

THE EUROPEAN UNION'S IPA PROGRAMME

THIRD INTERIM EVALUATION OF IPA ASSISTANCE

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ABBREVIATIONS AND ACRONYMS

| | |
|--------|---|
| AP | Accession Partnership |
| BiH | Bosnia and Herzegovina |
| CES | Croatian Employment Service |
| CPIE | Country Programme Interim Evaluation |
| DAC | Development Assistance Committee |
| DG | Directorate-General |
| EC | European Commission |
| ECE | Early Childhood Education |
| ESA | Employment Service Agency (<i>in the former Yugoslav Republic of Macedonia</i>) |
| ESP | Employment and Social Policy |
| EU | European Union |
| EUD | European Union Delegation |
| EQ | Evaluation Question |
| EQF | European Qualification Framework |
| FM | Financing Memorandum |
| HRD OP | Human Resources Development Operational Programme |
| IB | Institution Building |
| IFI | International Finance Institution |
| ILO | International Labour Organization |
| IPA | Instrument for Pre Accession |
| ISKUR | Turkish Employment Agency |
| IT | Information Technology |
| JAP | Joint Assessment Paper |
| JIM | Joint Inclusion Memorandum |
| LFS | Labour Force Survey |
| MBP | Multi Beneficiary Programme |
| MEUR | Million Euro |
| MIPD | Multi-annual Indicative Planning Document |

| | |
|---------|---|
| MIS | Management Information System |
| NES | National Employment Service (<i>in Albania, Serbia</i>) |
| NIPAC | National IPA Coordinator |
| NQF | National Qualifications Framework |
| NPAA | National Programme for the Adoption of the Acquis |
| OP | Operational Programme |
| OS | Operating Structure |
| PRAG | Practical Guide to Contract Procedures for EU External Actions |
| PSD | Private Sector Development |
| RCOP | Regional Competitiveness Operational Programme |
| ROM | Results Oriented Monitoring |
| SIGMA | Support to the Improvement of Governance and Management |
| SMART | Specific, Measurable, Available, Relevant, Timebound |
| SMC | Sector Monitoring Committee |
| SMSC | Sector Monitoring Sub Committee |
| SPIS | Social Protection and Inclusion System |
| TA | Technical Assistance |
| TAIB | Transition Assistance and Institution Building (Component I of the IPA) |
| TAIEX | Technical Assistance and Information Exchange |
| TAM/BAS | Turn Around Management / Business Advisory Services |
| UN | United Nations |
| UNDP | United Nations Development Programme |
| UNICEF | United Nations Children's Fund |
| USAID | United States Agency for International Development |
| VET | Vocational Education and Training |

ABSTRACT

This interim evaluation reviews the performance of a sample of institution building elements from Components I, III and IV of the Instrument for Pre Accession in all beneficiary countries for the financing period 2007-11. It uses primarily secondary information sources complemented by field visits to answer a series of evaluation questions framed around standard evaluation criteria. Findings are referenced against planned changes in the Instrument for the 2014-2020 financial perspective to ensure relevance to ongoing policy changes. Recommendations are provided for issues that remain relevant.

The evaluation is broadly positive in its assessment of performance but notes weaknesses in the data from the secondary source materials used and limitations in the evaluation itself, as it is a more concise follow up to a larger evaluation undertaken in 2012-13. It identifies that the Instrument is most effective when used to transpose acquis related elements using twinning in beneficiaries with sufficient absorption capacity and a clear sectoral policy agenda. The role of the Commission Services in monitoring and driving change is often key to the positive performance of the Programme. Success in socio-economic elements is more difficult to generate and also attribute due to the scale needed to implement change, institutional and cultural inertia and the influence of other actors. Systemic weaknesses include the sufficiency of administrative capacity, lengthy administrative processes and clarity of ownership - some of which will be addressed by the implementation of a more sector orientated programming approach in the future.

EXECUTIVE SUMMARY

Purpose of the assignment

This is the third interim evaluation of the European Commission's Instrument for Pre-Accession, one of the tools for providing financial assistance to countries applying for membership of the European Union. The evaluation includes all of the countries which benefit from the IPA and builds upon more substantial reviews of the programme undertaken in 2012 and 2013. It covers elements of assistance for institution building, regional development and human resources development under Components I, III and IV. Findings are derived from the review of a sample of projects from the sectors of Private Sector Development and Competitiveness, Employment and Social Policy as well as a selection of third sectors in individual countries (including Transport, Home Affairs, Public Administration Reform and Energy) to develop programme level findings and conclusions. The objectives of the evaluation are to assess the extent to which programme objectives have been achieved and to identify lessons learned that can improve the performance of both ongoing assistance as well as future financing instruments.

Methodology / procedure / approach

The evaluation uses principally secondary sources of information supported by a short field mission to clarify findings and elaborate conclusions. Findings are used to answer ten evaluation questions which have been clustered into standard performance assessment criteria of efficiency, effectiveness, impact and sustainability, along with horizontal issues.

Key conclusions/findings

Efficiency

The assessment considered the extent to which the sample contracts were designed and implemented on schedule and as needed by beneficiaries using objective tender processes and appropriate implementation modalities. It found that although scoring in Result Orientated Monitoring reports was generally positive this did not capture the systemic delays in the preparation of tender document or the consequences of this on the overall performance of individual projects. These delays are caused by systemic weaknesses in administrative capacity principally within beneficiary institutions on the one hand but also due to new administrative processes introduced at the beginning of the period on the other. They are characterised by difficulties in recruiting and retaining sufficient numbers of competent staff, instability or restructuring within beneficiary institutions and a traditionally centralised and slow bureaucracy that is rooted in the politicised nature of public administrations in the region. This negatively affects the ability of the programme to deliver assistance in line with sector development needs and reduces the time available for implementing complex processes of change or coordinating with others providing financing to the sector. Whilst increasing ownership, the decentralisation of management to national authorities has proved challenging to implement effectively in some countries with more limited administrative capacity. Administrative capacity problems are, however, not universal and there are examples throughout the sample of strong technical and administrative management performance in the design and delivery of assistance.

The programme uses appropriate implementing modalities although twinning is sometimes used where lower capacity beneficiaries would be better served by technical assistance. Indirect management agreements have been mostly restricted to appropriate beneficiaries although

performance has not been as good as with contractors selected by tender. Open and transparent tender processes were in general used and this should contribute to improving efficiency overall. The sample performed well for the timely delivery of expected outputs once projects had been contracted although some concern remains on the subjective nature of performance under technical assistance given the complaints by some stakeholders on contractor performance.

Effectiveness

The programme is generally achieving the changes expected, especially where these are directly linked to the Accession process or an acquis requirement as this develops a clear political mandate for the specific element of the reform process and is often driven by the oversight process provided by the Commission Services in their annual progress reports. The increasing use of multi-annual programming has strengthened the achievement of results by linking sequential assistance to sector objectives, but in many instances the scale of funding from the instrument and the range of sub-sectors targeted limits the contribution that can be made to expected results. The use of mandatory results in twinning along with good monitoring and follow up of their achievement is positive and should be more comprehensively followed for other types of interventions. Programme level monitoring however concentrates more on the delivery of contractual elements than analysis on the achievement of results – although this is less of an issue under Component IV than Component I – and indicators in many cases could be improved. Approaches that have contributed to the achievement of results include maintaining the momentum of change by providing assistance from a number of different sources in addition to the Instrument for Pre Accession, strong political support from the institutions of the European Commission, a willingness to redesign assistance to make it more relevant to beneficiary needs and linking assistance to implementation of regional sector agreements. Delivering assistance in a programme environment that is often rapidly evolving and in some cases vulnerable to changes in political priorities between programming and implementation is at times additionally compromised by the same factors that systemically affect the performance of the programme - low administrative capacity to absorb and use outputs, lack of inter-agency collaboration, turnover of trained staff, lack of motivation for training and the closure of target institutions.

Impact

Attributing impact to the programme, especially to socio-economic objectives, can be challenging given the range of other actors and influences. This has been further compromised by the quality of indicators and extent that baselines have been developed at this level of measurement. The evaluation found that impact was broadly positive although the approach to measuring impact – as essentially an extension of the measurement of results – was not particularly robust. Most of the mechanisms used by the evaluation to assess impact were implemented whilst the respective assistance was underway and thus looked for preconditions for impact rather than structural changes in reality. Strengthening impact assessment and the development of an evaluation culture is likely to become more important for measurement of programme performance with the slowing of the Accession process for the remaining Candidate and Applicant countries.

As noted above, transposing legislation or developing new approaches, rules or methodologies has been good as it has been driven by a clear policy agenda in the process of approximation. Translating this into enforcement or socio economic development has been more difficult due to the scale of funding needed from beneficiary budgets and the challenges in changing ingrained attitudes within both beneficiary institutions and society as a whole. Technical areas such as trade and competition policy, state aid, quality infrastructure, maritime safety, energy infrastructure have clearly delineated

boundaries in their programme objectives and this structure makes them both more readily achieved and the contribution of the programme measured. Specific elements of larger programmes have also shown strong impact where they respond to an ongoing management requirement – such as employment monitoring systems for beneficiaries of associated grant schemes. Factors that have supported the achievement of impact include the provision of assistance to a sector over time, focusing assistance on establishing the policy, legal and institutional pre-conditions for implementation of new systems and processes and the presence of clear international commitments or benchmarks providing oversight and support at both a technical and political level. Socio-economic impacts under Component IV have been harder to achieve principally because of scale and the need to be financed principally from national resources after the programme has developed the structures and capacity. Especially after the financial crisis, the funds for rolling out large scale social programmes developed under the programme has been difficult. Challenges to impact are also caused by underestimating the scale of funding or capacity needed at the planning stages for the changes planned as well, to some extent, because of changes in national level policy priority from the time of programming to the completion of assistance.

Sustainability

The lowest scores in the assessment of the programme were attributed to sustainability but, as with impact, this is in part due to the methodology applied in the contributing assessments which considered preconditions for sustainability as they were mostly undertaken during project implementation. Around half the projects in the sample scored positively for sustainability but this may not capture the real picture as the absorption of programme assistance by beneficiaries often takes longer than the monitoring system records. In many instances, the programme provides advisory support for the establishment of new mechanisms, rules or systems that cannot be implemented immediately but which require lengthy consideration by both government and society before they are implemented. The Commission Services increasingly addresses this by providing support to sectors over a longer time period, using a range of mechanisms to support sector development and establishing a series of conditionalities prior to committing funds. These are not however always effective in practice. Sustainability is negatively affected by low commitment to results from beneficiary institutions (low ownership, change of institutional structures, low political priority), insufficient funds to maintain the process of change, turnover of trained or 'key driver' staff and changes in Programme priorities over time. The Commission led programming process may reduce ownership. The generally poor quality of strategic planning means that there is not sufficient understanding within beneficiary administrations of the scale and scope of sector reforms and the length of time needed for these reforms to be embedded is often longer than first thought.

Horizontal Issues

Whilst some sectors have interventions under different components of the IPA there is little coherence between them as they use different programming, management and monitoring mechanisms. Even where they are implemented by the same institutions, most of the processes are undertaken by different bodies within them. Pragmatic reasons of timing in the procurement process substantially contribute to the impracticality of combining the components. There is stronger coherence between other instruments available to the Commission Services although their inclusion during the programming process for the IPA could be more comprehensive.

The IPA and its precursor funds have been key drivers in the process of establishing donor coordination and strategic planning mechanisms but this has been at the policy, political and financial

level very much a joint exercise with other donors who offer much for the practical development of implementation mechanisms for IPA II.

The IPA brings important value added to the process of Accession harmonisation, with key factors identified by the evaluation including political support from EU institutions and a link between the implementation of the IPA and progress in the political process of Accession negotiations; the development of a regional perspective that promotes principally interconnected infrastructure investments; scale, long term commitment and consistency in funding with a certainty that – for some components - supports beneficiary government planning into the medium term; ownership of the beneficiary country in programming and implementation; introduction of new concepts; and in the use of peer organisations from the Member States for the transposition of EU ideas, concepts and values.

Potential contribution of the sector approach

The sector approach offers potential to address some of the IPA management issues identified in the evaluation. It may in limited cases even lead to the provision of IPA assistance via sector budget support. However, although some sectors may be piloted in Albania in the near term, this will take time to effectively embed more comprehensively throughout the programme. The preparation of the Country Strategy Papers has begun the process of concentrating assistance under IPA II in a smaller number of sectors which will reduce the number of institutions and concentrate management resources. However, most of the other implementing structures and mechanisms will have to remain in place and it is unclear how the expansion of indirect management will be pursued in those countries currently under centralised control.

The Sector Planning Document remains a sector planning document *for the IPA* as opposed to a sector planning document *of the government* that all financial sources will contribute to and as such it is difficult to see how it provides substantial additional improvements to the current programming approach. As, at least in the medium term, there will be no changes to the procurement mechanisms and systems, the new approach in itself will not address the issue of lengthy administrative processes in this area. The comprehensive results monitoring and measurement structures have yet to be established and without both a centre of government verification mechanism and, importantly, a results focused institutional mentality, progress towards sector budget support will be difficult.

By introducing 'whole of sector' planning and implementation approaches, the sectoral approach of IPA II has the potential to concentrate all financial sources on a single development agenda and thus maximise the impact that can be achieved. The need to create a longer term development perspective should strengthen the comprehension of the beneficiary institutions of the sectoral change process and subsequent political and financial commitments that will be needed to effectively implement that change. However, the Country Strategy Papers prepared by the Commission Services are in the most part broad and provide little in the way of specific focus for the programme and none of the sector strategies had been prepared at the time of the evaluation. It remains far from clear therefore whether the concepts of the new approach as envisaged by the Commission will be understood and integrated into the beneficiary level planning documents and institutional mindset. The experience of IPA I has been that technical change is more readily implemented than changes in institutional culture and this, coupled with the delays and sometime confused approach in the new methodology, suggests that effective implementation of a sector approach will take a significant time to embed.

The introduction of the sector approach under IPA II has the potential to build on lessons already learned and address many of the impediments to sustainability seen in this evaluation. Conditionalities including sufficiency of resources and clear institutional structures that are applied variously between IPA beneficiaries will become standard operating processes under IPA II.

Recommendations

The evaluation identifies a series of key issues and provides a number of recommendations to address them. A selection of the key recommendations are:

- *The Commission Services should prioritise the establishment and ongoing support of nationally centralised civil servant training institutions and infrastructures as a repository of administrative capacity actions.*
- *For IPA I, the Commission Services should critically review for each country whether the remaining funds can be absorbed in an effective manner or – as a one off event - whether excess funds should be possibly deleted or reallocated to other priority areas where absorption capacity is adequate for the respective remaining timeframe*
- *Future programming of IPA II action documents should include an assessment of the realistic timeframes needed in the specific beneficiary country for the production of suitable quality documents.*
- *Some progress has been made with the identification of indicators at the country programming level but this remains challenging for some sectors. All projects should where possible have indicators which are SMART and have baselines and realistic targets.*
- *Until clear progress is made on the implementation of sector budget support, sector programming under IPA II should improve the coherence of EU funds available by systematically programming existing financial support mechanisms (MBP, TAIEX, SIGMA, EUD operational budgets) over the medium term to maintain the momentum of change and targeting of specific issues in a sector when IPA projects are not under implementation.*
- *All training components in action documents for projects under IPA II should be critically reviewed for absorption capacity of the potential beneficiary. All training should be orientated around either a sector human resource management structure or a centralised civil servant training institution.*
- *Until national level result measuring mechanisms are established and functional, Delegations should engage in post project monitoring to ensure that results are achieved or recommend corrective actions to ensure that they are.*
- *Impact evaluation for IPA needs to become more rigorous which will take both time and resources. After the creation of clear OVIs, all programmes funded under IPA II should determine now information needs for subsequent counterfactual evaluations in the future and make provision for gathering performance data.*

INTRODUCTION

This third round of interim evaluation of the Instrument for Pre Accession (IPA) follows on from other interim evaluations in 2010 and 2012. The most recent of these evaluations covered substantially the same period as for this evaluation, although it was limited to technical assistance and institution building (Component I) of the IPA. This evaluation targets primarily the sectors of Private Sector Development (PSD) under both Regional Economic Development (Component IIIc) and Component I and Employment and Social Policy (ESP) under Human Resources Development (Component IV) and Component I as well as a varying third sector in six of eight beneficiary countries¹, almost exclusively under Component I but including institution building elements of Transport (Component IIIa) in FYROM. The methodology uses a range of different monitoring and evaluation sources verified by interviews to develop findings and conclusions on the performance of the IPA as well as subsequent recommendations designed to improve ongoing assistance as well as recommendations for the implementation of the IPA II instrument.

The overall objective of the assignment is to assess the extent to which the IPA programme objectives have been achieved by judging the performance of IPA assistance in selected sectors from the Financing Agreements (FA) 2007 to 2011 at result and impact levels. All IPA beneficiaries are included in the evaluation (Albania, Bosnia and Herzegovina, Croatia, Kosovo, Montenegro, the former Yugoslav Republic of Macedonia, Serbia and Turkey) covering both Component I and Components III/IV as appropriate.

There are two specific objectives. The first is to provide a qualitative and quantitative assessment of the performance of the IPA with an analysis based around the evaluation criteria of efficiency, effectiveness, impact, coherence, sustainability and value added. The second is to identify lessons learned and provide recommendations to improve the performance of ongoing assistance as well as programming and implementation of the IPA II instrument.

This report contains four chapters and annexes. This chapter 1 contains the introduction and background to the evaluation as well as a summary of the methodology. Chapter 2 provides findings at the Programme level against the evaluation criteria. Conclusions are presented in Chapter 3 along with a consideration of the extent to which the introduction of a sector approach can be expected to address systemic problems and improve the performance of funding under IPA II. Chapter 4 presents the key findings from the evaluation and their associated recommendations. In the annexes information is provided on the process of the evaluation, people met and documents reviewed as well as more specific country level information that formed the basis for the evaluation findings in the main report. It also includes an assessment of coherence by comparing the scope of the assistance in the sample with the policy priorities of the European Commission.

¹This designation and use of 'country' in reference to Kosovo when describing IPA beneficiaries throughout this report is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

1.1 Summary of the approach and methodology

The evaluation research was framed by on the OECD-DAC evaluation criteria of efficiency, effectiveness, impact and sustainability, framed by ten evaluation questions:

Efficiency

EQ 1: To what extent are interventions financed under IPA efficient in terms of value for money when delivering outputs?

EQ 2: To what extent are the implementation modalities efficient?

Effectiveness

EQ 3: To what extent are the interventions financed under IPA effective in achieving results, and what possibly hampered their achievement? Had there been other factors (financial, social, political, institutional, human factor) which prevented beneficiary countries accessing the results?

EQ 5: Were there relevant indicators and monitoring mechanisms to track achievement of results?

Impact

EQ 4: Were the outputs and immediate results delivered by IPA translated into the desired/expected impacts; namely in terms of achieving the strategic objectives/priorities linked to accession preparation? Can impacts be sufficiently identified/quantified?

EQ 7: How well did the interventions, financed under different components work together to reach the EU enlargement policy objectives and strengthen economic and social cohesion?

EQ 9: To what extent has on-going IPA financial assistance contributed to achieving the strategic objectives/priorities linked to accession preparation? Are there any elements which could hamper the impact and/or sustainability of assistance?

Sustainability

EQ 8: Were the identified impacts sustainable? Was there any positive systemic, even unforeseen impact beyond the IPA programme objectives?

Horizontal Issues

EQ 6: Which are the relative strengths and weaknesses of the programming and implementation mechanisms under the different IPA components in the same sector?

EQ 10: What is the additional value resulting from the EU interventions compared to what could be achieved by the IPA beneficiary country at national and/or regional levels without such interventions? To what extent was IPA assistance instrumental in increasing donor co-ordination in the beneficiary country and or beneficiary country capacity on strategic planning?

Research was based principally on secondary information sources (Results Oriented Monitoring (ROM) reports and other monitoring and evaluation reports) using a sample of projects in the targeted sectors selected principally by scale and availability of secondary information sources. Where information sources were not available, scoring was imputed following the same methodology as the ROM approach. Findings generated by the desk research phase were validated and elaborated by a short field research exercise. A fuller elaboration of the approach and methodology can be found in annex 2 of this report and the comprehensive structure included in the inception report for this project, available from the contracting authority.

Introduction to the sector approach and IPA II

The findings and conclusions of the evaluation relate exclusively to IPA I. However, in order to enhance the relevance of the evaluation, recommendations have been developed for both the remaining period of implementation of IPA I and the new 2014-2020 IPA II programme. Under the latter, the current project based approach is to be replaced with a more sector based approach. As

the design of the sector based approach was ongoing during the evaluation and to some extent varies between IPA beneficiaries, it is useful to elaborate here the evaluator's understanding of the concepts.

The sector approach outlined by the IPA Regulation² aims to take a more holistic view of sectoral development in a particular country, with programming seeking to define and support medium term sector objectives, based where possible on sector level strategic planning carried out by the beneficiary country. Delivering assistance will follow the existing procurement rules with the specific policy objective of moving towards the delivery of assistance via sector budget support once conditions and capacities allow. This would envisage direct financial commitments made to national budgets in exchange for the achievement of agreed results at the sector level. Although there are various approaches and definitions of the sector approach, the OECD/DAC guidance³ provides a series of key conditions⁴: These have been considered when assessing the extent to which recommendations from the evaluation are relevant for IPA II

In terms of practical progress made in implementing the new approach for IPA II, funding priorities have been identified by a needs and institutional analysis in each beneficiary country, leading to the identification of between four and nine sectors⁵. The programming process for IPA II started with the preparation of Indicative Country Strategy Papers (CSP) by the Commission Services, which were adopted in August 2014. Based on these CSPs, the beneficiary countries are required to prepare a Sector Planning Document (SPD) describing amongst others the situation in the sector and its needs and priorities. The SPDs in themselves are not formal programming documents since they do not require Commission approval nor lead to financial commitments. Beneficiaries have the choice to develop either consecutive annual programmes (as with the IPA I approach), or multi-annual programmes which may take on the form of an Operational Programme (OP), or a multi-annual programme with split commitments (multi-annual programming with annualised financial commitments). As none of the parties involved – including the Commission Services - were ready in the development of the rules and overarching planning documents in time to implement the system for the entire programming period, it was decided to develop Annual Programmes for 2014 following the existing project based approach. This may be extended into 2015 programming as many beneficiaries are still only at the very early stages of programming and deciding on the best approach for their specific needs.

For the conclusions under each OECD-DAC criteria in chapter 3 the actual or potential contribution of the sector approach to addressing the issues identified is provided.

²Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II)

³ OECD-DAC (2006) 'Harmonising Donor Practices for Effective Aid Delivery, Volume 2: Budget Support, Sector Wide Approaches and Capacity Development in Public Financial Management,' DAC Guidelines and Reference Series, OECD 2006.

⁴ Including: clear nationally owned sector policy and strategy along with a medium term expenditure programme and donor coordination; systematic programming and consultation structures; performance monitoring systems; and an agreed process for moving towards harmonised management and reporting systems

⁵ The sectors are Competitiveness & Innovation (all beneficiary countries), Education, Employment & Social Services (all), Democracy and Governance (all); Rule of Law and Fundamental Rights (all); Environment and Climate Action (all except BiH); Transport (all except BiH); Energy (KOS, SER, TR); Agriculture and Rural Development (all except BiH); Territorial and Regional Cooperation (all except BiH)

Limitations of the methodology

The resources made available for this evaluation compared to those preceding it were substantially reduced which was reflected in a less than ideal structural distribution between senior and junior experts and time in the field. This has been addressed by limiting the sample and the use of principally secondary sources of information, with a brief field mission to validate facts and elaborate findings. A consequence of basing the research principally on secondary sources and covering largely the same scope of financing years is that findings, conclusions and recommendations will inevitably overlap with those from earlier evaluations and monitoring reports.

