid-term review in 2017**, to make them more realistic and robust, and the Commission should amend the template for the **annual implementation report (AIR)** at the same time to make specific reference to the performance framework for the programme, not just the indicators in the framework agreement.

R38: OSs should commit to perform **programme evaluations** during the lifetime of their IPA II programmes.

R39: IPA CBC management structures should maintain a watching brief on **other territorial cooperation and CBC programmes** (Interreg and ENI) and their evaluations for lessons learned.

R40: All the main actors (DG NEAR, CBIB+, EUDs and OSs) should develop a **performance culture**, focused on learning from experience, capitalising on results, and utilising monitoring & evaluation findings to target resources on priority communities & needs within border areas.