1.2 Details of the sample

A summary of the project population and sample size by both number of projects and budget is provided in the following tables (and more comprehensively presented in Annex 2).

Component I

| COUNTRY | POPULATION No. OF PROJECTS | | | POPULATION BUDGET(M€) | | | SAMPLE No. OF PROJECTS | | | SAMPLE BUDGET (M€) | | | SAMPLE AS % OF POPULATION | | |
|---|----------------------------|-----|-----|-----------------------|--------|--------|------------------------|-----|-----|--------------------|-------|--------|---------------------------|------|-----|
| | PSD | ESP | 3rd | PSD | ESP | 3rd | PSD | ESP | 3rd | PSD | ESP | 3rd | PSD | ESP | 3rd |
| Albania | 8 | 3 | 4 | 18.040 | 13.920 | 7.15 | 5 | 2 | 3 | 9.05 | 3.95 | 5.65 | 50 | 25 | 100 |
| BiH | 11 | 13 | - | 45.548 | 26.607 | - | 5 | 7 | - | 10.89 | 8.92 | - | 24 | 29 | - |
| Croatia | 8 | 11 | - | 5.280 | 14.79 | - | 1 | 3 | - | 1.00 | 2.41 | - | 19 | 16 | - |
| Kosovo | 10 | 7 | 6 | 63.030 | 36.83 | 81.99 | 4 | 3 | 3 | 10.50 | 4.48 | 23.33 | 17 | 10.5 | 28 |
| The former Yugoslav Republic of Macedonia | - | - | 1 | - | - | 0.80 | - | - | 1 | - | - | 0.80 | - | - | 100 |
| Montenegro | 7 | 4 | 3 | 7.850 | 8.05 | 29.49 | 3 | 3 | 3 | 3.30 | 4.46 | 18.05 | 42 | 55 | 61 |
| Serbia | - | - | 6 | - | - | 41.50 | - | - | 3 | - | - | 18.022 | - | - | 43 |
| Turkey | - | 13 | 12 | - | 63.945 | 143.17 | - | 3 | 6 | - | 13.10 | 11.91 | - | 20.5 | 8 |

Component III

| COUNTRY | POPULATION No. | POPULATION BUDGET (M€) | SAMPLE No. | SAMPLE BUDGET (M€) | BUDGET % |
|---|----------------|------------------------|------------|--------------------|----------|
| Croatia | 28 | 149.350 | 11 | 108.83 | 73 |
| The former Yugoslav Republic of Macedonia | | | 2 | 2.57 | |

Component IV

| COUNTRY | POPULATION No. | POPULATION BUDGET | SAMPLE No. | SAMPLE BUDGET | BUDGET % |
|---------------------|----------------|-------------------|------------|---------------|----------|
| Croatia | 37 | 84.042 | 8 | 14.561 | 17.3% |
| The former Yugoslav | 13 | 13.773 | 5 | 6.856 | 49.8% |

| | | | | | |
|-----------------------|----|---------|---|--------|-------|
| Republic of Macedonia | | | | | |
| Turkey | 18 | 110.555 | 5 | 30.707 | 27.7% |

1.2.1 Private sector development

The Private Sector Development sector was reviewed in all IPA beneficiary countries and included both Component I and IIIc where applicable. Field missions were undertaken to Croatia, Bosnia and Herzegovina, Montenegro, Kosovo and Albania with the remaining countries of Serbia, the former Yugoslav Republic of Macedonia and Turkey analysed only from secondary information sources. Because of the diverse range of activities undertaken, this evaluation uses a rather wide definition of the “sector” of Private Sector Development/Competitiveness, which does not always reflect the distribution of projects in individual countries - or more broadly under the IPA I - over individual sectors. This is logical as apart from the standard elements such as SME development, certain parts of regional development, innovation and technology development, it also covers issues that in most countries are dealt with under the sector public administration reform (e.g. public procurement, state aid, quality infrastructure, and e-government). In older national programmes they are grouped under the heading of “ability to assume the obligations of membership”. Primary and secondary information on the sector therefore had to be retrieved from various sources that were not always comparable.

The project sample reflects the width of the sector. Under Component I, the PSD/Competitiveness sector can be broadly divided into two groups according to their objectives of either approximation to the *acquis* or socio-economic development:

| | |
|--|--|
| <i>Improve the legal and administrative environment for business by aligning legislation, institutions and procedures with the <i>acquis</i></i> | Typical sub-objectives are improvement of quality systems, improvement of public procurement, competition and state aid systems, implementation of the Sector Based Approach, implementation of Intellectual Property Rights legislation, improvement of foreign trade |
| <i>Improve soft and hard supporting infrastructure for business.</i> | Typical sub-objectives are: stimulation of local/regional development, establishment of business parks, incubators, clusters, improvement of Foreign Direct Investment, establishment of SME support institutions, direct support to SMEs, etc. |

1.2.2 Employment and social policy

The Employment and Social Policy sector was reviewed in all IPA beneficiary countries and included in field missions to Croatia, BiH, Montenegro, Kosovo, the former Yugoslav Republic of Macedonia, Albania and Turkey. Serbia was analysed from secondary information sources only.

The evaluation used a wide definition for the ESP sector, including in its scope elements of the education sector to the extent these have had a significant influence upon employment and social policy. Roma projects have been excluded from the ESP sample due to a separate evaluation that DG NEAR is currently undertaking. The mapping of IPA intervention in the ESP sector revealed that the focus has been put on three thematic areas: employment and labour; education and training; social protection and inclusion and the sample reflects these themes. In the *education and training area*, the main purpose of the sampled IPA projects was to improve the relevance of education to labour market needs, develop National Qualification Frameworks (NQF) in line with the European Qualifications

Framework (EQF), increase participation in education and lifelong learning, promote social partnership in the development of vocational education and training (VET) provision and adult learning, ensure equal access to quality education of vulnerable children. In the *employment and labour area*, IPA projects in the sample aimed to support the strengthening of the public employment services and to increase the employability of people excluded from the labour market. In the *social protection and inclusion area*, the purpose of sampled IPA projects was to ensure access of disadvantaged and excluded groups to quality social welfare services and to improve the capacity of both duty bearers and rights holders for the progressive realisation of human rights as well as sustainable inclusion in the labour market.

The sample covers projects from both Component I and Component IV (respectively 21 and 18 projects). Out of the total number of 39 sampled projects, 32 have been completed.

1.2.3 Third sector

The main scope of the evaluation cover the sectors of PSD and ESP as outlined above. A third sector has been included in the scope of the evaluation in order to complement these two sectors and to generalise and strengthen the overall programme level findings and conclusions. The identification of the third sector was undertaken during the inception phase after discussion with the country desks and delegations to ensure that it was in line with country needs and represented a balance across the geographic area. Four additional sectors were included in the evaluation under the third component as follows:

| Country | Sector | Scope |
|---------------------------------------|------------------------------|--------------------|
| Albania | Public Administration Reform | Component I |
| Former Yugoslav Republic of Macedonia | Transport | Component I & IIIa |
| Montenegro | Transport | Component I |
| Kosovo | Energy | Component I |
| Serbia | Energy | Component I |
| Turkey | Home Affairs | Component I |

No sector was selected for Croatia and BiH.

In summary, the third sector covers projects principally from Component I in six of the eight IPA beneficiary countries. In Albania the Public Administration Reform sector includes three projects for civil service reform and statistics, two of which have been completed. The energy sector was selected in Kosovo and Serbia covering in both countries institution building and investment in meeting the requirements of the Energy Community Treaty – principally unbundling of the energy generation and distribution and strengthening of the market regulation mechanisms – as well as improving the security of supply locally and regionally by investing in infrastructure. Energy efficiency and renewable energy were both also included in the scope of the sample. For Kosovo four projects were completed at the time of the evaluation and in Serbia all six. In the former Yugoslav Republic of Macedonia and Montenegro, the evaluation covers the Transport sector with a mixture of institution building and investment to address both socio economic development issues such as railway construction and *acquis* related aspects of safety at sea and on the roads. The sector covers principally Component I but also institution building elements of Component III in the former Yugoslav Republic of Macedonia

All three projects were completed in the former Yugoslav Republic of Macedonia and four in Montenegro at the time of the evaluation. In Turkey, the Home Affairs sector included principally twinning assistance to a range of institutions including police, border police, forensic investigation services and judicial system. Other assistance was provided to local level rule of law and police reform. Four of the projects were completed.

2 FINDINGS

The following section contains findings from the consolidated fact base generated by the desk research phase supported by clarifying information from the field phase to answer the evaluation questions. It provides findings and conclusions by sector and by DAC criteria.

2.1 Efficiency (covering evaluation questions 1 &2)

2.1.1 Methodological overview

Efficiency is considered by the evaluation in the context of the timeliness of the delivery of inputs, the use of objective tender procedures, the appropriateness of the implementation modality and the quality of implementation as contributing factors in determining whether value for money was achieved in the delivery of the IPA. It uses principally information from the project level monitoring reports and where information is missing imputes scores following the same methodological approach as used in the monitoring reports.

2.1.2 Private sector development/Competitiveness

Objective and transparent tender procedures were used for the majority of contracts in the sample.

Of the 18 sample contracts under IPA Component I, a total of 12 were designed and implemented as service or supply contracts, tendered through open or restricted procedures. Of the remaining six, four are twinning projects. Such projects invariably end up with a total budget equal to the original financial allocation, which eliminates the financial advantage of competition through tendering. There are only two direct grant contracts in the sample (both to EBRD); the ROM reports show that their efficiency of implementation is respectively good and very good, which was confirmed by interviewees during the field mission. Higher efficiency arguably translates into higher value for money, but such a conclusion cannot be drawn on the basis of only two contracts. The grant selection process is transparent and objective.

Component IIIc projects were only sampled in Croatia. This sample consists of 11 individual contracts (service, works and supplies) that have all been tendered under competitive procedures.

Delays in contracting remains a common feature in all countries, for Component I as well as for Component IIIc, Once contracts have started, delays in implementation do occur, but to a limited extent and in a limited number of cases.

An analysis was made of the difference between the planned contracting dates in programming documents and actual contracting in monitoring reports. For 26 of the total of 30 sample contracts, 61% were contracted over one year later than planned and only 8% were contracted as planned. Delays were most significant in Croatia (with 60% of contracts more than a year late) and BiH (with all four reviewed contracts more than a year late).

Delays are caused by a combination of inadequate quality of procurement documentation produced by national authorities and lengthy approval procedures on the side of the Commission Services. However, these delays are measured from the target dates for contracting as determined in the project

fiches and operation identification sheets and not on the basis of urgency of the intervention. There is thus no assessment of the effects of these delays on project performance but it is clear that the design of timelines during programming consistently underestimates the time needed to prepare the tender process.

The implementation of the Croatian Regional Competitiveness Operational Programme (RCOP) measured in 2012 was delayed which is reflected by the limited physical achievement of the majority of the measures. The share of funds contracted at the end of 2011 was 15.9%, against a target of 55% set for the year 2012. Later monitoring reports do not indicate substantial growth rates in commitment of funds for the period after 2011. The interim evaluation of the Turkish RCOP takes a different approach, by analysing for each priority and measuring the risk of decommitment of funds under the N+3 rule. The resulting data is not comparable with the Croatia, but the overall conclusion is that across the priorities and measures, Turkey experienced serious delays in contracting and thus in absorption of IPA funds.

Efficiency as measured by the timeliness of contracting does not substantially differ between Component I and Component IIIc. Contracting authorities initially struggled to adapt to the new IPA implementation system, but extensive delays under the 2007 FM gradually diminished in subsequent years. Contracting efficiency appears similar between centralised and decentralised management as both use the same procurement processes.

The majority of the sample projects have produced their outputs in a timely manner once contracted, while the general quality of outputs is also assessed positively. A point of concern in many countries is the persistent lack of capacity dedicated to IPA procurement and implementation.

ROM and other monitoring reports generally do not evaluate the effects of pre-contracting delays and concentrate on the timeliness and quality of project implementation after contracting. The sample was scored “very good” or “good” in 23 out of 30 contracts in the sample (76%), indicating that once contracts have started, the delivery of inputs and activities was largely satisfactory. Project implementation under both components has similar performance as although the way they are programmed differs, they use essentially the same procurement processes and management mechanisms for implementation. Projects that scored low on efficiency suffered invariably from limited active collaboration on the part of beneficiaries, most often caused by lack of administrative capacity and especially in cases that require inter-agency cooperation. Although there are positive exceptions, the communication and cooperation among ministries, and between ministries and other agencies, is sub-optimal in most countries which delays decision making. In a limited number of cases beneficiaries did not see a great need for the project in its current format due to the delay between programming and contracting. In some cases projects scored low on efficiency due to inadequate quality of inputs from the contractor but in general contractor performance appears to be satisfactory.

The ROM system also reports on the timeliness and adequacy of the (management of) outputs. Of the 30 contracts in the sample, 25 score “very good” or “good” with no obvious correlation between the timeliness or quality of output delivery and the implementation mode of the service delivery projects. The number of works and supply contracts in the sample is too limited to draw conclusions in this respect.

Two of the three sample contracts in Montenegro are rated as less than good, with both the ROM report and the interviews during the field phase blaming this on the contractors. A review of project progress reports and Steering Committee meeting minutes shows, however, that factors such as inadequate collaboration with the experts and the length of decision-making on project reports also contributes to the efficiency issues.

With the exception of Turkey, Serbia and Croatia, the general lack of capacity for procurement and implementation of IPA 2007-2011 has negatively affected efficiency. For procurement the late and low quality tender documentation requires a lengthy iterative process of ex-ante approval. For implementation, key beneficiary staff are expected to collaborate with the project in addition to their normal daily duties and they frequently do not have the time allocated for this in their workload. Despite this, commitment to projects on an individual level is generally strong. These capacity shortcomings are most apparent in BiH, Albania and Kosovo and to a slightly lesser extent in Montenegro and the former Yugoslav Republic of Macedonia.

Correct implementation mechanisms were in general selected for the projects in the sample, but capacity constraints at some beneficiaries question whether twinning is always the most effective implementation approach.

The sample contains 30 contracts; of this number, 19 were technical assistance, 4 twinning, 1 works, 4 supply and 2 direct grants. No grant schemes are included in the sample. All works and supply contracts were part of Croatia's RCOP three twinning contracts took place in Albania, one in Croatia, while the direct grants concerned agreements with the EBRD on the implementation of the well-known TAM/BAS⁶ programme, in BiH and Kosovo.

The use of twinning is usually promoted by the Commission Services and whilst it may be correct for accession-oriented actions, it is questionable whether this choice was in all cases justified. Conceptually, twinning expects greater inputs and thus capacities from the beneficiaries than technical assistance and these capacities were – certainly at the time of programming - evidently absent in several countries but most notably in Albania and BiH. The process of choosing the implementation mechanism seems to be more thorough under Component IIIc than under Component I due to more time being available for discussions and consultations on all aspects of the multi-annual Operational Programme (Component IIIc) than on the annual programmes under IPA I.

2.1.3 Employment and Social Policy

Objective and transparent tender procedures were used for the majority of contracts in the sample.

Contracts have been awarded based on objective tender procedures in 32 out of 39 cases (82%). Among these 32 contracts, technical assistance was significantly more popular than twinning in terms of both number of contracts and budget (four times the number; 10 times the budget), the reasons being explained later on in this section. Open calls for proposals were used in Croatia and Turkey for the three grant schemes sampled for this evaluation, which is the usual modality of providing grant funds. The direct award procedure has been used in the case of one contract concluded with the public employment service in the former Yugoslav Republic of Macedonia as it has the monopoly on

⁶ Turn Around Management/Business Advisory Services

service provision. The use of this procedure has been noted in similar contracts outside the sample in Croatia and in Turkey and it is an appropriate mechanism as long as the respective contractor has solid financial management and accountability procedures in place (see the Macedonian experience below). The remaining six contracts in the sample have been awarded based on direct contracting, through direct grants or contribution agreements concluded with international organisations.

Inputs were mostly provided according to the contract documents and at the planned costs

30 contracts (77%) in the sample, scored 'very good' or 'good' for the quality of input delivery in the ROM reports (IPA component I) or imputed by the evaluation for IPA component IV. In the former Yugoslav Republic of Macedonia, the Audit Authority identified two contracts (a twinning and a direct agreement with the Employment Service Agency (ESA)) where financial errors had been made and which led to the interruption of IPA Component IV payments in 2012 by DG Employment. As mentioned in the IPA annual implementation report (2013), this was "a cause of great concern for the Commission"⁷.

Two thirds of the sampled contracts under both IPA components have been completed on schedule.

The key factors identified in ROM reports, interim evaluations and validated by field visits that contribute to the timely delivery of outputs and results were efficient project management, timely deployment of appropriate technical assistance, good project design, good communication between the key stakeholders and adequate monitoring through project steering committees. Efficiency has been lower for contracts under IPA component IV: only 55% of contracts were completed on time compared to 71.4% of contracts under component I; 72% of contracts under component IV scored 'very good' or 'good' in the ROM reports for the appropriate delivery of inputs compared to 80% of contracts under component I. One of the main reasons was the insufficient staffing and staff turnover within the Operating Structures of the Human Resources Development Operational Programme (HRD OP) with their substantial portfolio of assistance under management, as identified by the interim evaluations in Croatia, the former Yugoslav Republic of Macedonia and Turkey and as confirmed by the interviews in the field.

There have been frequent delays in contracting and implementation in all countries.

Low administrative capacity led to inadequate quality of project/operation fiches and consequentially lengthy approval procedures on the side of the Commission Services. The time elapsing between the preparation of the fiches and the actual start of the projects was typically around two years (in some cases as much as three years, as reported by several interviewed beneficiaries, e.g. project on "Strengthening the Vocational Qualifications Authority" in Turkey). A large backlog of procurement has been accumulated (such as in the former Yugoslav Republic of Macedonia in 2012), which increases the risk of de-commitment in the coming years. This increases pressure on stakeholders to improve the speed of contracting with attendant risks that faster non-competitive procurement procedures could be used or projects scaled to the administrative needs of the programme rather than the absorption capacity and needs of the beneficiary.

In addition to the risk of reducing the relevance of assistance, these delays have also shortened the time available for implementation which is particularly important for complex, broad-scope projects on systematic reform. Planning was not therefore always realistic for these kinds of projects which require

⁷ European Commission, "2012 Annual Report on Financial Assistance for Enlargement, Brussels", 2013, page 45.

considerable time for consensus building around sensitive issues (notably in BiH), inter-agency cooperation, political commitment for adoption of laws or allocation of national funding. Delays have also been caused by the lengthy procurement processes or by the need to replace underperforming consultants (a situation more frequently met in Turkey). Delays in contracting technical assistance have led to approximately half of the grant schemes in the sample being launched without technical assistance or with very little/belated support (e.g. community-based models in pre-school education in Turkey). More realistic planning taking into consideration national capacities would address this to some extent. Insufficient coordination among contributing donors and inputs have been identified in several projects implemented in Kosovo and BiH, which caused delays in implementation and required the readjustment of the implementation timeframe.

Selection of the contractual mechanism is based on the nature of assignment, but it does not always appear to take into account the absorption capacity of the beneficiary institution

Contractual mechanisms for implementation were decided between the EUD, DG Enlargement, DG Employment and NIPAC, depending mainly on the nature of the assignment. Based on the sample of contracts, twinning was preferred for the implementation of projects in BiH, Croatia, the former Yugoslav Republic of Macedonia and Turkey which were related to *acquis* (e.g. gender equality in working life), political accession criterion on human rights (e.g. child rights, ethnic minorities rights) and fulfilment of EU benchmarks (e.g. adult education, quality assurance). However, administrative capacity assessments have not been systematically carried out to determine the absorption capacity, scale and scope of the assistance needed and therefore the most appropriate contractual mechanism. Feedback from interviews does not provide any evidence of whether the maturity and capacity of the beneficiary organisation has been taken into account. Twinning principally requires greater capacity from beneficiaries compared to technical assistance and there have been examples where this capacity was to a large extent missing at the beginning of twinning (e.g. Agency for Preschool, Primary and Secondary Education in BiH, Centre for Adult Education in the former Yugoslav Republic of Macedonia). Twinning is usually cheaper than technical assistance⁸ and was also more effective compared to technical assistance contracts in the observed sample: all six twinning contracts were rated 'very good' or 'good', compared to only 15 out of 22 technical assistance contracts. According to interviews in the field, twinning was however perceived to be slow to mobilise and sometimes too rigid in procedures, rendering the technical assistance option the more popular delivery mechanism.

The decision to use contribution agreements in Albania, BiH, Montenegro, and Turkey has been based on the reputation and competence of the respective organisations in the specific field (e.g. UNICEF in the area of child rights or ILO in labour issues), the institutional capacity to implement complex projects across the country and the good track record of former cooperation with beneficiaries. However, according to the scores in ROM reports, the performance of contribution agreements was lower than technical assistance contracts⁹ in all OECD DAC evaluation criteria. The most significant differences were recorded for efficiency (timely delivery of inputs in only 33% of contribution agreements in the sample compared to 80% of technical assistance contracts, provision of contracted inputs in only 66% compared to 90%) and sustainability of results (likely sustainability of results in 50% of contribution agreements compared to 70% of technical assistance contracts). The objectives of the contribution agreements were overly ambitious for the funding and timeframe

⁸ An evaluation of the relative costs and benefits of twinning and technical assistance cited by the EC in its 2010 annual report on financial assistance for enlargement found that twinning was 23% cheaper than technical assistance on a unit cost basis.

⁹ As contribution agreements have been used only for the sampled projects financed by IPA component I, the comparison was done only with the technical assistance contracts financed under the same component.

available and often promoted the agenda of the respective international organisation in addition to the project objectives.

2.1.4 Third sector

In most cases objective tender procedures have been used and inputs have been delivered as expected

28 of 31 (90%) of contracts reviewed by the evaluation in the third sector used objective tender procedures to select contractors. Of the three contracts awarded directly, one was to GIZ for civil service reform in Albania on the grounds that it was a continuation of an existing direct agreement contract; one was a contribution agreement with KfW for infrastructure investment in the energy sector in Serbia and linked to substantial co-financing; and the third was a direct agreement with UNDP in Turkey for improvement of civilian oversight and was also an extension of an earlier intervention implemented by UNDP. The direct agreements with KfW and UNDP are justified on the grounds of respectively co-financing and specific technical, operational and political competence. GIZ does not offer a particular advantage over the market, similar services could be provided through competitive processes and the continuation, whilst administratively convenient and quick, is not sufficient justification.

27 of the 31 contracts in the sample are sufficiently advanced to have either a ROM report or, where this is lacking, an imputed score based on contract performance and following the same methodology. This is the case for three projects in the former Yugoslav Republic of Macedonia and five in Montenegro. 23 of these contracts (85%) were scored either good or very good (ROM score a or b) in the delivery of inputs, reflecting a generally strong level of contract management across the region. In most IPA beneficiaries in the sample, management was still centralised under the operational responsibility of the Delegations and this may have contributed to the generally strong performance seen.

Implementation is generally rated positively and programme management mechanisms have become well embedded, although there have been problems with difficult project environments and in some cases lower than expected performance from contractors.

ROM reports rate the implementation of the contracts in the sample as good or very good 65% of the time, with the lower performance score due to challenging operational environments (principally implementing difficult or contentious institutional reform) and weak performance of contractors. Slow implementation of preparatory service contracts has had negative effects on the timely procurement of subsequent investments in the former Yugoslav Republic of Macedonia and Montenegro. Institutions have become experienced in the rules and procedures of the IPA, although administrative capacity constraints in terms of sufficient staff, sufficient calibre of staff, staff retention and institutional restructuring and difficulties to devolve responsibility within institutions occur frequently. Positive examples of technical management capacity were noted in statistics in Albania and railways in Montenegro - in the latter case operational management responsibilities have been recently relocated to the Directorate for Public Works in the Ministry of Transport and it remains to be seen whether this affects project and programme management. The effectiveness of Senior Programming Officers (SPOs) varies throughout the region with some acting as intended to drive project development and others more as a post-box for sector communication. It is frequently challenging to identify sufficiently senior officers with the political influence necessary as well as having the time and competencies to be

able to effectively fulfil their role. Interviews for infrastructure elements noted the increasing additional benefit of central EU advisory sources of JASPERS¹⁰ at the EIB and the Western Balkans Infrastructure Framework (WBIF).

Contracting mechanisms are generally appropriate to the needs of beneficiaries, although administrative capacity for effectively implementing assistance needs to continue to be a key factor in their selection.

The selection of the contract type (twinning, technical assistance, supply, works, grant, contribution agreement) has been broadly appropriate. Twinning is the preferred implementation mechanism for capacity building once beneficiaries have developed sufficient capacity to be able to effectively support it. The inability to apply additional support financing (in the form of complementary investments) to this type of contract means that any investment elements need to be supported by associated contracts and this requires timely procurement to ensure maximum effects. In general, timely procurement has been a key problem in the implementation of the IPA. Interviews with some stakeholders suggested that more novel forms of contracting, such as grant schemes only eligible for Member States may be a suitable option as these are result based and allow both technical assistance and investment. In Turkey twinning has been criticised for not being able to offer sufficiently senior experts for the counterparts in the beneficiary administration. Service contracts are appropriate for technical design and feasibility studies for infrastructure investments but difficulties experienced in the tendering processes within national programmes suggest that greater centralisation of this type of activity within WBIF in the future may be more appropriate. They have also been used where beneficiaries have more limited capacity although their inability to drive institutional change in complex political environments (such as energy regulator in Kosovo) means that here either twinning or direct agreements with European level institutions (as has been successfully undertaken with the European Central Bank and the European Patent Office in other IPA projects) may be more effective through the leveraging of peer pressure. Contribution agreements with the UNDP reflect their specific political and technical competencies in Turkey.

In the area of infrastructure investment, there is some evidence of movements towards more 'blended' finance with contribution agreements to KfW in the energy sector in Serbia and Kosovo although for other infrastructure projects in Montenegro more traditional works contracts have been applied. Here also, the specific conditions of the local markets which are extremely small and offer limited (and in some cases no) opportunities for competition mean that more expensive foreign contractors have to be used or sole suppliers contracted. Framework contractors have in general been criticised for performance, particularly in drawing up preparatory documents for subsequent tenders.

2.2 Findings on effectiveness (covering evaluation questions 3&5)

2.2.1 Methodological overview

Effectiveness looks at the extent to which the assistance delivered has led to the intended change in the beneficiary. The evaluation considers whether planned results have been achieved, whether results delivered are used for the purposes intended and seeks to identify examples of negative

¹⁰ Joint Assistance for Support Projects in Eastern Europe

factors in the achievement of the results. The quality of monitoring mechanisms and indicators is considered as a key factor in assessing performance. It uses principally information from monitoring reports supplemented by clarification interviews during the field phase.

2.2.2 Private sector development/Competitiveness

Results are being achieved for Component I, but complex problems limit effectiveness in some cases.

Of the 18 sample contracts under Component I, four are scored 'very good' and ten 'good' by the ROM mechanism. The remaining four contracts recorded lower scores, for a number of reasons:

- low institutional capacity of national authorities and the missing subsystems that are needed to build the e-government structure in Albania. The field work has confirmed that these risks have fully materialized and that in addition, the absence of a tradition of inter-agency cooperation further jeopardizes the achievement of results;
- turnover of staff trained as trainers, lack of motivation for trainers to train, closure of the target beneficiary institution and lack of human resources to implement the communication strategy in public procurement also in Albania. Solutions are being sought through additional donor support from the regional IPA programme, the WB and USAID;
- Institutional structures established by the IPA are not endorsed or supported by the government in regional economic development in Kosovo which has only two levels of administration – central government and municipality;
- lack of commitment of the beneficiaries, poor performance of the TA team, overly long EUD approval processes, and external factors related to the financial crisis for the 2008 project for small and rural enterprises in Montenegro.

The information on Component IIIc performance in terms of delivery of results is based on imputed scores from monitoring reports in Croatia and on the study of CPIEs and sector evaluations for Turkey, as the only country entitled to Component IIIc and not represented in the project sample. For countries for which no sample projects were selected, the general positive assessment of effectiveness of PSD/Competitiveness programmes under Component I was confirmed by country and sector evaluations for the former Yugoslav Republic of Macedonia, Serbia and Turkey.

Sample projects under Component IIIc perform still better than those under Component I. Imputed scores for these 12 projects are 'very good' in seven instances and 'good' in five. Earlier evaluations in Turkey –insofar as they deal with PSD/Competitiveness- conclude that the effectiveness of the projects and programmes was on the whole satisfactory.

Despite overall positive scoring, the evaluation confirms earlier studies that point to a number of factors that negatively influence the ability of beneficiaries to turn project outputs into results.

Some of these negative factors have a structural character in the sense that they appear to persist throughout the reference period 2007-2011 and even beyond.

- Despite all related conditionalities being included in programming documents, beneficiary countries rarely succeed in equipping their institutions with sufficient human and physical resources needed to effectively generate the expected results of the assistance;
- Related to this, several beneficiary countries (notably BiH, Kosovo and Albania but also the former Yugoslav Republic of Macedonia and Montenegro) entertain political governance

systems that make inter-agency collaboration and communication challenging (and in the case of BiH: inter-entity). In coalition governments, the control of ministries and institutions is allocated to political parties and therefore political conflict migrates to the public administration;

- Although national institutions are nominally involved, the practical situation in several countries is that programming and even implementation is led by the Commission Services. There are examples (notably in the area of regional development) of EUDs imposing projects upon the beneficiaries for which the latter do not see a real need and which do not fit into public administration structures.

Information available to the evaluation does not provide assessments on the quality and measurability of indicators or corrective management actions in the PSD/Competitiveness sector, at both result and impact level. With the exception of some elements of Component IIIc, relevant documents such as SMSC meeting minutes, Annual Implementation Reports, Delegation Quarterly Management Reports were not available to the evaluators. ROM reports provide concise general assessments of the existence of indicators, but rarely on their quality. Similarly, information was not available on the existence of recommendations for corrective management actions or the extent that recommendations had been followed up in subsequent reports.

The spread of interventions over a wide range of sub-sectors negatively affects the quality and quantity of results.

IPA budgets are too small and the range of interventions too broad to provide for the complete solutions that would represent a meaningful contribution to sector objectives. For interventions supporting business infrastructure, this is compounded by the limited national budgets for co-financing and also for accompanying measures and national proliferation of the results of pilot projects. Results of these projects are therefore invariably very limited and even good results of individual projects have little impact on the sector as a whole. The need to address a wide range of acquis related objectives leads to the development – especially under Component I financing - of a multitude of small projects. Effectiveness (as well as impact, and sustainability) could have been much better if the IPA had concentrated on either acquis related or business infrastructure related objectives.

2.2.3 Employment and Social Policy

Most projects financed by IPA (both Component I and IV) in the ESP sector achieved, or are likely to achieve their planned results although this varies across the sector.

The effectiveness level of 29 of 39 contracts in the sample (74.3%) is rated 'very good' or 'good' and with the remainder recording 'problems'. For Serbia and the former Yugoslav Republic of Macedonia which are not represented in the sample for IPA component I (as explained in the methodology, see Annex 2), the contributory evaluations regarding IPA assistance¹¹ confirm a 'satisfactory', respectively 'medium' level of effectiveness of projects implemented in the human resources development sector.

The contracts sampled for IPA component IV recorded a better effectiveness level compared to those financed by IPA component I

¹¹ "Evaluation of effectiveness and efficiency of development assistance to the Republic of Serbia per sector (2007-2011)", Maxima Consulting/IMG, 2013; FYROM "Second Country Programme Interim Evaluation of the National Programmes under IPA Transitional Assistance and Institution Building Component", Interim Evaluation Report, Pohl Consulting & Associates GmbH, 2014

83% for Component IV are scored 'very good' or 'good' compared to 66% for Component I. Interviews with EUD and NIPACs confirmed that the improved effectiveness is mainly due to the increased capacity of beneficiaries to implement the projects and to a better, more systematic monitoring of progress and follow up of corrective actions recommended by Sector Monitoring Committees (SMC) and external evaluations.

The effectiveness of IPA support varies across the three thematic areas and from country to country.

According to the ROM and other monitoring reports, contracts in the education and training area were more effective than those in the other two thematic areas: one in seven education and training contracts faced effectiveness challenges compared to one in three in the employment and labour area and, similarly, in the social protection and inclusion area.

Key achievements and challenges in the ESP sector by thematic area

As observed from the completed *education and training* contracts in the sample and based on the interviews carried out, VET projects have been more effective in Albania and Croatia, delivering quality outputs and achieving most of the planned results, with beneficiaries having access to project services and results. Planned results in the area of National Qualification Framework (NQF) and lifelong learning have been largely attained in Croatia and Turkey and, to a certain extent, in the former Yugoslav Republic of Macedonia although there have been some flaws in the delivery of technical assistance. School enrolment of girls from disadvantaged backgrounds has been boosted in Turkey. IPA has also contributed to addressing the employability challenges faced by young people, such as in Kosovo, via developing vocational and in-company training schemes and entrepreneurial skills. Nevertheless, no certification of skills has been done, decreasing the effectiveness of the overall intervention. A significant result was achieved in BiH with the adoption of the strategy for entrepreneurial learning in the education systems.

In the *employment and labour area*, IPA has contributed to the modernisation of the public employment services for better delivery and monitoring of active employment measures (e.g. in Croatia, BiH, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey). Good results have been reported by the projects addressing young job seekers in Croatia; women in Turkey and Croatia; and persons with disability in Croatia and the former Yugoslav Republic of Macedonia. However, these results have not always been transposed in sustainable impacts, as seen in the impact and sustainability sections of this report. As far as the transposition of labour *acquis* in the national legislation is concerned, important outputs and results have been obtained particularly in Turkey through the promotion of gender equality in working life. More challenging was the alignment of domestic legislation with the EU *acquis* in occupational health and safety in Albania.

In the *social protection and inclusion area*, results include the development of referral systems and the setting up, endowment and training of staff working in day care centres, group homes, foster care, other community and family-type alternatives to institutionalisation, home aid support, integrated childhood development centres, etc. There is evidence of IPA contribution to improved capacity of municipalities and social services providers to better identify and address the needs of socially-excluded groups. However, the effectiveness is rather low as far as empowerment of the weakest individuals and communities is concerned. Implementation of the "active inclusion" concept¹ is hampered by the uneven activation of its three pillars (adequate income support, inclusive labour markets, access to quality services), especially due to the complexity and size of the task, insufficient political commitment and scarce financial resources. In case of grant schemes, the highly competitive nature of selecting beneficiaries for this delivery instrument has sometimes impeded the access of poor and more needy communities and regions to available funding compared to regions with a better capacity of project proposal writing.

In general, the IPA projects are more effective when beneficiaries have been involved in the definition of planned outputs and results and where the assistance targets new skills and systems needed for the accession process.

There are however exceptions in the case of projects designed several years before they actually start as the delays tend to reduce relevance and lead to time consuming redesign. In case of capacity building projects, the training of human resources is generally considered relevant for new roles and systems and new skills and practices have been by and large embedded in the daily work routine¹². Investment was appropriate to institutional needs and generated in certain cases significant benefits for the sector. Utility of outputs and results was very high in the areas driven by an *acquis* requirement, notably in the case of candidate countries for the chapter negotiation screening and benchmarking.

Effectiveness is likely to have been enhanced by the multi-annual programming perspective especially for Component IV

Multi annual planning through operational programmes allows beneficiaries to plan more feasible employment and social policy strategies and allocate funding for achieving the planned results. In the ESP sector where cultural norms and values are playing a fundamental role in any change process and where investment should be long-term to produce results, the multi-annual programming was therefore likely to contribute to effectiveness.

However, there have been several factors which prevented the beneficiaries to access the results and which affected the effectiveness of some IPA projects, most notably:

- restructuring processes within beneficiary institutions (e.g. Ministry of National Education in Turkey) which affected the decision-making process and delayed the timely delivery of some of the outputs;
- late adoption of draft laws, strategies and inter-sectoral cooperation protocols developed with the support of IPA (e.g. transposition of EU labour directives in Albania, adoption of the NQF in Turkey, adoption of the law on child care and social welfare in Montenegro, inter-ministerial cooperation protocols for the protection of rights of children with behavioural disorders and on handling in cases of sexual exploitation and abuse of children in Croatia) which impeded their enforcement so far;
- unclear and complicated institutional procedures for embedding piloted curricula into the system, especially in the VET system (e.g. Serbia) which deprived the students from benefitting of modernised curricula based on learning outcomes in various occupational profiles;
- poor technical assistance which affected the timely delivery of outputs and their quality (cases recorded in almost all IPA beneficiary countries);
- too short duration of some projects which has not allowed implementation of instruments apart from their design (e.g. project on improving active labour markets in BiH) or finalisation of transposition of legal *acquis* (e.g. project on human resources development in Albania).

¹²There are some exceptions in BiH and in Kosovo where legal provisions and a lack of resources impeded the use of newly-acquired knowledge and skills to the expected level (see the impact section of this report).

The majority of projects are effective, with problems limited principally to operational issues

23 of 27 contracts (85%) for which ROM reports were available scored 'very good' or 'good' for effectiveness, with the remaining four rated as 'problems'. One of these scores is imputed for assistance to the State Road Agency in the former Yugoslav Republic of Macedonia as at the time of the evaluation there were concerns that the results of the project were not being used by the beneficiary due to insufficient funds. Assistance for public administration reform and the professionalization of the civil service in Albania was also rated low because there was a lack of clarity on the effectiveness of training and the draft legislation on the public administration that was expected to be in place by the end of the project was not passed. Following substantial delays and the inclusion of the legislation transposition as a conditionality for conferral of candidate country status, the law was passed in 2014. In Turkey, two projects received negative ratings – for forensic experts training and witness protection – covering a lack of clarity on result indicators and difficult collaboration between twinning experts and beneficiary. Interviews suggest that the issue of twinning partners providing insufficiently senior counterparts to their Turkish partners is more systemic than this project. Turkey is very much larger than any other of the IPA beneficiaries, with large, formal and well established public institutions. Twinners in some instances struggle to recruit experts who can effectively interface with these structures politically, although technical level collaboration appears largely successful.

Very positive scores were provided for institution building and investment assistance to the energy sector in Kosovo and training of border police in Turkey.

In *PAR*, the challenges in the introduction of new legislation intended to establish a merit based recruitment and career management experienced in Albania have been experienced throughout the IPA region, especially the countries of the Western Balkans. The sample project in this area experienced resistance from government in transposing legislation despite significant external assistance and political support from a range of donors as employment in the public administration has been seen as a reward for political party loyalty. The Directorate for Public Administration that is leading the reforms has been institutionally relocated since the assistance. Support from OECD SIGMA has been a positive element in the achievement of results in PAR in Albania – whilst missions and budgets are small, the engagement continues into the longer term and advisors develop close personal connections and deep knowledge of the local political and administrative situation. The EC has promoted effectiveness by strong political engagement, linking 2012 continuation assistance to the successful achievement of the results of earlier projects as well as further progress in Accession negotiations. In statistics, the other element of PAR in Albania considered by the evaluation, results have largely been achieved on national accounts and establishment of the business register. Institutional changes transferred responsibility for agricultural statistics from the Ministry of Agriculture to INSTAT (the national statistics agency) led to conflicts in the methodology to establish the Farm Register and this has compromised data for the agricultural census. Additionally trained staff did not transfer due to salary differentials between the two agencies.

In *Energy*, IPA has generated strong results in energy security and interconnectivity and transmission systems and market operators in both Kosovo and Serbia. Investment in transformers means the voltage fluctuation is now within international standards and the transmission system is in adequate condition. Interconnection with neighbouring grids will bring positive results for energy security in the

region although this does rely on other parties (notably the former Yugoslav Republic of Macedonia in this case) also completing their parts of the investment. Support to pricing has assisted newly unbundled generation and distribution although the politically complex situation with Srbijagas remains to be resolved despite the high level involvement of the EC. Support to energy regulators has also been effective including supporting bilateral negotiations between Kosovo and Serbian regulators on access and ownership of infrastructure. There are concerns remaining that the Kosovo regulator is not as independent from the government as it could be. IPA assistance to the energy sector has been effective because it is underpinned not only by strategic plans and government support but by legally binding EU supported regional agreements (the Energy Community Treaty) that establish a series of targets and measurable indicators linked to the implementation of the *acquis* as well as obligations stemming from Stabilisation and Association Agreement between EC and Serbia.

In *Transport*, the EC has used a dual approach of both institution building for transposition of the *acquis* with investment in support of socio-economic development targets. Results have been generally positive, if somewhat delayed in both the former Yugoslav Republic of Macedonia and Montenegro and this will have knock on effects to future programmes that is likely to lead to decommitment under the N+3 rule. Training and strategic planning at the State Transport Inspectorate (STI) are in place although there are concerns that inspections have not increased because of budgetary issues, despite this being a source of revenue for the STI. Strategic planning for multi modal transport has been prepared and awaits political decisions on further implementation as well as funding. Design and tender documents for future rail construction under the Regional Development OP are ready. Rail reconstruction in Montenegro has been completed despite capacity limitations in the local market and effective management capacity has been developed in the PIU at the national railway company through management of both IPA and other projects implemented principally through loan finance. 45% of the Montenegrin part of the line from Bar to Belgrade has been completed with IPA and loan funds, a further 15% is ongoing and the remainder will be financed through additional loan commitments or donations. The railway authority notes that target line speeds in the areas renovated by the IPA have been achieved. Legislation has been adopted for the Vessel Traffic Management Information System (VTMIS) and part of the technical infrastructure, including multi-purpose pollution control vessels, will be procured from IPA and national funds. Collaboration with the military has been useful in ensuring access both to sites for radar and use of military vessels to complement the control structures. Pollution control equipment has already been used. Planning support for future decentralised management of funds in the sector has been effective with management conferral granted and awaiting signing of the Financing Memorandum. Infrastructure design was eventually completed via a series of framework contracts despite delays to other elements when the initial complicated tender failed.

In *Home Affairs*, the use of twinning and the emphasis within this instrument on the achievement of mandatory results means that scores for effectiveness within the ROM reports were in general good. The assistance in the sample targets specific elements of the reform process in a range of different areas but there are some common factors that contribute to effectiveness. These include ensuring that the assistance targets current national political objectives, providing experts of sufficient seniority to be able to interface effectively with their counterparts, providing training at a level and intensity in line with the absorption capacity of the recipients and providing sustained assistance appropriate to the size of the country and the scale of the institutional reform intended. The length of time from programming to implementation means that project fiches are frequently updated to ensure that the intervention is in line with national policy and current beneficiary needs. This is a lengthy

administrative process (taking up to one year) and whilst it strengthens the relevance of the assistance in a politically sensitive sector to changing national needs, it creates excessive administration. A number of projects have faced challenges with providing experts of sufficient seniority to effectively collaborate with Turkish project leaders or short term experts who have more experience than their Turkish counterparts. In common with twinning elsewhere, much of the effectiveness depends on the ability of the key stakeholders to form a strong personal bond. For training, there are problems with counterpart operational level staff having the time to attend courses, fears that trained staff will leave (in the case of technical areas like forensics), difficulties in engaging with staff in the regions (online training has been tried but staff find it difficult to complete even this) and a lack of clarity as to whether training materials left at the end of assistance are effectively integrated into institutional training plans. All the assistance in the sample forms part of multi-annual interventions in the same area and in some cases (such as training for border police and civil enforcement offices) within the scope of much larger investment from both IPA and national sources.

Example of best practice

Twinners in Turkey are encouraged to return six months after the closure of the project to follow up on results achieved and propose further actions – if necessary using funds from the EUDs assistance budget. This strengthens both the reporting of results by the beneficiary and the potential to achieve impact by providing corrective management actions as necessary.

Indicators are not SMART but the monitoring process works to correct this. Monitoring mechanisms at result and impact level are in general weak.

Overall, the findings from the ROM reports are that indicators do not meet the SMART requirements with the most common issue being related to measurability. The monitoring process is however good at identifying the weaknesses in project level indicators and proposing specific actions to strengthen them and to follow up progress in subsequent reports. It also makes some effort to measure these indicators, although as the achievement of results is beyond the competency of the contractor and in some cases outside of the time scope of the monitoring report this is not always possible.

Actually measuring results in Component I assistance is unsatisfactory. All actors involved in the programming and implementation of assistance focus principally on the contractual elements at the project level – the delivery of inputs and outputs. Neither the Delegations nor the NIPACs systematically monitor progress towards the delivery of results during the project or achievement of results at the end or after the project. The results of individual projects may be measured, especially if they are precursors to subsequent assistance and some, but far from all, are included in the ROM system which provides some management information. However weaknesses in the indicators (including particularly lack of baseline data and means of objective measurement) mean that what measurement that there is, is frequently done on the basis of insufficient data. Sector Monitoring Committees make conclusions and provide recommendations but these are not systematically followed up or debriefed at the subsequent meeting.

Importantly, there are no centre-of-government policy structures that effectively integrate the analysis of sector development through the actions of line ministries with the results generated by the IPA and other donors – although the Integrated Planning System in Albania has been well developed in this regard since 2009 and is perhaps best placed to be developed further.

Indicators relevant for the change that is sought at both result and impact level are in some cases challenging to identify as the results and impacts are difficult to define or the expected change difficult to attribute to the intervention. This includes aspects such as forensic science, witness protection and preventing disproportionate use of force amongst the police in the Home Affairs sector in Turkey. Here, the overall scale of the IPA programme along with the decentralised management environment limit the ability of the EUD to follow achievement of results.

2.3 Findings on Impact (covering evaluation questions 4, 7& 9)

2.3.1 Methodological overview

Impact is measured by the extent to which programme level objectives have been achieved by project level assistance. A key consideration here is the extent to which impact can be attributed to the work of the IPA amongst the actions of other stakeholders. As with elsewhere in the programme, attribution of change observed to the IPA as opposed to the myriad of other influencing factors is usually challenging. The evaluation also considers how the components worked together to meet programme level objectives of economic and social cohesion or progress on the Enlargement policy agenda. Measurement for this evaluation is mainly based on monitoring reports at the project level, sector evaluations and EC progress reports as well as interviews with key stakeholders to develop subjective as well as objective data on IPA performance. The assessment of impact in the ESP sector has also used European benchmarks education, training, employment and active inclusion, online monitors of lifelong learning, EUROSTAT databases and results of national surveys (e.g. LFS in Kosovo). This has allowed broad statements to be made on the state of change in the sector and where credible an examination of the contribution of the IPA. Unplanned impacts, both positive and negative, are also identified.

2.3.2 Private sector development/Competitiveness

Under the Impact criterion, the evaluators have looked at the extent to which IPA objectives for the private sector development/competitiveness sector have been achieved by the IPA project level assistance. Objectives are generally dictated by the alignment of the countries with the acquis, but there are several sub-sectors within the PSD/Competitiveness sector that have no bearing on accession. They too have been taken into account. The Operational Programmes are a good source of baseline values, but for IPA Component I this information was not always available in secondary sources of information utilised.

Component I and Component IIIc have different programming and implementation mechanisms. At the same time, they should jointly contribute to achieving accession-related goals as well as general socio-economic development goals. In theory, there should therefore be a strong mechanism ensuring consistency and complementarity between the two Components. The evaluators have tried to identify the actual existence of such mechanisms, and – if found - assessed the quality of their operation.

Sources of information used during this exercise have been the ROM and other monitoring reports for the sampled projects/contracts, available ex ante, interim and sector evaluation reports, Operational Programmes, minutes of sector monitoring (sub) committees, project fiches, OISs, European Partnerships, Accession Partnerships, National Programmes and MIPDs. The information thus

collected during the desk study phase was validated and/or completed through interviews with stakeholders during the field study phase.

In terms of objectives, activities and expected results/impacts, there is no common denominator for the selected sector support programmes in the relevant countries. The analysis, therefore, is presented on a country-by-country basis in the annex and the key performance findings summarised here

Impact indicators for Component I projects are in general not quantified and lack in all cases a baseline.

With one or two exceptions indicators at the level of the Overall Objective in the project fiches are not quantified and thus not objectively measurable. In general, they do not meet SMART criteria. It is possible that this situation is substantially resolved in project level documents, but the study of these reports goes beyond the approach used for this evaluation.

Under Component IIIc, the Operational Programmes for Croatia and Turkey include result indicators at the level of Priority Axes, including baseline values. This makes it possible to evaluate the achievement of results at the (sub) sector level, in quantitative terms. However, impact indicators are not available. The quality of the performance indicators is good.

Impact is strong for Component IIIc, but less so for Component I, despite positive ROM ratings.

Annex 5 describes the status of the sector as registered in the 2013 progress reports. The ROM reports include a section on project impact, in which a judgement is given on the likeliness that impacts will be realised at the level of the overall objective, and whether the project will have any unexpected positive or negative impacts. However, given that the ROM process mostly works for ongoing assistance, the judgement can at best be speculative. Of the 19 Component I sample contracts, three achieve a score of 'very good', 13 of 'good' and three of 'having problems'. Since no reference is made in the ROM reports to indicators (in this case, only result indicators), the usefulness of these ratings for measuring real impact is limited.

For Component I capacity building projects such as those related to trade policy, competition policy, state aid and quality infrastructure appear to have had relatively large impacts in terms of changing the awareness and mind-set of people working in the field although this is expensive to measure and as a consequence definitive information is lacking. However, as evidenced during the interviews, interventions in the field of strategy building, regional development and SME support (with the exception of the TAM/BAS projects) were often not in line with beneficiary priorities and therefore unlikely to produce either the results or impacts expected.

The twelve Component IIIc sample projects in Croatia score high for impact; five were rated 'very good' and six 'good' using both monitoring reports and imputed scores from document review and interviews. Monitoring reports have been written by the beneficiaries themselves and have the tendency to be less critical than reports written by external monitors. Therefore, findings from this positive score need to be regarded with caution.

The impact of assistance in the IPA beneficiary countries has been uneven, as it depended on the various levels of commitment and resources of the beneficiary to transform them into long lasting impacts.

The review of the sample projects, the interviews during the field phase and the review of evaluation reports and other studies shows that impact has been unevenly divided over countries and sub-sectors. One of the salient findings is that in the sub-sectors of standardisation, metrology, public procurement and state aid, the institution building effects of the programme have been considerable, mainly in terms of increased abilities and willingness among civil servants to implement new services. Unfortunately, there are no indicators available that would accurately measure this feature. Lacking concrete data, it can only be inferred from this finding that the use of the new regulations and facilities by the final target groups is gradually increasing.

Good practices in monitoring the impact of IPA support in the ESP sector The Croatian Ministry of Labour and Pension System has implemented a monitoring system of the employment status of the people who graduated vocational training courses financed through the HRD OP. In Turkey, the Ministry of National Education is developing a similar system for following up the VET graduates in cooperation with the Turkish Employment Agency (ISKUR). Such monitoring systems are aimed to provide evidence for informed decision-making and funding allocations for the adaptation of education and training provision to the needs of the labour market

As is shown throughout this report, the wider impacts of regional development initiatives have been limited since the concept and format of regional development as designed in the programming documents was not politically supported in Kosovo and BiH. This has made the implementation cumbersome and by extension, has rendered the impact on the wider target group –regional and local businesses and population- relatively small.

There are some excellent sample projects aimed at SME development (in particular the EBRD TAM/BAS projects) but impact is limited since (a) they by definition can only address a small population and (b) there is no mechanism for replication or dissemination of the results.

2.3.3 Employment and Social Policy

Impact is scored by monitoring systems higher than the findings of the evaluation would suggest

The ROM system scores most of the projects as ‘very good’ or ‘good’ for impact (17 of 21 Component I contracts in the sample) and is more optimistic than the evaluation. This may be due to the somewhat speculative nature of forecasting impact in the ROM methodology. With seven out of 39 contracts in the sample still under implementation when the field phase took place, the scoring and imputed scoring from the evaluation also considers likely impact or preconditions for impact to be achieved.

Assessment of IPA assistance impact has been challenging given the low quality of impact indicators.

Indicators under Component I are not always relevant and measurable, lacking baselines and targets. In other cases, they are missing. Under Component IV, the HRD OP in Croatia, the former Yugoslav Republic of Macedonia and Turkey include result indicators at the level of Priority Axes, with baseline values but no impact indicators. There is little information available to measure both quality and quantity of impact and, except for a few cases (see box) no systematic monitoring systems in place to follow on the impact of IPA projects. In the light of this, the scoring of individual contracts in the sample does not provide a rigorous picture of impact and the evaluation used other secondary information

sources (e.g. third party evaluation reports) and sector-based interviews with key stakeholders to have a better understanding of achievements.

The impact of assistance in the IPA beneficiary countries has been undeniable but is uneven as it depends on government commitment to the effects of assistance and on the available resources, both of which are variable.

The IPA has contributed to increased participation of disadvantaged groups on the labour markets and to the development of more inclusive labour markets and education systems. It also contributed to a better protection of living standards and promotion of citizen's economic and social rights through enabling legal and institutional environments. It accelerated the pace of change and gave direction to reforms aimed at preparing the countries for EU accession. Strengthened capacity of staff and service providers served as basis for a better implementation of the reforms. Last but not least, IPA assistance has created demand among final beneficiaries for quality educational and social services - newly developed (adult education, day care centres for children with disability, etc.) or whose value was not perceived as important in the past (e.g. preschool education) – which put pressure on governments to replicate them in other regions and ensure their functioning to the extent possible.

Due to its limited scale, the impact of the IPA in the *employment* area is best measured in terms of creating the prerequisites for more effective policies through increased capacity at national and local levels (e.g. Croatian Employment Service, ISKUR in Turkey, Employment Service Agency in the former Yugoslav Republic of Macedonia) rather than the extent of change on individuals at the end of these policies. In this respect, employment policies are better planned and active labour market measures are more diversified and better tailored to the needs of various categories of disadvantaged people than before the IPA assistance. At the same time, there are situations when IPA impact (in terms of implementation of newly acquired skills and practices) has been severely constrained either by the legal provisions (such as in BiH, where the employment offices are overburdened with managing health insurance benefits for the unemployed rather than active employment measures) or by the lack of basic resources for the functioning of the targeted employment services (such as in Kosovo where the centralised regional employment offices are often short of basic consumables, fuel for vehicles or reliable internet access).

In the *social protection and inclusion area*, the impact of IPA assistance at national level was in most cases significant if measured by an increased outreach of community-based social services for the benefit of poor and marginalised groups; enabling legal frameworks in line with international commitments of the country; more evidence-based social

Impact of IPA support on the well-being of vulnerable children in Montenegro. The IPA project “Social Welfare and Child Care System Reform: Enhancing Social Inclusion” had a major contribution to child deinstitutionalisation and increasing the access of vulnerable children to family and community-based services in Montenegro. The external evaluation of the impact of the project indicates a spectacular reduction (98.2%) of children under the age of three in the Children’s Home ‘Mladost’, the largest residential care institution in the country as well as more than two times increase in the number of children in non-kinship care, due to the change in public awareness and attitudes regarding family-based alternatives for children without parental care. The Project had thus a beneficial contribution to the progressive realisation of children’s right to grow up in a family environment

policies. However, the capabilities of public centres for social work to handle the implementation of new legislation in terms of case management and referral systems (fundamental pillars of social protection) have been reported to be rather low. In Serbia and BiH, for instance, the social welfare centres are faced with high administrative workload of cash benefits at the expense of social work required by their clients. In case of Kosovo, where decentralisation of social services is recent and connections of municipalities to central authorities still unclear and where there are difficulties in recruiting licensed staff at regional and local level due to the lack of specialists, the impact of IPA financial assistance to date appears to be at risk. In the case of BiH, the impact has been affected by the complex institutional structure with multiple tiers of authority which made difficult a concerted and coordinated approach towards social protection and inclusion across the country¹³.

In the *education and training area*, preconditions for achieving a positive impact of IPA assistance has been created by orienting the countries’ reforms towards EU benchmarks and strategic objectives for European cooperation, most notably through the development of qualifications frameworks; reduction of dropping-out; improvement of educational attainment and learning outcomes (e.g. girls enrolment in Turkey, adult education and lifelong learning projects in the former Yugoslav Republic of Macedonia, Turkey, BiH, Croatia). Functional NQFs reinforce the relationship between education and employment, enable the recognition and validation of non-formal and informal learning and increase career mobility through clearly defined progression routes. Some countries are conceptualizing their NQFs, others have policies in place, and some have already started implementation. At the moment, there is still a persistent mismatch between skills and labour market needs in certain economic sectors, a systemic challenge in all IPA beneficiary countries which would require the ongoing provision of IPA assistance. In Kosovo and Turkey, the impact of IPA has been reduced by limited access of young people who graduated entrepreneurship programmes to start-up credits, while in Serbia by the continuing failure to capitalise on the achievements of numerous pilot projects in the VET sector due to entrenched resistance to change within the system. In BiH, VET is negatively affected by the fragmented nature of the education sector and the difficulties of arriving at a consensus suggest that a sector approach in the future is unlikely to be more successful.

¹³See paper “Bosnia and Herzegovina’s Framework Social Protection and Social Inclusion Policy”, Sarajevo, 2014 developed within the IPA project “Enhancing the Social Protection and Inclusion System for Children” (SPIS), including a situation analysis and a roadmap, with the aim of improving the area of social protection and inclusion, based on principles and guidelines of the Europe 2020 Strategy.

IPA financial assistance supported the attainment of the strategic objectives of the accession process, addressing the priorities in the ESP sector identified in accession-related documents and in the annual EC Progress Reports.

The mapping of projects in the IPA beneficiaries indicates that during the programming period 2007-2011, IPA assistance in Albania, Montenegro and Serbia targeted all or almost all (92-100%) priorities of the European Partnership (EP) relevant for the ESP sector, indicating that planning of assistance was driven by these priorities. A good consistency between EP priorities and IPA assistance has been also noted in BiH, Kosovo and Croatia and to a lesser extent in Turkey (83-89% and for Turkey 75%). As far as the former Yugoslav Republic of Macedonia is concerned, IPA assistance targeted only half of the priorities of the EP relevant for the ESP sector.

The analysis of country-specific challenges highlighted in the EC Progress Reports and IPA assistance (Annex 5) points to the following systemic issues:

- persistent mismatch between education provision and the needs of the labour market – during the period under evaluation, IPA support has strived to develop the national capacity for skills forecasting and systems for meaningful involvement of social partners; still, this capacity is not strong enough and better integration of education with employment, lifelong learning and social inclusion in public policies and strategies and more efficient monitoring and evaluation mechanisms of performance of education and employment policies seem to be key priorities for IPA assistance in the future;
- rigidities of the labour market on the background of very high unemployment rates in the country – based on available data, IPA was primarily successful on supporting short-term job creation and employment, but to a very limited extent on medium and long-term and hence on living standards of job seekers; as mentioned in the previous section, activation of all pillars of the ‘active inclusion’ concept seems to be crucial for sustainable livelihoods and it would be advisable for IPA to explicitly assist the beneficiary countries in this process;
- under-funded active employment measures and social services at local level due to the global financial crisis which unfolded during the period considered for this evaluation - IPA and other donors’ funds for topping up was insufficient to cover the needs on the background of a sharp decrease of domestic funding;
- IPA made a successful contribution to child deinstitutionalisation and improved quality of life of children without parental care and of children with disability.

IPA successfully assisted the alignment of national legislation with the *acquis*, but enforcement has been challenging.

The population of projects mapped during the inception phase of the evaluation indicates that IPA support addressed all key areas in need of alignment with the *acquis* i.e. occupational health and safety (e.g. Albania, Croatia, Kosovo, Montenegro, Turkey), gender equality (Turkey), recognition of diploma within Bologna system and of professional qualifications (BiH, Kosovo, respectively Croatia and Turkey), coordination of social security schemes (Croatia and Turkey), preparation for the management of the European Social Fund and participation in EU programmes. In Croatia, the IPA support aimed at achieving alignment with specific *acquis* requirements provided a decisive contribution to the opening and closing of negotiations in chapters 19 and 26. Most of targeted laws and by-laws have been harmonised with the *acquis* or are in the process of being so, but the enforcement of the obligations deriving from the revised legal framework has been facing challenges in all countries. These challenges were linked either to the large scale financial implications, especially

in the area of occupational health and safety, or to traditional attitudes, such as in the area of gender equality.

Coherence between assistance under IPA component I and IV has been noted particularly in employment and gender equality.

Projects under component I in Croatia, the former Yugoslav Republic of Macedonia and Turkey strived to strengthen the labour market institutions (employment agencies, training centres), while IPA assistance provided through component IV (HRD OPs) was used to deliver active employment measures to hard-to-employ groups of population. Assistance under component IV was based on direct grants managed by the national employment agencies whose capacity was strengthened under component I.

Examples of synergies in IPA support. In Croatia, excellent synergy has been identified between the project setting up the labour market training centre within CES (IPA component I) and the employment measures under priority axis I of HRD OP. The training capacity developed within CES is valuable for the implementation of various grant schemes under component IV as it ensures ongoing updating of knowledge and skills of the professionals in charge of planning and monitoring labour market measures at central and local levels.

Another good example of synergy comes from Turkey where gender equality has been the 'intersection point' for IPA assistance under component I and component IV. The projects have been implemented largely during the same period and there are good prospects of capitalising upon each other's results.

The analysis of interactions between Component I and Component IV assistance is not relevant in Albania, BiH, Kosovo, Montenegro and Serbia, as assistance under component IV was not available in these countries during the period considered for this evaluation.

Some unplanned impacts have been identified by the evaluation in BiH, Croatia and Montenegro.

In BiH, ROM monitors reported a certain level of fatigue amongst municipality beneficiaries caused by too many donor projects targeting capacity building of municipalities with the same pattern of training needs analysis, workshops, training courses, data provision, etc. In Croatia, a grant scheme on supporting participation of women on the labour market has identified a gap in current legislation which was obstructing the employment or self-employment of professional nannies and the achievement of objectives in the case of three grant contracts. As a result, a law on nannies was adopted. In Montenegro, a project on reforming the child care system has created new jobs in the newly set-up day care centres for children with disability and open days were organised by the social welfare centres and local self-governments in all municipalities across the country following the campaign on the promotion of fostering. Both effects were unplanned.

2.3.4 Third sector

Although there is potential for interactions between different components in some elements of the assistance, this has been limited.

Albania, Kosovo, Serbia, Montenegro and Turkey only had access to Component I for the sectors under review in the financing years 2007-2011. Only in the transport sector in the former Yugoslav Republic of Macedonia was both the component I and Component III covered by this evaluation and there was no compatibility between them. Component I assistance was oriented towards developing acquis related road safety issues and Component IIIa looked at preparations for subsequent infrastructure investment in multi modal transport and railways. Stakeholders considered the two

components as coming from the same source and following the same procedures. However, in Montenegro Component I assistance will complement Component IIIc directly both through projects to build administrative management capacity and develop technical designs for subsequent investments.

Impact indicators are not always SMART but corrective actions are included within monitoring mechanisms. Measurement mechanisms are limited.

As with the measurement of results, an important element of the assessment of project level performance is to determine whether sufficient consideration has been given to the design and measurement of indicators for impact. The evaluation considered whether a logframe or similar tool existed in the design of the project, whether the objectives were clear and logical and whether there was suitable information to be able to measure them. As opposed to information sources used in the review of the PSD and ESP sectors, for the third sector in general ROM reports identify that most of the projects that they cover include baselines and target impacts at either the immediate or wider objective level. Supply and works contracts in general lack these indicators but do include objectives within the project fiches. The ROM reports also provide guidance and commentary on the quality of indicators, including monitoring their revision during the implementation period. Negative issues with the quality of indicators and impact level measurement mechanisms identified include indicators not being fully SMART; insufficient detail in logframes; and inappropriate target values. As with results, there is no systematic mechanism in either the EUDs or the NIPACs to measure impact and especially to attribute change observed to the work of the project. The ROM exercise attempts to measure impact (and sustainability) indicators but as this is done during the lifetime of the project it can only realistically measure 'conditions for the achievement of impact'. The only other users of impact indicators are the occasional impact evaluations, which have been held on an *ad hoc* basis in country at the sector level by EUDs (for example, Kosovo energy sector evaluation) and more systematically by headquarters (for example, this paper).

Impact is in general positive with political support strengthening impact for institution building.

Overall, impact based on the ROM reports shows that for 20 of 26 reports (77%) where an impact score could be generated (including imputed scoring where ROM reports are lacking but not where it was very early in implementation) was either good or very good, with 23% identifying some problems with the potential to achieve impact. Identifying impact deficiencies in the ROM report allows the opportunity to implement corrective management actions and therefore it could be considered that impact in reality might be greater than that indicated in the ROM reports.

In PAR, the challenges of introducing fundamental changes in the way that civil servants are recruited and their careers managed are systemic across the region, with entrenched resistance to moving away from politicised appointments. Despite substantial political support to this process in Albania, it remains to be seen whether the finally approved legislative changes proposed by IPA assistance will be implemented as envisaged in practice. More technical aspects of the reform process, such as training institutions, can however be expected to make a positive impact on the overall competency levels of public employees. The provision of a range of intervention modalities for statistics enables sector development to occur at the pace of absorption, with smaller interventions in between larger assistance projects complementing national investment and institutional reform. Better understanding by citizens of the need for sector reform and the changes expected from it would help to drive the achievement of impact by strengthening engagement with state institutions and the political leaders. Impact in the energy sector in both Kosovo and Serbia is driven by the implementation of the Energy Community Treaty and this provided a clear reform framework for regulators, liberalising energy

markets and regulating tariffs between different categories of consumers. Implementation of technical aspects of support is generally good and likely to have a strong positive impact, although the sector is highly political in both Kosovo and Serbia. Again, political support for sector change at the highest European levels has been brought to bear to enforce change (not always successfully) and to support cross border collaboration. Whilst institution building assistance still faces challenges, impact from investments in strengthening distribution networks has been achieved as it has a clear political imperative and is implemented into existing competent operational structures.

The scale of necessary investment in the transport sector is such that the limited grant aid of the IPA can only be expected to have a small impact on the socio-economic targets envisaged. In both Montenegro and the former Yugoslav Republic of Macedonia the rail investments in part supported by the IPA also require additional investment in other countries (Serbia and Bulgaria respectively), neither of which have clear plans for this. More specific assistance in transport safety can be expected to have a more substantial impact, especially vessel traffic management and pollution control in Montenegro which is again overseen by international agreements and control mechanisms on a sector level.

Home Affairs in Turkey is also a highly political sector and involves introducing challenging new approaches or concepts to a large, very formal and well developed part of the public administration. Political support from the EC in the form of visa liberalisation has been a key part of generating sector change. Measurement of impact or the attribution of sector change to the IPA in a number of areas will be challenging because of the relatively peripheral role of the assistance in the overall process of change. As with the ESP sector, assistance often contributes to the overall process of reform by providing insight to the practices and procedures used in a European context that may take considerable time to gain traction and integration into beneficiary institutions. It also means that IPA assistance is principally focused on the central level institutional and legislative change or with the development of pilot actions at the regional level that can be replicated by the national authorities throughout the country. With the introduction of novel concepts that take time to embed and the time needed to roll out structural reforms, the longer term approach adopted by the IPA with sequential assistance is essential if impact is to be achieved.

2.4 Findings on Sustainability (covering evaluation question 8)

2.4.1 Methodological overview

Sustainability looks at the extent to which the benefits deriving from the IPA assistance are, or are likely to be, sustained. The evaluation reviews both project level performance and identifies more systemic factors that contribute to the longer term success of the assistance. The evaluation considers monitoring reports and other programme level documentation, supported by focus groups to identify those factors affecting sustainability.

2.4.2 Private sector development/Competitiveness

The results and impacts of around half of the Component 1 sample contracts in the PSD/Competitiveness Sector are likely to be sustainable.

The ROM mechanism provides a scoring of (likely) sustainability during the implementation of the project and thus is by necessity somewhat speculative and considering the preconditions for sustainability rather than actual evidence of sustainability. The interviews during the field mission have helped to obtain a more accurate picture of sustainability overall. Of the 30 sample contracts, 19 are executed under Component I. Of this number, 10 are assessed as 'good' in terms of their likeliness to sustain the results. The remaining nine projects receive a 'some problems' rating, indicating that there may be problems to ensure sustainability.

Key factors negatively affecting the sustainability of projects under Component I include weak policy support from national level strategic planning processes, insufficient understanding of the benefits of project results by beneficiary stakeholders, insufficient budget allocated to follow up project results, staff turnover and the change of IPA funding priorities away from the sector.

No individual projects in the PSD/Competitiveness sector were studied for the former Yugoslav Republic of Macedonia, Serbia and Turkey. Although the most recent CPIE for the former Yugoslav Republic of Macedonia does cover some projects in the sector, they represent only a very small percentage of the total project sample. There are no overall conclusions in the CPIE on sustainability for the PSD/Competitiveness sector, but:

- the 2008 TAM/BAS project was unsatisfactory since no capacity was built at local level and no tools were delivered for replication of the project;
- the 2008 Quality Infrastructure project was rated moderately satisfactory because of lack of staff and limited financial resources necessary for maintenance of infrastructure and procurement of consumables

The CPIE for Serbia covers the sectors PAR/PFM and Environment. Under PAR, only one project that relates to PSD/Competitiveness as defined in the current evaluation is included, namely the 2007 TA project for public procurement. The general conclusions of the CPIE on sustainability are therefore not particularly relevant for the current study. As for the public procurement project, the prospects for sustainability are deemed unsatisfactory since the Public Procurement Office and the Review Commission have been marked by insufficient administrative capacity and a highly politicised institutional structure that has hampered collaboration.

The evaluation of assistance to the competitiveness sector in Serbia (2013) provides more information on the sector. The report concludes that a key risk factor for sustainability consists of staffing levels in the beneficiary departments in the responsible Ministries. In the sector of industrial policy and SME results and impacts booked are sustainable to a limited extent due to limited awareness of sustainability issues among decision-makers. In addition, the standard problem prevails of insufficient budgets and capacities.

A very general conclusion for Component I is that interventions related to trade policy, quality infrastructure, public procurement, competition and state aid have delivered results of good enough quality to warrant sustainability, but at the same time see their potential sustainability jeopardised by inadequate national budgets for staff salaries and running costs.

By contrast, projects under Component I aiming at SME development, regional development and strategy development have faced from the start problems with ownership, beneficiary commitment and limited political will that put the quality of results under great pressure. Sustainability of low-quality

results is as such questionable, while obviously low prioritisation of this type of interventions at the national policy level compounds the sustainability problem.

For Component IIIc, which is only implemented in Croatia and Turkey, the picture related to sustainability of results/impacts is more positive.

The monitoring reports enriched with the information from interviews during the field mission lead to the conclusion that in Croatia, sustainability is not a problem. Ten out of 11 projects in the Component IIIc sample are rated with a 'good' with one scoring 'very good'.

The evaluation of support to private sector development in Turkey (2013) concerns the implementation of the 2007-2011 Regional Competitiveness Operational Programme and results in mixed conclusions concerning sustainability. The prospects for sustainability of financial instruments for SMEs (grants and loans) were found to be very positive, while the projects related to the establishment of business infrastructure, although deemed sustainable, show more problems in particular related to continuing financing of the established infrastructure.

2.4.3 Employment and Social Policy

Most contracts in the sample for the evaluation of IPA assistance in the ESP sector produced or are likely to produce sustainable impacts and there is an increased awareness of the sustainability requirements in beneficiary institutions. However, almost one third of contracts faced sustainability challenges.

The ROM reports and the imputed performance scores indicate that 28 (71.8%) out of the 39 contracts in the sample produced or are likely¹⁴ to produce sustainable results. Sustainability or potential sustainability in the case of recently finalised or on-going contracts is higher in the case of those financed under IPA component IV: 14 in 18 contracts compared to 14 in 21 contracts for IPA component I are scored 'very good' or 'good'.

Awareness on sustainability requirements in beneficiary institutions has risen compared to 2007 and 2008 and there is a better monitoring of these aspects from the side of the Commission. The project fiches for IPA component I in all countries include a chapter on *conditionality* which embed sustainability elements. The operation identification sheets for IPA component IV include a chapter on *sustainability* in Turkey and Croatia and none in the former Yugoslav Republic of Macedonia. A random review of these programming documents indicates that the sustainability requirements in the operation identification sheets are more precise compared to the conditionalities in the project fiches, which are rather vaguely formulated especially for the 2007 and 2008 FM. The grant schemes, irrespective of IPA component, include clear sustainability requirements (financial, institutional, policy, environmental) and scoring in the evaluation grid of applications. According to interviews carried out in the countries, NIPAC, Operating Structures of HRD OP and beneficiary institutions are more aware and better informed about sustainability requirements, demonstrated by the stronger emphasis on this matter during programming and design of project documents compared to the first two years of the programming period. The review of minutes of the SMSC and SMC confirm that sustainability has increasingly become an issue for discussion over years, a finding validated by the stakeholders who were interviewed during the field phase.

¹⁴Out of 39 contracts in the sample, 7 were still in implementation in 2014.

Based on ROM and other monitoring reports, IPA annual implementation reports and minutes of SMSC and SMC, several features of sustainable projects in the ESP sector could be identified, which are by and large valid for other sectors as well. The interviews confirmed these features and helped the evaluation to prioritise them:

- legal framework and national and sector specific strategies in place, which ensured the policy support for the results of the project
- a high degree of ownership and commitment of the beneficiary institution, leading to the embedment of project results in internal policies, statutory menu of services and working practices, supported by adequate staffing for implementation (e.g. Vocational Qualifications Authority in Turkey, Croatian Employment Service, ISKUR in Turkey)
- financing of newly set up institutional structures (staff, running costs) taken over by the public budget (e.g. Labour Market Training Centre of the Croatian Employment Service, Centre for Adult Education in the former Yugoslav Republic of Macedonia, Institute for Social Protection in Montenegro, VOC-TEST Occupational Standards Development, Vocational Knowledge and Skills Testing and Certification Centres in Turkey)
- new employment, education and social services, operating procedures and approaches introduced by the project are standardised, rolled-out across the country and monitored within the quality assurance framework set for the respective system, sector, institution (e.g. model employment offices and job and vocational guidance in Turkey, adult education programmes in the former Yugoslav Republic of Macedonia, human resources policies and operating procedures of the VET and Adult Education Agency in Croatia, social mentorship of centres for social work in Croatia, referral systems for children with disability and victims of domestic violence in Kosovo, etc.)
- efficient in-service training capacity of beneficiary institution to counteract the effects of staff turnover and lack of sufficiently skilled labour available at local level, especially in the case of public employment services with local and regional branches and across the network of centres for social work (e.g. Labour Market Training Centre of the Croatian Employment Service, in-service training facility of Turkish Ministry of National Education for pre-school education, Institute for Social Protection in Serbia)
- functional inter-agency cooperation among key actors at central and local level in addressing issues of multidimensional nature, in particular VET, social inclusion and progressive realisation of human rights, after the end of the project
- a sustainability strategy developed during the implementation of the project, costed and with realistic financial sources identified, primarily based on an increased effectiveness of existing resources rather than additional ones
- access of final beneficiaries to information on training, employment and social support opportunities, created by the project via specialised portals, websites, info-points or other forms deemed appropriate (e.g. website of the project on fostering social inclusion and inclusive labour markets in the former Yugoslav Republic of Macedonia, portal of the lifelong learning project in Turkey, web portal on employment, training and vocational rehabilitation of persons with disability in Croatia).

The sector approach foreseen to be implemented in IPA II has the potential of reinforcing some of the sustainability prerequisites detailed above, most notably through a more coherent strategic framework and better inter-agency coordination across the sector.

As mentioned above, almost one third of sampled contracts have failed to ensure sustainable impact (11 of 39 contracts scored 'problems'). The main factors which decreased the sustainability of impact include *insufficient political commitment* (social issues are not always perceived as a priority and the weakest are not sufficiently empowered to exert pressure on the government; understanding of the eventual scale and scope of change is limited at the time of programming; promotion of a specific change agenda driven by the Accession process which is out of step with, or not sufficiently understood by, society) and *high employee turnover* (due to lack of retention policies in public administration), which are undermining the institutional change and reforms triggered by IPA. Legal constraints to implement change and highly fragmented systems requiring harmonisation of laws and practices for ensuring a sustainable common approach to issues have additionally affected the impact of projects in the long run (most notably in BiH). Severe financial constraints and the lack of a phasing out strategy deemed to avoid too excessive financial dependency on donor funding after the end of the project are additional factors which put under risk the sustainability of results (e.g. VET project in Kosovo, the social welfare projects in Montenegro and Kosovo, the projects on strengthening the Agency for pre-primary, primary and secondary education, the Integrated Early Childhood Development Centres or the entrepreneurial learning in BiH). The evaluation had access to a limited number of final project reports and noted that they contain suggestions for follow up and sustainability made by the respective technical assistance team; however, these suggestions are far too general, usually not prioritised and not costed, thus of limited use by the beneficiary institutions.

It is also important to mention that in the particular case of the ESP sector, sustainable changes of practices and ingrained cultural norms and values take time to occur and cannot be easily achieved in the time frame of a standard IPA project covering at most two operational years. Despite this, projects usually retain overly ambitious reform goals which would require a much longer-term investment and time until they bear fruit. The situation is better in case of follow-up assistance that builds upon and reinforces the results of the initial projects, but this is not always the case and, as confirmed by document review and country interviews, the follow-up is not timely enough to maintain the momentum of change. In this respect, the multi-annual and sector-based programming perspective for IPA II offers a more realistic planning timeframe for sustainable changes.

2.4.4 Third sector

The ROM reports and imputed performance scores for sustainability in the third sectors are strongly positive with 25 of 27 (93%) evaluated projects rated either as 'very good' or 'good'. As with the other sectors of the IPA, there are a series of systemic factors that contribute to or negatively affect the potential for sustainability:

In *institution building*, the IPA addresses both technical (such as statistics) and political (such as public administration reform) aspects. Entrenched attitudes and approaches within institutions are frequently resistant to change and require long term assistance for the results and impacts to be sustained and this has been provided by the IPA in the challenging areas of PAR and Home Affairs. Multiple projects over a series of financing years coupled with at times significant political pressure to implement change will contribute to the sustainability of the programme investment. Coherence between the

various tools available to the Commission Services is in general good and the use of a number of different implementation mechanisms (principally SIGMA & TAIEX¹⁵) integrating national financing with centralised assistance through the multi beneficiary programme enables support to be maintained between larger contracts. This helps to sustain the momentum for change as well as providing specific assistance that can fill gaps left by other programmes or address specific short term issues that arise.

Specific technical skills such as statistics may have limited alternative employment possibilities and this has contributed to the retention of qualified staff. Intangible factors such as positive institutional culture (i.e. good management and pleasant working environment) and the potential for personal development has been a contributing factor in retaining staff even when alternative employment offers more rewarding conditions.

However, a key factor in sustaining political change is the presence of a political imperative. For the Western Balkans at least this has been the perception of an Accession trajectory and the experience of similar neighbouring countries joining the EU. For Turkey, the EU integration experience has been a much longer and more complex process, waxing and waning over time with enthusiasm for the approximation process similarly varying. Currently, the visa liberalisation process is imparting momentum and enthusiasm for the home affairs sector in particular, but more broadly the clear message that there will be no additional enlargement in the next financial perspective is likely to impact on the achievement and sustainability of change in the years to come.

Institution building by definition requires some elements of institutional reform and institutional restructuring; however this can have negative effects on sustainability of the IPA assistance. It is also not always logical, necessary or sufficiently well communicated with donor partners who have committed substantial funds to institutional development. Institutional restructuring has negatively affected the sustainability of assistance in PAR in Albania. Similarly, staff turnover undermines effectiveness, impact and sustainability. In the scope of the sample, energy regulators remain vulnerable to poaching of experienced staff by the private sector but other elements of institution building have not reported problems with staff turnover other than where institutions are restructured. A specific exception to this is the extraordinary situation in the police and judiciary in Turkey from the end of 2013 where a political conflict led to the dismissal of many of the senior members of both institutions, including most of the interlocutors responsible for the implementation of the IPA in the home affairs sector. Although these staff will be replaced which will mitigate the lost administrative capacity, there will be at least some negative factor for sustainability where trained people are lost from the system.

The sustainability of *investments* in the rail and energy sectors depends substantially on their maintenance by the beneficiary. Renovations of the rail system in Montenegro form part of a key trade route between that country and Serbia and as such their ongoing use depends on a range of factors that are not all inside the control of national level stakeholders. The port of Bar has been both renovated by the government and sold under concession and this will contribute to the strengthening of trade through this harbour. Industrial development in Serbia (including the Fiat car plant) offers large scale business traffic that could economically be diverted to rail. The remaining investments in

¹⁵ Support for Improvement in Governance and Management and Technical Assistance and Information Exchange

renovating the rail link in Montenegro are substantially in place and finance is in principle available in Serbia to renovate that element of the track, albeit from an alternative funding source (a recently signed bilateral agreement with the Russian Federation). With regard to the results from the infrastructure investment, the national railway company will take on maintenance and operation of the track and the improved speeds and safety should contribute to making the line more attractive to both passenger and freight traffic. In the short to medium term, the upgrading of the line itself will need only limited expenditure on maintenance. Liberalisation of the railway sector unbundling track ownership and rail operations as well as privatisation will introduce competition and more effective management, including the introduction of effective access charging for the network which should support sustainability.

In the energy sector, maintenance and operation of infrastructure investment will be taken on by the grid operating companies. The costs of maintaining the network as a whole are covered by a pricing formula developed by the regulator which should ensure funds for infrastructure maintenance and expansion as necessary. However enforcing this may be challenging as there is pressure from both citizens and government to proposals to increase energy costs to consumers in line with EU energy policy of removing cross subsidisation between commercial and residential energy users. The investments are a fundamental part of the energy service provision in both Serbia and Kosovo – or in some cases the wider region - and can be expected to be utilised into the future. In general, oversight of the performance of the sector and sustaining the network is driven by commitments under the Energy Community Treaty. Sustaining energy efficiency investments in Kosovo will be the responsibility of the building owners, but there is as yet no monitoring system to oversee what is happening to these structures. The sector evaluation report notes that non energy efficiency investments should also be considered at the same time as the energy efficiency investment to ensure that the physical infrastructure on which the investment is made will remain standing for the life of the investment. The limitations to additional finance to roll the investments out nationwide are likely to affect the sustainability of the broader concepts of energy efficiency in public buildings.

2.5 Horizontal Issues (covering evaluation question 6 & 10)

2.5.1 Methodological overview

Horizontal aspects are those elements of the programme analysis that contribute more broadly to performance assessment and potentially cover more than one of the OECD-DAC criteria. The evaluation considers the strengths and weaknesses of the different programming and implementation mechanisms of the various components as well as the added value of the IPA compared to what could be achieved by the beneficiary country without the interventions. It looks at the role of the IPA in supporting donor coordination and the strategic planning process as key structures needed for the successful implementation of the sector approach. The coherence of the programme with the overall policy objectives is considered as well as between the different components within the programme and between the programme and other funding mechanisms of the European Commission available in the region. The research for this element of the evaluation has been derived principally from focus groups and interviews during the field phase as well as other evaluations and secondary information sources during the desk research phase, including review of national aid coordination databases where they exist.

Relative strengths and weaknesses of the different IPA components

In order to determine the relative strengths and weaknesses of the different components of the IPA in the same sector reviewed by the evaluation, it is useful to include a brief summary of the key characteristics of their programming and implementation modalities before elaborating the relative strengths and weaknesses. PSD/Competitiveness and ESP included both Component I and respectively Component IIIc/IV and in the third sector Component IIIa was included only in the Transport sector.

Key characteristics of Component I and Components III/IV

The following table summarises the key characteristics of the 'institution building' content of Component I with the 'sector development' content of the Components III and IV. It is not exhaustive but concentrates on those areas that are most important to an assessment of relative strengths and weaknesses.

| Component I | | Components III and IV | |
|---|---|--|---|
| Programming | Implementation | Programming | Implementation |
| Annual, in a multiannual context | Variable decentralisation | Multiannual Operational Programme | Completely decentralised management |
| <i>Acquis</i> driven | Led by DG ELARG/NEAR | Demand driven | Led by line DGs |
| Commission led | Minimal co-financing | Nationally led | Greater financial commitments |
| Annually reviewed | Strong central government focus | Periodically reviewed | Greater role for line ministries& decentralised units |
| Mostly institution building; limited investment | Financial control distributed between EU and national authorities | Mostly socio-economic development agenda | National financial control (CFCU) |
| Strong use of twinning | Pre-financed | Mix of investment and grants | Reimbursement finance ¹⁶ |
| Project based | | Sector based | |

Strengths and Weaknesses of Component I

The following two tables consider the strengths and weaknesses in firstly the programming of the Component I and, secondly, the implementation. These comparison tables are based on the key characteristics given in the summary table above.

| Programming | Strengths | Weaknesses |
|---|--|---|
| Annual, in a multiannual context | Enables control of investment decisions in line with political developments in country | Makes longer term planning required for major infrastructure & social change projects difficult |
| <i>Acquis</i> driven | Addresses key elements of compliance needed to progress the Accession agenda | Difficult to justify the scale of funding needed to make a credible impact on a sector level |
| Commission led | Faster decision making | Limits ownership |
| Annually reviewed | In theory, close links between performance and further funding | Sector changes take longer to materialise |
| Mostly Institution Building, limited investment | Directly addresses Accession needs | Sector changes usually also need substantial investment even in IB |

¹⁶ Funds are committed by the national authorities and subsequently reimbursed by the EC rather than advanced to the national authorities and verified by audit.

| | | |
|------------------------|---|---|
| Strong use of twinning | Directly addresses the acquis transposition and implementation with practical experience and up to date knowledge | Lacks investment element that is frequently required; does not actually generate sustaining links between institutions. |
| Project based | Easier to manage | Insufficient scale for sector change to occur |

| Implementation | Strengths | Weaknesses |
|---|--|--|
| Some contracting centrally in Delegations | Quicker administrative process | Lower ownership by national authorities |
| Led by DG ELARG/NEAR | Close links to Accession policy agenda | Limited technical competence institutionally; limited connections to policy line DGs |
| Variable decentralisation | Decentralised management brings greater ownership | Capacity and management issues have led to extensive delays |
| Strong central government management | Gives political support for legislation/land acquisition etc | Reduces line institution ownership |
| Financial control distributed between EU and national authorities | Enhances ownership by including national stakeholders | Very slow administrative control due to numerous processes |
| Pre-financed | Funds are available in a timely manner | Sector requires also significant budget funds and thus anyway requires effective budget management |

Strengths and Weaknesses of Component III/IV

The following two tables consider the strengths and weaknesses of the key characteristics of Components III/IV

| Programming | Strengths | Weaknesses |
|--|--|--|
| Multiannual Operational Programme | Provides appropriate medium term development perspective | Limited flexibility due to administrative process in revising OPs |
| Demand driven | Appropriate to national political agenda | May not always reflect real national needs – eg if IB is still needed |
| Nationally led | Strengthens ownership | Requires significant management capacity |
| Annually reviewed | Provides regular sector level performance monitoring | Difficult to redesign programme to address changes in needs |
| Mostly socio-economic development agenda | Reflects national development needs | Assumes acquis harmonisation is complete |
| Mix of investment and grants | Appropriate to sector development needs | TA but not for programming assistance, only for current / future capacity building |
| Sector based | Provides broad understanding of country level needs | Requires comprehensive sector understanding |

| Implementation | Strengths | Weaknesses |
|--------------------------------------|--------------------|---|
| Completely decentralised contracting | Enhanced ownership | Insufficient administrative capacity in line institutions and central |

| | | |
|----------------------------------|---|---|
| | | management structures. Sometimes also in OS. |
| Line DG management | Strong connection to EU policy agenda in the immediate pre-accession period | Line DGs's priority is for Member States, thus support is limited; will not be continued for IPA II |
| Greater need for co-finance | Stronger ownership; greater scale | Finance more expensive for infrastructure investment (greater need for use of blended finance with loans) |
| Greater role for line ministries | Stronger ownership; Capacity driver | Small civil service has limited capacity in line institutions |
| Reimbursement finance | Stronger ownership | Needs strong budget management to ensure funds are available when needed |

Overall, the key strengths of Component I are in the close links of programming to the Accession agenda, its access to effective tools such as twinning and its close collaborative nature with the central government decision making institutions. The weaknesses are the lack of a longer term development horizon at the sector level, difficulties to decentralise or implement change due to scale and scope of funding and lower levels of ownership due both to the largely prescribed Accession pathways and often close involvement of the Commission Services in both programming and implementation.

The key strengths of Component III/IV are the close collaboration with the line DGs using structural fund type instruments to build capacity in the run up to Accession that both stimulates sector change and also builds awareness of much greater funds that will arrive after Accession. Decentralised management gives greater ownership and the use of OPs provides a longer term perspective of sector development. The weaknesses are that sector change requires usually substantial investment that can only be provided by the beneficiary itself using IPA funds as 'pump priming'. Especially in those environments where IPA funding is not going to be imminently replaced by structural funds, introducing sector change that will be substantially reliant on beneficiary own financing will be challenging to sustain due to budget constraints. Implementation under decentralised management requires a high degree of competence in all actors which is often challenging to develop and sustain.

Donor coordination

Effective donor coordination has been at the forefront of improving aid effectiveness, through a series of multilateral agreements at Paris, Accra and Busan. This has been translated in the IPA region into a strong emphasis on the need for effective donor coordination structures to be established either within the donor community or, preferably, hosted within the central coordination structures of government. The need for coordination varies greatly between the IPA beneficiaries – small countries such as Montenegro have developed to a stage where the EU is the principle actor alongside the government and here donor coordination is minimal and informal. Whilst those still facing significant development challenges such as BiH, Kosovo and to some extent Serbia have a larger – although generally declining – spectrum of donors present and here more formal structures are in place. Equally, large richer countries like Turkey are becoming donors themselves and therefore here the involvement of donors outside of the politically connected actions of Enlargement is now very low. As the region's development agenda becomes more oriented on Accession and with aid budgets becoming refocused elsewhere, the number of actors is likely to reduce further. Bilateral donors especially from the EU are

increasingly providing their contributions via existing multilateral structures, including through the EC's financing mechanisms.

In the majority of countries however there is still a need to coordinate a number of donors, especially within specific sectors. The EC as well as other donors and the national authorities have spent considerable efforts in recent years in the development of management and control structures for coordinating donors. Identifying the precise contribution of different donors to donor coordination is, however, impossible. Whilst there have been individual large scale projects, much of the assistance to establishing systems, structures and capacity has come from smaller contributions of a range of donors that are not recorded or from elements within other more general assistance projects. Five IPA beneficiary countries have aid coordination databases maintained by national level coordination structures but funded principally by the IPA (or earlier pre-accession assistance) with support from various other actors – Kosovo, the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Croatia (until Accession) and Serbia. In Albania, an Integrated Planning System (IPS) linking national budgetary planning with donor funding was established in 2009 with the support of seven donors but its aid coordination database has recently lapsed.

In addition to databases, donor coordination consists of a series of meetings at either sector or national level that are in principle led by the national authorities, usually in collaboration with a key donor in each sector. The IPA does not generally fund these structures but many were established with some support from earlier pre-accession funds and they continue to be operationally supported by staff from the EUDs. The extent to which these meetings are effective and indeed function varies substantially between countries and over time. As such, meetings have to be duplicated bilaterally with the decision makers. This leads to the creation of informal parallel mechanisms of communication between donors and sector stakeholders and between different stakeholders. In many instances these informal structures provide a broadly effective approach to ensuring overlap and duplication is avoided. Donor coordination is becoming more effective over time with all donors keen to promote it as a core part of their business – with the caveat that individual donor policy priorities sometimes supersede the need to coordinate with all stakeholders, especially in politically sensitive locations such as Kosovo.

Strategic planning

However, donor coordination is only one element of aid effectiveness and the moves towards a more sectoral approach to the delivery of aid – it also has to be linked into sector or national level strategic planning structures. The IPA has been a leading driver of national strategic planning, either bilaterally or with involvement from a range of other donors, most notably the UNDP which began efforts to introduce the sector wide approach in Albania and the former Yugoslav Republic of Macedonia in the 2000s. In Albania and Kosovo, the EU is a leading political driver and IPA a key source of funding of efforts to establish the IPS as a central planning tool. In Albania, the IPS has been held up as an example of best practice despite it not surviving more recent institutional changes. It is in the process of being replicated in Kosovo and reinvigorated in Albania with the addition of further substantial IPA resources into a Trust Fund administered by the World Bank. At the sector level, a range of bilateral donors have supported strategic planning and the implementation of sectoral support. Whilst the EU because of its scale and scope is at the forefront of financing sector planning and the implementation of sectoral programmes, multilateral and bilateral donors provide important policy, political and financial support to developing the approach. Sweden, for example, implements in Kosovo the closest example in the region to sector budget support with trust fund type assistance to the education sector.

These smaller, more mobile actors are key interlocutors for the Commission Services in learning lessons for the further development of the sector approach for the IPA II.

In conclusion, the EC plays a leading role in aid coordination in those IPA beneficiary countries where there is a need to do so. It uses both formal and informal collaboration mechanisms to share information that is sufficient to avoid overlaps in the design of assistance although there will still be examples of this occurring and of stakeholders who do not feel sufficiently well informed. The IPA has driven much of the development of the sector approach in beneficiary countries but other donors and agencies have made valuable contributions that will contribute to the process.

IPA Value Added

The value added of the IPA is defined as the comparative advantage of the IPA over other sources of funding – i.e. what the IPA brings that the beneficiary country could not develop itself. It has been identified from document review and interviews but is based principally on qualitative information as the number of variables in implementing assistance and limited comparability between actions limits quantitative comparison. The following areas of IPA value added have been identified during the evaluation:

Political support from EU institutions – the IPA is a funding instrument linked explicitly to a political process of integration into the policies and institutions of the EU which is for most beneficiaries their main policy priority. This political perspective provides a clear policy target and trajectory for both beneficiary authorities and citizens that to a large extent over rides local political lobbying. It provides substantial external leverage in the form of support from the institutions of the EU to overcome resistance to change both at central level and with implementation at all levels, including linking sector change to broader progress on the Accession agenda. Equally, progress in the successful implementation of the IPA reflects positively on the political progress of negotiations for Accession. For example, in Albania the EC linked the passing of legislation on the reform of the civil service to the status of Candidate Country. In Croatia and Montenegro, the IPA directly supported the negotiation process and the development of the mindset from annual to multi-annual strategic planning which formed the basis for preparation for structural funds (particularly in the case of Croatia).

Driving a regional development agenda – The Thessaloniki European Council in 2003 established the Stabilisation and Association Process for the Western Balkans that underpins the development of regional trade and common political and economic goals. The IPA is the principle mechanism that facilitates common and cross border projects needed to turn this political ideal into practical reality. Developing socio economic interventions under the aegis of the IPA, particularly in the development of physical connections for infrastructure, has been a key added value of the programme. For example, transnational energy interconnections in both gas and electricity have been driven by the IPA. The availability of grant funds from the IPA has prioritised national level interventions in road construction along Trans European Corridors.

Scale, duration and consistency– The IPA is usually the most substantial grant finance provided to a country and within most sectors represents the dominant donor. In many beneficiaries it represents at a sector level a significant proportion of the funds available outside of operating costs of the institutions themselves. As importantly, funds to be made available are generally known some years in advance and can be planned into the budgets of individual sectors sufficiently in advance that they form the basis of medium term budgeting for many institutions. Being linked to a longer term political process, IPA funds can be expected to be continued by the EU into the medium term – an aspect

especially important in the region where many bilateral donors are withdrawing funds and where national budgets are constrained. A particular example is the provision of funding for local level outreach services under the IPA (employment services, community based social services, assessment and referral services) that would have been difficult to effectively apply with only national funds in Croatia, Montenegro and Serbia.

Beneficiary led structures – Whilst there is a certain degree of direction from the Commission Services in the programming of the IPA, in principle it is a beneficiary led process that arguably has greater involvement of the beneficiaries than other donors who tend to define their areas of interest and then initiate discussions with beneficiaries on content. The design and implementation of the IPA is strongly led by the beneficiary authorities, especially in the decentralised management environment. These approaches build both ownership and capacity within beneficiary institutions in addition to the change generated by the assistance itself. For example, the national programming process for the IPA is in principle led by the beneficiary, who are then responsible for the development of both programming and project documentation once the funding parameters are agreed.

Mainstreaming of cross cutting themes – The IPA introduces ideas and concepts that may be alien or considered unimportant to the beneficiary country but which are essential for successful integration into the cultural norms of the EU. Both through the inclusion of horizontal conditionalities within the programme and specifically targeting certain policy areas, the IPA introduces and raises awareness of themes such as gender equality, human rights, good governance, sustainable development and participation of civil society. As a result, such themes have been mainstreamed by the national authorities into the country strategies (e.g. Employment and Skills Strategy in Albania); legislation has been revised, for instance in the area of gender equality in Turkey, rights of children in Montenegro (a ban on the institutionalisation of children below three years of age); practices of service providers have gradually changed towards being more gender and human rights sensitive (for instance the centres for social work in Serbia, Bosnia and Herzegovina, Montenegro as far as services for people with disability are concerned). Through the use of transparent procurement mechanisms as well as specific projects it promotes good public procurement and anti corruption as well as merit based recruitment of public servants.

Use of peer organisations of Member States –The twinning process has as an objective the establishment of sustainable links between the Member State and the beneficiary institutions. Whilst these links are not, in general, maintained beyond the life of the project the use of institutions and individuals directly involved in implementing the policy that is being transferred is a significant added value that is generally not able to be provided by other donors. As well as the specific technical or administrative competencies targeted by the assistance, the use of these interlocutors brings significant intangible benefits – for example in the form of experience in communicating and collaborating with the EU institutions and agencies (eg, European Training Foundation, Eurostat).

Coherence

Whilst some sectors have interventions under both component I and III/IV, coherence between them have not been considered during programme or project design. There have been examples where the results of Component I assistance are utilised by Component III/IV either specifically or more generally as part of sector development but in general both are designed and managed separately. Even if an individual institution is responsible for both components, it is designed and implemented by different departments. Again because of the lengthy process of preparation, tendering and implementation of individual contracts it has been as difficult to successfully link interventions under different components

as it has been to link contracts in the same component. In the transport sector in Montenegro, delays in the preparation of tender documents under Component I threaten the preparations for decentralised management under Component III. However, there have been good examples within the ESP sector of the evaluation of collaboration and the utilisation by one component of the results developed by another.

Coherence between the national IPA and other financial instruments available to the Commission Services, including the IPA Multi Beneficiary Programme, SIGMA, TAIEX and operational support budgets in Delegations has been better and there have been a number of examples – PAR and statistics in Albania - where these mechanisms have worked together effectively. Equally, the challenges in coordinating timing of different instruments means that whilst interventions are usually well communicated and overlaps avoided they are not systematically programmed for a sector. The MBP and SIGMA especially tend to have their own programme of intervention that is integrated once it becomes operational with any IPA assistance.

The programme itself is strongly coherent with the overall policy priorities for the sector. Annex 5 contains an assessment of the extent to which the sample projects address the policy priorities established at the time of programming. It shows that in almost all instances the projects funded were in line with the strategic objectives of the European Commission and the beneficiary as identified in the medium term priorities of the Accession or European Partnerships.

2.6 Complementarity with findings from the Second Interim Evaluation

As noted in the introduction to this report, the second interim evaluation undertaken in 2012 and 2013 covered the same period of assistance (FM 2007-2010) as this evaluation (FM 2007-2011). Although it only covered Component I funding many of the programme level findings are likely to be common to the programme as a whole and therefore it is useful to update the findings from the previous evaluation to determine what actions have been taken to address them and the extent to which they remain valid and relevant for the current evaluation. The following table contains a summary of the key findings from the second interim evaluation that were translated into a total of 29 recommendations:

| Meta evaluation finding from second IE | Update and relevance to Third Interim Evaluation |
|--|---|
| Efficiency | |
| Time extensions common | Remains a relevant issue |
| Time between programming and implementation is too long | Multiple financing agreements was rejected as administratively burdensome, but split commitments in multi annual agreements is included in IPA II regulation |
| Projects scale to needs of administration not of beneficiaries | Intermediate scale twinning projects are under discussion but absorption remains an issue |
| Contracting will slow once decentralized management starts | Indirect management arrangements require administrative capacity analysis and appropriate staffing – Delegations do not have the resources to maintain enhanced management roles. |
| Co-financing should be greater to enhance ownership | Rules on co-financing are clarified but not expected to substantially change under IPA II |
| Some not typical procurements worked better than other | Rules are developed for the use of international organisations under indirect management – however these remain to some extent subjective |

| | |
|--|--|
| Effectiveness | |
| Generally positive delivery of outputs did not lead to achievement of results | IPA programming even under a sector approach remains programming of EC funds rather than the EC supporting a common sector policy developed by the beneficiary |
| Relevance of assistance at the time it is delivered | Sector programming should become more results based, but redesigning assistance to ensure relevance remains a key problem |
| Multi annual programming improves results | Sector programming will provide national and sectoral multi annual programmes. Exactly how the split commitment will work remains unclear |
| Appreciation of results by beneficiaries | Reporting and monitoring of results remains an issue but there will be greater emphasis on results in IPA II |
| Impact | |
| Staff turnover | Remains a systemic issue. Indirect management requires administrative capacity assessment and resourcing |
| Lack of a merit based recruitment and retention system | New approach to PAR was developed at the end of 2014 |
| Infrastructure | Sector planning and WBIF should contribute to project pipeline. Use of blended finance a policy objective but limited evidence of use thus far |
| Difficult to measure and disaggregate impact of the IPA | Remains a clear issue in the current evaluation, along with concerns over the quality of the methodology and information availability to attribute change to the programme. |
| No sectoral oversight of EU institutions in component I | Without the policy objective of Accession in the next financial perspective, this does not remain an issue |
| Project selection a largely political process and used to drive policy development | COM still leads national level programming setting funding priorities |
| Political support for sectors/projects changes over time | Political risk assessment strengthened within programming. |
| Sustainability | |
| Concern over the sufficiency of longer term funds for infrastructure investments | Sector programming should address this along with investment prioritization at a regional level through WBIF |
| Institutional change leads to closure of institutions supported by the IPA | No clear progress and it remains an issue. Difficult to distinguish between political actions and the natural process of institutional reform. |
| Horizontal | |
| Ownership | No clear information on the mainstreaming of project management within beneficiary institutions but this could be achieved if sector budget support was successfully deployed. |
| Administrative capacity | More rigorous capacity assessments and Work Load assessments have been deployed. Assessment at programming as part of risk analysis |
| Donor co-ordination | The departure of many donors makes this less of an issue. Sector coordination occurs but not the sector approach <i>per se</i> |
| Beneficiaries don't have a clear idea of what the EC means by the sector wide approach | The EC has organized a series of training sessions at various levels but changes in concept mean that there remains confusion to a varying degree within beneficiary administrations |
| Lack of measurable performance data and systems to collect it | Common indicators were proposed for sector planning but have remained unquantified. Remains a significant issue |
| MBP includes some areas not seen as important by beneficiaries | Not relevant to this evaluation |

It is clear that most of the management issues identified by the second interim evaluation have been accepted by the Commission Services and are in the process of being addressed, either by specific actions or by the general inclusion into the design of the IPA II instrument. A number of factors remain outstanding and are either addressed by the recommendations of this evaluation or lie outside of the direct competencies of the stakeholders – for example the influence of political change in priorities and institutions in beneficiary countries.

3 CONCLUSIONS

The following chapter contains conclusions from the findings by DAC criteria provided in the preceding chapter, as well as an assessment of the extent to which the introduction of the sector approach under IPA II can be expected to address some of the weaknesses identified.

3.1 Conclusions on Efficiency

Overall, the IPA uses objective and transparent procedures. It uses appropriate implementing modalities and whilst twinning may in some instances be challenging for beneficiaries with administrative capacity constraints. The use of contribution agreements has been mostly appropriately limited to institutions bringing specific value added that could not be achieved from suppliers on the market. However, the efficiency of direct agreements was lower than that of technical assistance, in part due to the more collaborative relationship with the Commission and thus less demanding reporting and performance requirements at the project level. Management structures are becoming increasingly familiar with procurement and implementing rules and projects are mostly successful at delivering the inputs expected. The tendering phase however remains challenging with technical preparation of documents and bottlenecks at approval stage causing significant delays to the start of assistance. The effects of this include reducing the relevance of the assistance to beneficiaries, reducing the time for implementing complex or culturally sensitive interventions or problems with coordinating collaborative financing partners. In addition, these delays have led to the accumulation of a large backlog in procurement with the attendant risks of decommitment. As well as the obvious risk of the loss of funds, this also increases pressure on stakeholders to improve the speed of contracting through the use of non-competitive procedures or projects scaled to the need to commit funds rather than the absorption capacity or the needs of the beneficiary. Within individual beneficiaries, systemic efficiency problems include insufficient staff, insufficient quality of staff, retention of experienced staff, institutional restructuring and traditional centralised management within beneficiary institutions. Decentralising management responsibilities to the national authorities increases ownership but has proved challenging to implement in countries with more limited administrative capacity.

3.2 Conclusions on Effectiveness

Overall, assistance is achieving the results expected, especially where it is directly linked to the Accession process or an acquis requirement and therefore subject to detailed scrutiny by the Commission Services. Other factors contributing to the achievement of effectiveness have been the increased capacity and experience of beneficiaries, the multi-annual nature of programming under all components, the use of mandatory results in twinning contracts and close monitoring of their achievement as part of the reporting process. However, it should be noted that the programme monitoring process concentrates more on the delivery of contractual elements than analysis on the achievement of results. The use of follow up missions six months after the completion of twinning assignments is an example of good practice that should be systematically adopted by all Contracting Authorities to assess the achievement of results and provide further corrective management recommendations as necessary. There was more systematic monitoring of progress and follow up of corrective management actions under Component IV than Component I.

Challenges have been experienced in delivering appropriate, timely assistance in a programme environment that is often rapidly evolving and in some cases vulnerable to changes in political priorities between programming and implementation, especially where there is a change in the administration after elections. This generates a number of systemic factors that negatively affect the achievement of results to various degrees between beneficiaries, between sectors and even within sectors. These include low administrative capacity to absorb and use outputs, insufficient intra- and inter-agency collaboration, turnover of trained staff, lack of motivation for training (beneficiaries targeted by too much training or training which has to be undertaken in addition to existing workloads), closure of target institutions, supported structures not endorsed by the beneficiary, poor performance by technical assistance, late adoption of legislation, long administrative processes and limited influence of the Commission Services – despite the imposition of conditionalities - to stimulate administrative change needed for co-ordination and collaboration within and between sectors.. More specific challenges have been faced in ensuring access of poor and more needy communities and regions to available funding for social intervention schemes given the more limited capacity of these kinds of stakeholders in preparing successful proposals in competitive grant schemes.

Within individual sectors the achievement of results has been variously supported by: the provision of assistance from a range of different sources (SIGMA, MBP, TAIEX etc) in between IPA projects which maintains the momentum of change; strong political support from the Commission Services; a willingness to redesign assistance to make it relevant to current beneficiary needs and linking assistance to the implementation of sectoral agreements at international level.

3.3 Conclusions on Impact

Overall, the evaluation found that impact from the IPA was positive although the assessment of impact under IPA is generally considered as a logical extension of the achievement of results – if results are delivered and preconditions for impact remain in place (results achieved, compliant institutional and political environment etc) then impact is assumed to be achieved. It does not consider the counterfactual or disaggregate the contribution of the IPA from that of other actors to the achievement of impacts observed, in part because of the lack of adequate baseline data and effective means of measurement. Indeed, in the future the ROM process will not look at impact as insufficient credible information is available and this mirrors approaches taken by other actors such as the EIB. Management staff rarely have the knowledge and time to analyse impacts and thus impact is largely seen in the context of progress on the Accession trajectory as measured through the annual Progress Reports of the EC. With no enlargement in the 2014-2020 period, more analytical methods for measuring impact may need to be considered in the future for strengthening the evaluation culture to clearly assessing progress and contribution of IPA II.

The IPA has been good at achieving Accession related goals as well as giving direction and accelerating the pace of change by changing awareness and attitudes of individuals working in the sectors under review. The IPA has stimulated change by creating a demand by final beneficiaries and citizens as a whole for services provided by the development of systems and structures in line with the enlargement process. Due to its scale, impact from the IPA is often best measured in terms of creating the preconditions for the successful implementation of new policies and services by increasing capacity at central and local levels. In a number of instances assistance was not in line

with beneficiary needs or beneficiaries did not have the resources to adequately develop the results of the assistance and this negatively affected the achievement of impact. In some cases impact was positively influenced by the use of a range of mechanisms alongside the IPA to support sector development. Where investment needs are modest, the IPA has had a strong impact by blending institution building and investment funds to introduce completely new systems such as in maritime safety. It has also had a strong positive impact where investment funds can be targeted on specific system weaknesses caused either by lacking national resources (ie. post conflict environments) or which are lower on national priorities than regional ones (ie. energy interconnections).

Systemic factors that positively influence the achievement of impact are the presence of clear EU, international or bilateral commitments or benchmarks, especially where there is oversight or peer pressure both at technical and political level to support transposition and implementation. The IPA has had a good impact on acquis harmonisation, but less on enforcement due to the scale of financial commitment needed and the general issues of budgetary constraints or the challenges in changing ingrained attitudes within both beneficiary institutions and society (for example, in gender equality).

Systemic factors that reduce impact include challenges integrating legislative changes, ingrained administrative or social resistance to change and the creation of new institutions, mechanisms and processes or a lack of financial or human resources to continue sector development. The introduction of new concepts into conservative and rigid public institutions is not likely to be achieved in the near term, especially where public administrations themselves remain substantially unreformed, and the provision of assistance over longer periods of time reflects this. In some areas, the scale of funding or capacity needed to be able to effectively implement new systems has been underestimated during the planning stages. The impact of the global financial crisis on funding available from government budgets has been substantial and has compromised the ability of beneficiaries to scale up services developed by the IPA. In these instances impact is likely to be more limited to important functions of establishing the policy, legal and institutional pre-conditions for the implementation of new systems, mechanisms or processes.

3.4 Conclusions on Sustainability

Overall, the expectations were for around half of the results of the IPA assistance to be sustained although as with impact, the assessment methodology for the ROM reports is limited to identifying likely sustainability based on the presence of pre-conditions. There is very little in the way of ex post studies to make an objective assessment of sustainability for either institution building or investment. This is due in part because of generally weak indicators for sustainability, to the differences between countries and to the rapidly evolving programme environment that in some cases might limit the extent to which lessons learned can be relevant for current management practices. Staff turnover and the loss of institutional memory also make ex post evaluations difficult to implement effectively in practice.

A series of systemic factors contributing to sustainability have been observed by the evaluation, including the presence of a legal and strategic planning framework in sectors subject to reform, adequate staffing, availability of sufficient national budgets for provision of new services and ongoing training to strengthen and maintain administrative capacity as well as functional inter agency collaboration. The EC increasingly addresses these issues by providing support to specific sectors over a longer time period and using other financial instruments to maintain support between larger IPA

projects. It has also established a series of conditionalities prior to committing funds including the presence of institutional collaboration agreements and sector strategies. However, sector strategies have not proved to be effective as they do not follow common formats and variously have issues with stakeholder inclusion or consultation, detail, budgeting, targets, timelines and performance measurement mechanisms. Better consideration of sustainability has been given to some elements of Component IV with stronger indicators and more follow-up of progress towards them at monitoring meetings whilst projects are operational. There is some evidence of more use of conditionalities to strengthen sustainability in Component I in more recent elements of the programme and interviews suggest that stakeholders are more aware of sustainability issues and requirements. Infrastructure investments are increasingly framed within regional development priorities which ensures national level priority for both maintenance and additional development finance, although the scale of some of these interventions means they will only be completed in the longer term.

Equally systemic factors can be identified that contribute negatively to sustainability, including a low commitment to results from beneficiary institutions (low ownership, change of institutional structures, low political priority), insufficient funds to maintain the process of change, turnover of trained or 'key driver' staff and changes in either IPA or national priorities over time. These factors are caused in part by the Commission led programming process reducing ownership, insufficient understanding of the scale and scope of specific sector reforms and the length of time needed for reforms to embed and be accepted both within beneficiary institutions and more broadly throughout society. The latter suggesting over ambitious reform goals in the programming process linked as much to the administrative structure of the programme as to an understanding of the real pace of change on the ground in a particular country. The presence of a political imperative is essential for driving societal and institutional reform and the EC has been generally good at combining the political resources at its disposal to this end. Technical assistance reports generally consider sustainability but not in sufficient depth to be of practical use to decision makers at the beneficiary.

3.5 Conclusions on Horizontal Issues

Component I and Components III/IV address their overall objectives of institution building and sectoral development using similar procedures but different processes. Component I is closely linked to the Accession agenda and central government but lacks a longer term development horizon at the sector level and has limited ability to implement change due to scale and scope of funding. Programming and implementation is to a large degree prescribed by the Accession agenda and led by the Commission. Components III/IV on the other hand imply greater ownership and a broader perspective through Operational Programmes and decentralised management but again is limited by starting change processes that have to be continued by national funds and this is often insufficient for the scale of change envisaged. Implementation under decentralised management requires a high degree of competence in all actors which is often challenging to develop and sustain.

Whilst some sectors have interventions under both component I and III/IV, there is not a specifically designed coherence between the two. There have been examples where the results of Component I assistance are utilised by Component III/IV either specifically or more generally as part of sector development but in general both are designed and managed separately. Even if an individual institution is responsible for both components, it is usually designed and implemented by different departments. Again because of the lengthy process of preparation, tendering and implementation of

individual contracts it has been as difficult to successfully link interventions under different components as it has to link contracts in the same component. Coherence between the national IPA and other financial instruments available to the Commission Services is better with positive examples of multiple tools addressing sector issues, however they also tend to be programmed quite separately. The sample of projects covered by the evaluation was strongly coherent with the sectoral policy objectives underpinning programming.

The EC has been a key driver for establishing the systems and structures for centralised planning, including the development of donor coordination mechanisms and the instigation of the sector approach. The Commission Services uses both formal and informal collaboration mechanisms to share information that is largely sufficient to avoid overlaps with other donors whilst at the same time promoting national ownership and leadership of the donor coordination process. However, despite the gradual reduction in involvement of many donors in most of the IPA region this has been a strongly collaborative process. Other donors have brought political, policy and financial support to these processes even if the IPA due to its scale has been, in most cases, the dominant resource.

The IPA brings important value added to the process of Accession harmonisation, with key factors identified by the evaluation including political support from EU institutions in driving the achievement of results both at a sector level and more generally by linking the implementation of the IPA with progress in the Accession negotiations; driving a regional development agenda through supporting cross border investment projects; scale, long term commitment and consistency in funding with a certainty that – for some components - supports beneficiary government planning into the medium term; programming and implementation which whilst still having significant input from the Commission Services is at least nominally led by the beneficiary; introduction of new concepts; and use of peer organisations from the Member States for the transposition of EU ideas, concepts and values.

3.6 Introduction of the sector approach for IPA II

The introduction of the sector approach for IPA II is intended to address many of the management weaknesses experienced in the implementation of IPA I, including the development of a more holistic approach to programming, greater inclusion of longer term beneficiary identified objectives, more flexibility in the range of implementation mechanisms available and an enhanced focus on measurement especially at the result level. It is therefore likely that many of the issues identified in the assessment of the implementation of the FM 2007-2010 will be addressed by the implementation of this new approach. In the following section the evaluation report reviews the key conclusions by OECD DAC criteria and provides an assessment of the extent to which issues identified in the report can be expected to be resolved by the introduction of the sector based programming approach and where concerns still remain.

Efficiency

Sector budget support offers potential to address some of the IPA management issues identified in the evaluation as it will enable EU and national funding to be tendered and implemented under a single national procurement process. However, although some sectors may be piloted in Albania in the near term, this is unlikely to be in place on a more comprehensive level before the end of the financial perspective. With the slow preparation of instructions for implementation of IPA II, programming for 2014 has been considered a 'transition year' and undertaken following the existing approach. Such is

the understanding both within the Commission and the beneficiary administrations, that 2015 may also be programmed in the same manner. This infers an inherent risk that current programming weaknesses will continue at least in the near future.

The preparation of the Country Strategy Papers has begun the process of concentrating assistance under IPA II in a smaller number of sectors. This will focus the programme on a reduced number of institutions which in turn should enable the concentration of management resources. However, most of the other implementing structures and control mechanisms associated with conferral of indirect management will have to remain in place and therefore overall the impact of sector programming on management efficiency will be limited.

Effectiveness

The principle benefit of moving the IPA towards a sector approach is to bring the programme more into line with the current needs of the beneficiary at the time of delivery of assistance and thus address the key underlying cause for the deficiencies in the achievement of results. The Sector Planning Document for IPA II is forward looking, designed by the beneficiary and adapted regularly to reflect progress made and any changes in the sector development policy. However it remains a sector planning document *for the IPA* as opposed to a sector planning document *of the government* that all financial sources will contribute to, which is the ethos of the sector approach. Country level planning documents are produced by the Commission Services. In this sense it is difficult to see how the new approach provides substantial additional improvements to that in use for IPA I.

IPA II envisages an evolution to implementation using sector budget support which requires a comprehensive results monitoring and measurement process. However these structures have yet to be established within beneficiary management mechanisms and the existing annual Joint Monitoring Committee has proven to be essentially a compliance rather than performance monitoring tool, with limited effectiveness on ensuring results are achieved. The lack of an objective results monitoring mechanism has been an impediment to the establishment of a sector wide approach since early attempts to establish the process in the former Yugoslav Republic of Macedonia in the mid 2000s. Without both a centre of government verification mechanism and, importantly, a results focused institutional mentality, progress towards sector budget support will be challenging.

IPA II provides the beneficiary with the option to create annual or multi-annual programmes depending on the sector and its development needs. It targets those sectors that have sufficient capacity (although objective capacity assessments remain largely unused) and a clear institutional structure or with clear, enforceable inter institutional agreements on collaboration. As, at least in the medium term, there will be no changes to the procurement mechanisms and systems, the new approach in itself will not address the issue of lengthy administrative processes in this area but it may allow for the concentration of resources in a more limited number of institutions to improve programming and programme management.

Impact

By introducing 'whole of sector' planning and implementation approaches, the sectoral approach of IPA II has the potential to concentrate all financial sources on a single development agenda and thus maximise the impact that can be achieved. It will be easier to disaggregate and measure the effects of interventions from different actors as the scale and scope of their commitments will be known in advance through sector planning. The need to create a longer term development perspective should

strengthen the comprehension of the beneficiary institutions of the sectoral change process and subsequent political and financial commitments that will be needed to effectively implement that change. However, the Country Strategy Papers prepared by the Commission Services are in the most part broad and provide little in the way of specific focus for the programme and none of the sector strategies had been prepared at the time of the evaluation. It remains far from clear therefore whether the concepts of the new approach as envisaged by the Commission will be understood and integrated into the beneficiary level planning documents and institutional mindset. The experience of IPA I has been that technical change is more readily implemented than changes in institutional culture and this, coupled with the delays and sometime confused approach in the new methodology, suggests that effective implementation of a sector approach will take a significant time to embed.

Sustainability

The introduction of the sector approach under IPA II has the potential to build on lessons already learned and substantially address many of the impediments to sustainability seen in this evaluation. The Commission Services have already taken on many of the characteristics of the sector approach with both the Operational Programmes of Components III/IV/V and, less formally, through the annual programmes of Component I with their implicit support to specific sectors over time. Conditionalities including sufficiency of resources and clear institutional structures that are applied variously between IPA beneficiaries will become standard operating processes under IPA II. The development of sectoral strategic planning should strengthen ownership, understanding of the change process within beneficiary institutions and resources commitment over the long term which address specific weaknesses experienced under IPA I.

4 RECOMMENDATIONS

The scope of this evaluation substantially duplicates that of the previous interim evaluation and as such many of the key issues and recommendations have already been identified and are to a varying extent under implementation. Section 2.6 includes an update on these recommendations and notes where they remain valid. The following recommendations are presented in the framework of the key issues identified in this report and have been reviewed for relevance against recommendations suggested by the previous evaluation. Recommendations remaining relevant from the previous report are not repeated here, but in some instances have been refined or revised to reflect current realities or to improve implementation. For clarity, recommendations are targeted either to ongoing IPA I programmes or for consideration in the design and implementation of IPA II.

Efficiency

Key Issue 1: Limited administrative capacity compared to the volume of funds available has led to slow development of tender documents in many countries. These capacity issues are found in both line institutions responsible for preparation of documents and in more central management units responsible for verification and control. The result has been a backlog in procurement and increased risk of decommitment, difficulties in contracting complementary projects in a timely manner and reduction in relevance as assistance arrives later than foreseen and, in some instances, after it is needed.

Recommendation 1a: The Commission Services should prioritise the establishment and ongoing support of nationally centralised civil servant training institutions and infrastructures as a national repository of training materials and competence so that new recruits to the public administration can be trained – thereby mitigating the effects of staff turnover. This has happened in some countries already (eg. Albania and Serbia) but needs to continue until these institutions can operate effectively..

Recommendation 1b: Financial commitment by the IPA should be made conditional on evidence of capacity in absorbing funds. This has been made one of the selection criteria for sectors to be supported under IPA II, which also has the facility to more easily move funds between elements of the programme that are most functional. For IPA I, the Commission Services should critically review for each country whether the remaining funds can be absorbed in an effective manner or – as a one off event - whether excess funds should be possibly deleted or reallocated to other priority areas where absorption capacity is adequate for the respective remaining timeframe.

Recommendation 1c: The ROM system assesses the performance of projects from when they begin and does not systematically consider the consequences of delayed start. The ROM reporting template should specifically consider the impact of delays in the pre-contract phase to both project relevance and the likely achievement of results.

Recommendation 1d: Programming allocates set periods for preparation of procurement documentation based on long experience but without taking into consideration the national capacity context. Future programming of IPA II action documents should use more realistic timeframes needed in the specific beneficiary country for the production of suitable quality documents and for the tendering process to be completed.

Recommendation 1e: Although comprehensive assessments of administrative capacity are made by both the Commission Services and the national authorities for the process of accreditation for indirect management, where potential beneficiaries are particularly weak the Commission should consider maintaining operational control within its Delegations for specific projects or sectors to ensure the timely delivery of assistance.

Recommendation 1f: Under IPA II where there is a longer term sector development perspective, the Commission Services should consider using extensions to existing contracts that fit within the financing procedures but reduce the number of tenders. Alternatively, the Commission Services could create a contingency fund within a programme to finance the extension successful projects.

Effectiveness

Key Issue 2: Once contracted, projects tend to finish within their planned duration and are generally considered to deliver outputs of an appropriate quality – however, definitions of quality in institution building assistance are principally subjective.

Recommendation 2a: The Commission Services has introduced the concept of ‘global price contracts’ that focus on the delivery of outputs and in some instances results. Objective, independently verifiable indicators of standards for outputs (for example, peer reviewed reports, tender ready procurement documents, training output standards) should be developed by the Commission Services to ensure the quality of deliverables from contractors.

Recommendation 2b: Some progress has been made with the identification of indicators at the country programming level although for some areas this will remain challenging. Contracting Authorities should ensure that to the extent possible all projects have indicators which are SMART and have baselines and realistic targets prior to endorsement of procurement documents, consulting with soon to be established thematic specialists in DG NEAR if necessary.

Recommendation 2c: Within the remaining output based contracts under IPA I, Contracting Authorities should make greater use of penalty clauses for under or non performing contractors.

Key Issue 3: Implementing mechanisms are generally appropriate to beneficiary needs but some concerns remain on absorption capacity, especially for twinning.

Recommendation 3: For IPA II, action documents involving the use of twinning should undertake administrative capacity assessments, including where possible an appreciation of the scale of ongoing administrative capacity (staffing, institutional reform, funding etc) needed to implement the envisaged sector change to which the twinning contract refers. The experience of Montenegro in the use of grant contracts only open to Member States as a way of providing Member State competence without the administrative burden of the twinning process should be shared with other Delegations.

Key Issue 4: Results are largely being achieved but this varies across sectors and across countries. The sector approach under IPA II has the potential to address some, but not all (particularly procurement processes) of these issues.

Recommendation 4a: Regulatory impact assessments should be used for all assistance involving legislation transposition to enable beneficiaries to develop a clear understanding of the scale and scope of future sector change.

Recommendation 4b: Although most countries lack a Medium Term Financial Perspective (a requirement for the introduction of the sector wide approach), national authorities responsible for the quality of sector strategies underpinning IPA II should ensure costs of implementing the sector change envisaged are included.

Recommendation 4c: Until clear progress is made on the implementation of sector budget support, sector programming under IPA II should improve the coherence of EU funds available by systematically programming existing financial support mechanisms (MBP, TAIEX, SIGMA, EUD operational budgets) over the medium term to maintain the momentum of change and targeting of specific issues in a sector when IPA projects are not under implementation.

Recommendation 4d: All training components in action documents for projects under IPA II should be critically reviewed by the NIPAC for absorption capacity of the potential beneficiary. All training should be orientated around either a sector human resource management structure or a centralised civil servant training institution (this was a recommendation in the previous evaluation).

Key Issue 5: Result indicators are generally not SMART and whilst the Result Oriented Monitoring mechanism provides recommendations to improve these over the life of the project this often arrives late and therefore this remains an important weakness in project and programme design. Result monitoring mechanisms in beneficiary institutions or at central

level are lacking and yet will be needed to implement sector budget support. Delegations have limited capacity to follow project results after assistance is completed.

Recommendation 5a: All IPA II beneficiaries under indirect management should establish within centre of government institutions (eg. General Secretariat) result monitoring and measurement structures that are able to objectively measure result indicators at both project and sector level. This is also a requirement of the sector wide approach and the ability to provide verifiable, objective measurement critical for sector budget support.

Recommendation 5b: Until national level result measuring mechanisms are established and functional, Delegations should engage in post project monitoring to ensure that results are achieved or recommend corrective actions to ensure that they are. The likely achievement of results should be included within ongoing monitoring processes that usually focus on process and the delivery of outputs

Recommendation 5c: All twinning projects (unless directly followed by subsequent assistance) should have a brief follow up mission funded by Delegation management budgets 6 or twelve months after completion to report on the achievement of results.

Recommendation 5d: Project level monitoring and evaluation information should be made publically available through Contracting Authorities both for transparency and to enable the ready gathering of information for monitoring or evaluation reports. Monitoring Information Systems such as have been developed by the Ministry of Labour in Turkey provide a good example that could be replicated elsewhere.

Key issue 6: The highly competitive nature of selecting beneficiaries for grant instruments has sometimes impeded the access of poor and more needy communities and regions to available funding compared to regions with a better capacity of project proposal writing.

Recommendation 6: In order to close the gap between poor and rich communities in accessing grant funding, it is recommended that the Contracting Authorities consider alternative options in the design of future grant schemes that enable access to more needy but less competent beneficiaries, ensuring that these remain within the boundaries of the Financing Regulation. The specific approach will vary depending on the scale and purpose of assistance and the potential target groups and target service providers.

Key Issue 7: In some sectors the programme has been fragmented by large numbers of smaller projects in an attempt to address the broad scope of needs. This limits the contribution to sectoral change that the IPA can make.

Recommendation 7: IPA II will to some extent concentrate assistance into a smaller number of sectors but additionally individual action documents should contain sufficient scale of assistance to be able to effect measurable sector reform.

Impact

Key Issue 8: Impact is in general positive but the methodology for measuring this within the IPA is weak and based on a logical extension of the measurement of results. This is due to a lack of baseline data, lack of indicators, limited capacity in evaluation, insufficient means of measurement or insufficient resources.

Recommendation 8: Impact evaluation for IPA needs to become more rigorous which will take both time and resources. After the creation of clear OVIs, all programmes funded under IPA II should determine now information needs for subsequent counterfactual evaluations in the future and make provision for gathering performance data.

Key Issue 9: The culture of evaluation needs to be mainstreamed throughout IPA management to improve the use of measuring mechanisms in project and programme management

Recommendation 9a: The Commission Services should develop ongoing professional training in monitoring and evaluation for all Delegation task managers with similar courses for counterparts in the national authorities undertaken under the auspices of NIPAC but if necessary funded by the EC.

Recommendation 9b: Specific budgets should be provided at a national level for data gathering and data quality control to be able to measure programme performance objectively. Budget should also be provided under country IPA programmes for sector specific and thematic evaluations and a mechanism for distributing findings between countries established by Delegations.

Recommendation 9c: A specific assessment of programming documents for evaluability should be included in the ex ante control or internal quality control review process.

Sustainability

Key Issue 10: Sustainability scores relatively poorly in the evaluation, due to issues of ownership of the programming process (instances where the Commission Services have promoted projects or ideas not well supported by the national authorities) or sufficiency of budgets to implement change. Embedding change often proceeds at a slower pace than expected due to understandable institutional or societal resistance to new concepts.

Recommendation 10a: IPA programming should only include assistance which is in line with formally approved national strategic planning documents

Recommendation 10b: IPA II action documents should include clear sustainability indicators and means of measurement along with targets, including interim targets that can be measured whilst the project is ongoing. This could also include precursors or preconditions for sustainability which can be measured whilst assistance is ongoing. Greater emphasis should be placed on the monitoring of progress towards achieving these sustainability indicators by SMCs.

Key Issue 11: IPA beneficiary countries have comprehensive sector strategic plans but their usefulness in programming is compromised as they cover different periods and include different concepts and scope.

Recommendation 11: Individual IPA beneficiary countries should develop a standard approach to the preparation of sector strategies including content, scope and time period (with indicative budget and action plan), consultation process and quality control to provide a coherent and comprehensive perspective of national priorities that can be used as a basis for IPA programming.

Horizontal Issues

Key Issue 12: The IPA has successfully used peer organisations or international organisations which bring specific added value to the implementation of the programme. However they generally score lower than other forms of assistance in efficiency and effectiveness, in part because of a more collaborative relationship with the Commission Services and more vague terms of reference which are vulnerable to the agenda of the peer organisation or international organisation.

Recommendation 12: There should be a clearer distinction between the IPA financing peer organisations or international bodies to continue their normal operations under indirect management agreements and where these bodies are recruited to implement an IPA project. In the case of the latter they should fulfil the same operational and reporting requirements as normal twinners or technical assistance contractors.



ANNEX 1 TERMS OF REFERENCE

SPECIFIC TERMS OF REFERENCE

THIRD INTERIM EVALUATION OF IPA ASSISTANCE

FWC COM 2011 - LOT 1

REQUEST FOR OFFER N° 2013/330448/1

1. BACKGROUND

The IPA (Instrument for Pre-accession Assistance)¹ was established by the Council of the European Union (EU) in July 2006 as the Community's main legislative instrument under the 2007-2013 financial framework to underpin EU policy and provide financial assistance to the eight recipient beneficiaries which are candidate countries or potential candidate countries for membership of the EU. IPA consists of five components with the first two targeted to all of the IPA beneficiaries, the latter three only to the beneficiaries recognised by the EU as candidate countries:

- Component I Transition Assistance and Institution Building (TA-IB),
- Component II Cross-Border Cooperation (CBC),
- Component III Regional Development,
- Component IV Human Resources Development, and
- Component V Rural Development.

Projects under the IPA components started implementation in practice during 2009 and have been utilised across all candidates and potential candidates to the EU at that time (Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Kosovo², Turkey). Results in the field are materialising, as shown by the steady progress on institution building and convergence towards European standards, and not least by the opening of accession negotiations with Montenegro and the finalisation of preparations for Croatia's accession, becoming the 28th EU Member State on 1 July 2013.

During the implementation of the instrument **two Interim Meta evaluations** were undertaken in accordance with the specific provisions laid down under each IPA component in the Commission Regulation (EC) No 718/2007³.

The first Interim Meta evaluation⁴ focused mainly on the IPA strategic framework (the MIPDs) and on the programming logic; mainly under Component I. It assessed how assistance was planned and programmed and provided judgements on its relevance, efficiency and effectiveness. The results and the follow-up of the evaluation were used for strengthening and streamlining programming of IPA Component I assistance; particularly the introduction of the sector approach in the MIPDs for 2011-2013.

The second interim evaluation of IPA assistance⁵ brought a consolidated analysis and assessment resulting from 7 Country Programme interim Evaluations (namely Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo, Turkey and Croatia) and Multi-beneficiary programmes under IPA, mainly on efficiency, effectiveness and results achieved. The evaluation provided relevant lessons learned to the Commission to enhance the programming of IPA II 2014-2020.

¹ Council Regulation (EC) No 1085/2006 of 17 July 2006

² This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

³ Commission Regulation (EC) No 718/2007 of 12 June 2007

⁴ Mid-term Meta Evaluation of IPA Assistance, Contract No IPA/ 2010/231987

⁵ Interim evaluations and meta-evaluation of IPA assistance, Contract IPA/2011/277-427

Both evaluations played an important role in drafting proposals for amendments in IPA II, as they fed the programming process with reliable information, useful recommendations and lessons learned from the programming and implementation of pre-accession assistance.

From 2014 onwards, programming is framed by the IPA II instrument and governed by the IPA Regulation (IPA II)⁶. A priority for the Commission in this new Regulation is to simplify the regulatory environment and facilitate Union assistance to beneficiary countries. The simplification is pursued primarily by streamlining the component structure around principal policy areas. Under IPA II, DG Enlargement (ELARG) will take over the overall programming and the implementation of the IPA II funds for all enlargement countries, and actions will be implemented according to ELARG rules and decentralization structures, except for policy area “agriculture and rural development”, where DG AGRI will continue to supervise the management under decentralized management following the accreditation of the relevant operating structures. DG REGIO and DG EMPL will assist DG ELARG but will become fully involved only once the beneficiary country is sufficiently close to the date of accession to justify specific preparation for shared management. Linked to the streamlining of the components structure, undifferentiated access to assistance under each policy area means that beneficiary countries will no longer need to be identified separately in the legal basis of the instrument.

The new framework under IPA II also envisages that strategic decisions on the allocation of assistance are made through comprehensive Country and Multi-Country Strategy Papers covering the full period of the new financial framework (2014-2020) and reviewed once at mid-term, replacing the current system of three-year rolling indicative planning documents revised each year. The flexibility between priorities will be increased for a more result-oriented delivery of the assistance; allowing allocations to be transferred between policy areas, with the possibility to carry-over funds from one year to another, when allowed by the new Financial Regulation⁷. Further simplification results from introducing a sector-based approach to the allocation of assistance for those sectors; thus moving away from purely grant financed projects and increasing the share of assistance funded through support at sector level.

At a time when IPA I is still under implementation and the design of the new IPA is under finalisation, a third interim evaluation is planned to assess the performance of the results and impacts achieved under IPA assistance so far. The evaluation will be carried out to verify whether the instrument/programme objectives have been met and to enable further recommendations with a view to improving quality of IPA programming and implementation (predominantly under IPA II).

The evaluation will be carried out in compliance with article 30 of the Financial Regulation and article 18 of the Rules for Application of the Financial Regulation⁸. The results of the evaluation will be used to measure the performance of the assistance (both qualitatively and quantitatively) during a period 2007-2011 and to provide orientation on how effectively the programme objectives were accomplished by judging on the outcome and impact of interventions. The findings and conclusions shall be used in the decision making process to achieve efficient resource allocation and to provide input to the new priority settings.

⁶ Proposal for a Regulation of the European Parliament and of the Council on the Instrument for Pre-accession Assistance (IPA II), COM(2011) 838 final 2011/0404 (COD)

⁷ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002

⁸ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union

2. DESCRIPTION OF THE ASSIGNMENT

2.1 Global objective

The primary objective of this interim evaluation is assessing accomplishment of IPA programme objectives by judging on the performance of the attained results and impacts of IPA assistance and providing recommendations for improving the quality of IPA programming and implementation (predominantly under IPA II).

2.2 Specific objectives

1. To provide an assessment in both qualitative and quantitative terms on the performance of EU assistance; particularly its efficiency, effectiveness, impact, coherence, sustainability and value added as regards the achievement of the IPA objectives, to enable strong political, institutional and economic reforms in the beneficiary countries.

2. To provide to the Commission lessons learned and recommendations to improve current IPA assistance (where and if applicable) and programming and implementation of IPA II assistance.

The evaluation itself is more oriented on the retrospective assessment/judgement on efficiency, effectiveness, impact and sustainability of the interventions, rather than on the assessment of the relevance, which will be more useful for the forward-looking evaluation.

2.3 Beneficiary and stakeholders

The beneficiaries of this interim-term evaluation will be the European Commission and the beneficiaries of IPA assistance - Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo, the former Yugoslav Republic of Macedonia, Turkey and Croatia⁹.

The **stakeholders** include:

- National IPA Coordinators (NIPAC), authorities and structures, responsible for management, implementation, reporting and auditing the assistance, beneficiaries of IPA assistance and other national stakeholders.
- EC stakeholders (non-exhaustive list): DG ELARG Directorate A, namely A1 (Strategy and Policy), and A3 (Inter-Institutional Unit and Planning; Directorate B, namely B1 (Montenegro), B2 (former Yugoslav Republic of Macedonia), B3 (Turkey); C, namely unit C1 (Bosnia & Herzegovina), C2 (Serbia), C3 (Kosovo), C4 (Albania); D, namely D1 (IPA strategy and quality), D2 (Institution building, TAIEX, Twinning) and D3 (Regional Cooperation and Programmes), DG EMPL, DG REGIO, DG AGRI, EU Delegations in beneficiary countries, European Union Office in Kosovo, etc.

2.4 Requested services, evaluation questions, methodology and quality control

2.4.1 Requested services

The evaluation is an interim evaluation on IPA assistance at programme level. It will evaluate the assistance deployed under **Component I – Transition Assistance and Institution Building**,

⁹ Croatia is included in the current evaluation in its former capacity of an IPA assistance beneficiary county.

Component III Regional Development and Component IV Human Resources Development programmed during the period 2007-2011¹⁰.

During the period of the evaluation, it is expected that the implementation of the programmes 2007-2010 will have been finalised and the related results and impacts delivered will be available. As for 2011 programmes, the assistance will be mainly under implementation.

Regarding specific objective 1, the evaluation will cover assistance deployed under the

- annual national programmes for Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo and Croatia for component I during the period 2007-2011 and
- multi-annual operational programmes for Components III and IV for former Yugoslav Republic of Macedonia, Turkey and Croatia in the period 2007-2011.

For FYROM, the Contractor should take into account the results, findings and recommendations, stemming from the 2nd Country Interim programme evaluation on Component I TAIB, which is contracted by the national authorities. The evaluation report is expected to be delivered in March 2014.

In the case of Turkey, the Contractor should take into account the relevant results, findings and recommendations, stemming from the 2nd Country Interim evaluation (finalised) and from the 3rd Country Interim programme evaluation on Component I TAIB, which will be contracted by the national authorities. The evaluation is expected to be delivered by the end of 2014.

Specific evaluations carried out under decentralised management in the framework of IPA III and IV should also be taken into account. The Contractor should come up with an integrated assessment; also taking into account the findings of these evaluations. A non-exhaustive list of relevant evaluations, which should be considered, is presented in the point 2.4.5 in the current ToR.

The evaluation should come up with a comprehensive, qualitative and quantitative **analysis, assessment and reporting on the performance** of IPA pre-accession assistance (namely efficiency, effectiveness, impact, coherence, sustainability and value added of EU assistance) at a programme/instrument level, looking at the interventions carried out under the different components in the concerned sectors.

The emphasis of the evaluation will be on assessing the performance of the assistance at programme level within two common sectors over time (irrespective of the components under which projects are financed):

- Private Sector development/ Competitiveness
- Employment and Social policy

The objective is to review how a particular sector in a country has evolved over time and assess the influence that the IPA has had on the changes that have been observed; determining what the situation was when the IPA assistance was planned and then measuring progress against impact level

¹⁰ IPA III and IV are considered to the extent that some of the activities promoted will have to be integrated in the programming of IPA II by DG ELRG, and building on evaluations already carried out by the national authorities on the relevant Operational programmes.

indicators. Furthermore, the evaluation shall find sector findings and conclusions, valid for all beneficiary countries.

Apart from an assessment in the above-mentioned sectors, the evaluation should be focused on a third sector in the beneficiary countries, which will complement the sector assessments and generalise the findings and conclusions on the performance of IPA at a country level. The additional sector per country will be defined in the inception phase. However, the Contractor may take *indicatively* the following information on the preferred 3rd sector by countries: Horizontal Public administration reform/Civil service (Albania, Serbia), Energy (Kosovo, Serbia), Transport (FYROM). For the other beneficiary countries not specified above (Turkey, Bosnia and Herzegovina, Montenegro) the final choice of the third sector will be made at the inception phase.

The evaluators should deliver information/judgment on the achievement of the programme objectives and performance; based on the accomplishment of specific objectives under different components, and attained outcomes and impacts against benchmarks/indicators set in the programming documents. However, adequate programme level objectives and impact indicators may not always be quantified or even available. In cases where the programme level objectives and indicators (e.g. progress to accession) are not available, these limitations should be addressed and reported by the evaluator and recommendations for improvement should be provided.

The findings and conclusions, resulting from the sectors analysis and from the individual country assessments have to be aggregated and summarised into a meta assessment and presented in the final evaluation report. The evaluation report has to arrive at a common assessment, delineating the evaluation criteria (efficiency, effectiveness, impact, coherence, sustainability and value added) and to draw common or systemic findings that can be applied to the IPA in a broader context. They should be used to derive recommendations, as specified below.

Regarding specific objective 2, the evaluation shall provide useful and concrete recommendations to improve current IPA assistance (if and where relevant) and programming and implementation of IPA II assistance. The evaluation shall also provide recommendations to the Commission, specifically to the selected sectors with respect to the expected management of these policy areas by DG ELARG. Individual country assessments might be enclosed as annexes to the report. A country-cross reference, underpinning the general findings and recommendations will be welcomed.

2.4.2 Evaluation questions

The list of the evaluation questions is not exhaustive and may be further re-defined during the inception phase.

2.4.2.1. Specific objective 1: Judgement on the performance of assistance (efficiency, effectiveness, impact, coherence, sustainability and value added of EU engagement)

EQ To which extent are interventions financed under IPA efficient in terms of value-for-money when delivering outputs?

EQ To what extent are the implementation modalities efficient?

EQ To what extent are interventions financed under IPA effective in achieving results, and what possibly hampered their achievement? Had there been any factors (financial, social, political, institutional, human factor) which prevented beneficiary countries accessing the results?

EQ Were the outputs and immediate results delivered by IPA translated into the desired/expected impacts; namely in terms of achieving the strategic objectives/priorities linked to accession preparation? Can impacts be sufficiently identified/quantified?

EQ Were there relevant indicators and monitoring mechanisms to track achievement of results?

EQ Which were the relative strengths and weaknesses of the programming and implementation mechanisms under the different IPA components in the same sector?

EQ How well did the interventions, financed under different components work together to reach the EU Enlargement policy objectives and strengthen the economic and social cohesion?

EQ Were the identified impacts sustainable? Was there any positive systemic, even unforeseen impact beyond the IPA programme explicit objectives?

EQ To what extent has on-going IPA financial assistance contributed to achieving the strategic objectives/priorities linked to accession preparation? Are there any elements which (could) hamper the impact and/or sustainability of assistance?

EQ What is the additional value resulting from the EU intervention(s), compared to what could be achieved by the IPA beneficiary country at national and/or regional levels without such interventions? To what extent was IPA assistance instrumental in increasing donor coordination in the beneficiary countries and/or beneficiary country capacity in strategic planning?

2.4.2.2. Specific objective 2 - Recommendations for improving programming and implementation of IPA assistance

EQ How can programming and implementation of assistance under IPA II be enhanced to a more efficient degree and effectively achieve programme/instrument objectives?

EQ How can programming and implementation be enhanced to improve the impact and sustainability of financial assistance?

EQ Which lessons can be learned from the implementation of IPA I assistance in the dimensions explored under the above-mentioned specific objective 1 of this evaluation?

2.4.3 Methodology

The methodology should be based on DG ELARG's Evaluation guide¹¹; the SG's guidelines on good practices concerning conducting an evaluation¹², the concept of the theory-based impact evaluations on EVALSED¹³ and, if appropriate, on other quantitative methods to measure the impact and the effect of interventions.

The Contractors are invited to include an outline of their proposed methodology to undertake this assignment as part of their offer; including comments on the scope of the service, the proposed methodology, the evaluation questions and an elaboration on judgement criteria to answer the evaluation questions. The final evaluation questions and methodology for this assignment will be elaborated and agreed upon during the inception phase.

¹¹ DG ELARG's Evaluation guide is available at http://ec.europa.eu/enlargement/news_corner/key-documents/index_en.htm

¹² SG's evaluation guidelines are available at: http://ec.europa.eu/dgs/secretariat_general/evaluation/documents_en.htm

¹³ http://ec.europa.eu/regional_policy/information/evaluations/guidance_en.cfm#2

Note: A methodology (not longer than 5 pages) should be submitted with the offer.

1) Inception Phase

- Start collecting and analysing the relevant documentation. Desk Review of the documents that will be subject to evaluation;
- Defining the sample of the projects and an additional sector per country which will be covered in the evaluation;
- Completion of the assessment approach and methodology; the evaluation questions, judgement criteria and indicators;
- Drafting and submitting of the inception report, which
 - summarises the objectives, scope and outputs of the evaluation,
 - defines the sectors that will be used in the sample and projects within them,
 - provides/fine-tunes the final evaluation questions, methodological approach, including the judgement criteria to be used and sources of information, samples of the questionnaires, etc;
 - presents a work-plan for the following phases.
 - presents the outline and an indicative table of contents of the final report.

The final evaluation questions, judgment criteria and indicators will be fine-tuned and agreed during the inception phase. A meeting in Brussels will take place at the beginning of the inception phase. The draft inception report will be sent to key stakeholders for comments before final endorsement by ELARG A3 Unit.

2) Desk Review

- Complete the collection of relevant documentation;
- Update the level of information by means of interviews, e-mail questionnaires or any other relevant tools with relevant actors (EC officials, Government officials, other stakeholders);
- Analyse the documentation in compliance with the evaluation questions;
- Elaboration of preliminary findings, conclusions at sector and programme level, as per the requirements in point 2.4.1 in the ToR.

3) Field Phase

- The field phase will include personal interviews in Brussels and in the beneficiary countries. The field phase will also include analysis of relevant information. Phone interviews, online questionnaires and other tools may complement personal interviews and analysis of information.
- At the end of the field work, end-of-field work meetings will be organised in Brussels to present preliminary findings, conclusions and recommendations stemming from the field and desk phases.

4) Synthesis Phase

This phase will be mainly devoted to the preparation of the evaluation report based on the work done during the desk and field phases and taking into consideration the outcomes of the end-of-fieldwork meetings. The evaluator will make sure that his/her assessment is objective and balanced, affirmations accurate and verifiable, and will present findings, conclusions and recommendations following a logical cause-effect linkage. When formulating findings and conclusions, the evaluator should describe the facts assessed, the judgement criteria applied and how this led to findings and conclusions. Recommendations should address the weaknesses identified and reported. Recommendations should be operational and realistic in the sense of providing clear, feasible and relevant input for decision making. They should not be general but should address the specific weaknesses identified, while clearly indicating the measures to be undertaken. Recommendations for action will be addressed to the Commission. However, where appropriate, the evaluator should specify the role of any actor other than the Commission, including beneficiary institutions, in implementing the recommendations.

2.4.4. Quality control

Quality control by the evaluator

The evaluator should ensure an internal quality control during the implementing and reporting phase of the study. The quality control should ensure that the draft reports comply with the above requirements and meet adequate quality standards before sending them to stakeholders for comments. The quality control should ensure consistency and coherence between findings, conclusions and recommendations. It should also ensure that findings reported are duly substantiated and that conclusions are supported by relevant judgement criteria.

Quality control by the Commission

The reports shall undergo two external reviews: the first drafts shall be reviewed in parallel by an advisory Reference Group.

The Reference Group will have the following main responsibilities:

- Guiding the experts during the planning and implementation of the evaluation;
- Assisting the evaluation manager (DG ELARG A3 Unit) in implementation of activities;
- Providing an assessment of the quality of the work of the consultant; including endorsement of the inception report, interim report and the final report.

The Reference Group will include representatives from DIR A, B, C and D of DG Enlargement and other EC's services, DGs (DG EMPL, DG REGIO, DG AGRI), if necessary.

The final (second) draft shall be reviewed by the Inter-Institutional and Planning Unit (A3), taking into account the comments made by the reference group, different stakeholders and how the evaluators have handled these comments. Once this process is completed, the A3 Unit will decide on the endorsement of the reports for distribution to stakeholders, and later presentation by the evaluator.

2.4.5. Sources of information

Sources of information to be used by the evaluators include:

- Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA);
- Proposal for a Regulation of the European Parliament and of the Council on the Instrument for Pre-accession Assistance (IPA II), COM(2011) 838 final 2011/0404 (COD);
- EU programming and planning documents – Annual Enlargement strategy papers, Progress reports, MIFFs, MIPDs, Financing Agreements, Country Strategy papers, Annual and Multi-Annual Sector programmes, etc.
- IPA annual reports, monitoring reports;
- 1st round country programme interim evaluations and IPA Meta evaluation (available at http://ec.europa.eu/enlargement/pdf/financial_assistance/phare/evaluation/20110912_meta_eval_final.pdf);
- 2nd round country programme interim evaluations and IPA Meta evaluation (available at http://ec.europa.eu/enlargement/pdf/financial_assistance/phare/evaluation/2013/ipa_interim_meta_evaluation_report.pdf);
- Interim Evaluation of the Operational Programme for Human Resources Development 2007-2013 and Evaluation Works on Monitoring and Evaluation Indicators of the Measures FYROM 2007-2011;
- Interim Evaluation of the Operational Programme for Regional Development FYROM 2009-2011;
- Interim evaluations of IPA Components III and IV in Turkey covering the period 2007-2011;
- Evaluation of European Commission to Private Sector Development in Turkey;
- Interim Evaluation of IPA I in Turkey for years 2007-2009;
- Country Programme Interim Evaluation Croatia TAIB programmes (2007-2010);
- Interim Evaluation Report IPA OP Human Resources Development 2007-2013 Croatia;
- Interim Evaluation Report IPA OP Regional Competitiveness 2007-2011 Croatia;
- Interim Evaluation Report IPA OP Transportation 2007-2013 Croatia;
- Interim Evaluation Report IPA OP Environment 2007-2013 Croatia;
- Interviews and other survey methods, publications, surveys and reviews;
- Any other source of information the evaluators consider relevant (including assessment of the World Bank, ETF, etc);

Programming and strategic documentation, evaluations, undertaken by European Commission can be found on DG ELARG, DG REGIO and DG EMPL internet site. Other relevant documents are located either on the web or from the EC's services and beneficiaries.

2.4.6. Risk and assumptions

Risks and assumptions cannot be listed exhaustively. It is assumed that services within both the Commission and the implementing authorities of the beneficiaries accept evaluation as an integral part of the project management cycle and are committed to provide the necessary information, and will subsequently act on recommendations and findings, as well as provide the follow-up information to the Commission.

The following are additional relevant assumptions for the above evaluations:

- Monitoring data is available on time and provide sufficient and adequate information;
- Access to requested documentation and information on the programmes is ensured by the Commission and the beneficiaries;
- All staff of EU Delegation, beneficiaries and implementing parties are regularly informed on objectives and methods of this evaluation, in order to ensure their full cooperation.

In the event that one or several of the above assumptions prove to be untrue, the evaluator should immediately inform the Contracting Authority. The evaluators will also report any limitations to the evaluations due to insufficient collaboration from key stakeholders.

2.5 Required outputs

The results to be achieved by the Consultant are as follows:

1. To deliver an inception report, which must include the criteria mentioned in p. 2.4.3 and will be specified in the inception phase;
2. An interim report has to be produced after completion of the desk and field research and should, to the extent possible, include some preliminary findings and conclusions. The report should include an overview of the status of the evaluation project; a description of problems encountered and solutions found; a summary of initial findings and results of the data gathering; an assessment of the data, and whether it meets expectations and will provide a sound basis for responding to the evaluation questions.
3. To deliver a final evaluation report at a programme/instrument level; analysing and consolidating relevant findings, conclusions and recommendations resulting from the analysis of the evaluation questions and as per the defined scope of the evaluation (specified in p.2.4.1). Individual country assessments might be enclosed as annexes to the report.
4. To debrief the findings, conclusions and recommendations of the evaluation to relevant Commission services and beneficiaries of assistance (one or maximum two debriefing meetings). The results shall be presented before the members of IPA Committee in Brussels.

The Inception report will detail the third sector, which will be analysed and defined per country; final methodology, judgement criteria to be used and sources of information, timetable of the assignment and documents required and tentative contacts to be met, in deemed necessary.

The Final Report shall include: an overview, an executive summary, main section, conclusions and recommendations and annexes. The final report should specifically answer each of the evaluation questions as per section 2.4.2 and address the scope defined in 2.4.1. The content and the format of the final report shall be elaborated and approved in the inception phase. The Contractor should provide an abstract of no more than 200 words and, as a separate document, an executive summary

of maximum 6 pages; both in English and French. The purpose of the abstract is to act as a reference tool helping the reader to quickly ascertain the evaluation's subject. An executive summary is an overview, which shall provide information on the (i) purpose of the assignment, (ii) methodology / procedure / approach, (iii) results / findings and (iv) conclusion and recommendations. The Final report should be usable for publication.

The final activity report (in 3 hard copies and in electronic version) should bear record of the assignment and be submitted at invoice intervals to the European Commission. It should describe in a concise and structured way, how the above-described "required services" have been fulfilled (max 8 pages). In annex, it will include all requested information and analysis as necessary.

The reports shall be presented in the English language.

3. EXPERTS PROFILE OR EXPERTISE

3.1 Profile and expertise required

It is assumed that the contract requires the following experts: **3 senior experts (one of them Team Leader) and a pool of maximum of 4 junior experts.**

The minimum qualifications of the **Team Leader (senior expert 1)** include:

Qualification and skills:

- At least a Master degree Academic level (preferably in preferably in field of Economics, Finance, Law, Social science) or equivalent professional experience of a minimum of 10 years;

General professional experience:

- Minimum of 10 years post-degree relevant professional experience in evaluation, policy design, project management, sound financial management, audit, monitoring or academic research in programmes, instruments, projects;

Specific professional experience:

- At least 3 years of this to be on evaluation of programmes, instruments, activities, etc.
- Experience as a project Team Leader in at least 1 evaluation (ex-ante, interim, ex-post, thematic, etc);
- At least 3 years in a team leadership and drafting reports;

The minimum qualification of **senior expert 2** includes:

Qualification and skills:

- At least a Master degree Academic level (preferably in preferably in field of Economics, Finance, Law, Social science) or equivalent professional experience of a minimum of 10 years;

General professional experience:

- Minimum of 10 years post-degree relevant professional experience in evaluation, policy design, project management, sound financial management, audit, monitoring or academic research in programmes, instruments, projects;

Specific professional experience:

- At least 3 years of this to be on evaluation of programmes, instruments, activities;
- Experience in drafting reports.

The minimum qualification of **senior expert 3** includes:

Qualification and skills:

- At least a Master degree Academic level (preferably in preferably in field of Economics, Finance, Law, Social science) or equivalent professional experience of a minimum of 10 years;

General professional experience:

- Minimum of 10 years post-degree relevant professional experience in evaluation, policy design, project management, sound financial management, audit, monitoring or academic research in programmes, instruments, projects;

Specific professional experience:

- At least 3 years of this to be on evaluation of programmes, instruments, activities;
- Experience in drafting reports.

A pool of **junior experts** includes (a maximum of 4 junior experts):

Qualifications and skills:

- At least Master degree Academic level (preferably in the field of Economics, Finance, Law, Social science, Public administration) or equivalent professional experience of 5 years ;

General professional experience:

- Minimum of 3 years relevant professional experience in evaluation, policy design, project management, sound financial management, audit, monitoring or academic research in programmes, instruments, projects;

The minimum requirement for the team as a whole are:

- All experts must be proficient in English.
- At least two members should have a very good knowledge of the local context and of the Enlargement policy and functioning of the IPA instrument,
- At least two of them should be experienced in performing a minimum of 2 evaluations of programmes, instruments, activities (ex-ante, interim, ex-post, thematic, etc);
- At least two members of the team should have professional experience of minimum 3 years in the Western Balkans.

- The team as a whole should have professional experience of minimum 3 years in each of the following areas: private sector development/competitiveness; human resource development, public administration reform, energy, transport, regional development.
- Knowledge of one or more of the languages of the beneficiary countries will be an asset for more than one team member.

CV(s) of the Quality control and backstopping team members should be presented as part of the offer, in compliance with the Guidelines of the Framework Contract COM 2011 (point 2.2.3.12) and Global ToR for lot under FWC COM 2011.

3.2 Number of requested experts per category and number of man-days per expert

The experts will be expected to be available for the whole duration of the assignment. It is expected that the assignment will require **330 working days**.

| Expert | Working days |
|--|---------------------|
| Senior expert 1 (Team leader) | 70 |
| Senior expert 2 | 60 |
| Senior expert 3 | 60 |
| Junior experts (a pool of max 4 experts) | a total of 140 |

3.3 Working language

The main working language of the assignment is English.

3.4 Conflict of Interest

The contractor is responsible for carrying out an independent evaluation. Evaluators must be strictly neutral. Conflicts of interests must be avoided. The experts carrying out the evaluation shall have no involvement with the projects and the institutions involved in this exercise. More specifically, the experts must fulfil the following criteria:

- No previous involvement in programming and/or implementation of assistance which will be evaluated as part of evaluation;
- During the implementation of this assignment, no involvement in any projects (from EU or other sources) under the responsibility of the beneficiary institutions involved in the evaluation.

The offers including one or more experts not meeting the above independence criteria, will be rejected. The Contracting Authority requests the signed objectivity confidentiality and conflict of interest declaration to be submitted with the contractors' offers.

4. LOCATION AND DURATION

4.1 Starting period

The study is expected to start in **January 2014** and to be finalized in April 2015.

4.2 Foreseen finishing period or duration

The expected duration of the assignment **is 16 (sixteen) calendar months**.

4.3 Planning

The planning by the end of the inception phase should indicate the tentative dates and duration of the field work, and the remaining milestones of the evaluation.

A suggested outline is presented below.

| Phase/Activity | Month |
|---|-----------------------------|
| Kick-off meeting (Brussels) | January 2014 |
| Draft Inception Report, comments provision and revision | February – March 2014 |
| Desk review | March - May 2014 |
| Field phase | May - September 2014 |
| Interim report, comments provision and revision | October – November 2014 |
| Synthesis phase | December 2014- January 2015 |
| Elaboration of the Draft Report, and submission to the Reference Group | February 2015 |
| Incorporating stakeholders' comments and submission of the final Report to ELARG A3 | March 2015 |
| Debriefing of the final Report in Brussels | April 2015 |

4.4 Location of assignment

The assignment will be performed at the consultant's offices. A maximum of 12 trips are expected to take place to Brussels. Meetings in Brussels will take place at the beginning, at the end of field meeting, and at the end of the assignment, with the presence of the team leader (other experts as appropriate) and the Contractor. An interim meeting can be planned if appropriate. The countries to visit and the conditions of the field missions should be agreed upon with Commission services in advance.

5. REPORTING

5.1 Content

The content of the reports is explained in p.2.5 in ToR.

5.2 Language

The language of the report shall be English.

5.3 Submission/comments timing

The draft Inception Report will be submitted by the end of February 2014. DG ELARG will take two weeks to comment on the report and the contractor is expected to submit the final revised version of the Inception Report by the end of March 2014.

The interim report has to be submitted to ELARG in October 2014. DG ELARG will take two weeks to comment and the contractor is expected to submit the final revised version of the report in November 2014.

The draft Final Report will be submitted to ELARG in February 2015. DG ELARG will take two weeks to comment and the contractor is expected to submit the final revised version of the Report in March 2015.

An activity report (in 3 hard copies and in electronic version) should bear record about the assignment and is to be submitted at invoice intervals to the European Commission. It should describe in a concise and structured way how the above-described “required services” have been fulfilled (max 8 pages). In annex, it will include all requested information and analysis as necessary.

A debriefing meeting of the final Report shall be planned in Brussels in April 2015. If necessary, an end of field meeting/ debriefing meeting may be organised in one of the beneficiary countries.

5.4 Number of reports copies

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

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

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

6. ADMINISTRATIVE INFORMATION

Other authorised items to foresee under ‘Reimbursable’

Travel and per diem costs may be included in the reimbursable costs if justified by the methodology. For the purpose of making an offer, the following travel information should be taken into consideration:

- International travel to Brussels, (in case the expert is based outside of Belgium): max 12 return trips;

- Per diems in Brussels, (max 12, in case the expert is based outside of Belgium);
- International travel to Western Balkans, Turkey and Croatia: max 16 return trips;
- Per diems in Western Balkans, Turkey and Croatia max 56;
- International travel within the WB region max 10.

The framework contractor will make sure that the experts are covered by an appropriate travel insurance (i.e. that covers medical repatriation). In the event that the totals for a particular line in the budget will/could be impacted as a result of any circumstances not foreseen in these terms of reference (inter alia implementing modalities agreed with the EU task manager), the contractor must alert the EU task manager. In any case, should any modification be required to the budget agreed at contract signature, these will have to be properly justified, and will be subject to the ex-ante written approval in line with the general conditions (Art.20).

Operational conditionality for intermediary payment if any

N.A

Tax arrangements

Taxes, including VAT and other duties are exempted from the EU financing.

Others

The contract will be **GLOBAL PRICE**.

IMPORTANT REMARKS:

- During all contacts with stakeholders, the consultant will clearly identify him/herself as independent consultant and not as official representative of the European Commission. All reports shall clearly indicate the number of the contract on the front page and on each of the pages and carry the following disclaimer: "This report has been prepared with the financial assistance of the European Commission. The information and views set out in this [report] are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein". The report shall apply EC Visual Identity.
- In accordance with Article 14 of the General Conditions of the Contract, whereby the Contracting Authority acquires ownership of all results as part of the current assignment, these results may be used for any of the following purposes:
 - (a) use for its own purposes: making available to the staff of the contracting authority, making available to the persons and entities working for the contracting authority or cooperating with it, including contractors, subcontractors whether legal or natural persons, Union institutions, agencies and bodies, Member States' institutions, installing, uploading, processing, arranging, compiling, combining, retrieving, copying, reproducing in whole or in part and in unlimited number of copies,
 - (b) distribution to the public: publishing in hard copies, publishing in electronic or digital format, publishing on the internet as a downloadable/non-downloadable file, broadcasting by

any kind of technique of transmission, public presentation or display, communication through press information services, inclusion in widely accessible databases or indexes, otherwise in any form and by any method;

(c) modifications by the contracting authority or by a third party in the name of the contracting authority: shortening, summarizing, modifying of the content, making technical changes to the content necessary correction of technical errors, adding new parts, providing third parties with additional information concerning the result with a view of making modifications, addition of new elements, paragraphs titles, leads, bolds, legend, table of content, summary, graphics, subtitles, sound, etc, preparation slide-show, public presentation etc, extracting a part or dividing into parts, use of a concept or preparation of a derivative work, digitisation or converting the format for storage or usage purposes, modifying dimensions, translating, inserting subtitles, dubbing in different language versions:

(d) rights to authorise, license, or sub-license in case of licensed pre-existing rights the modes of exploitation set out in any of the points (a) to (c) to third parties.

Where the contracting authority becomes aware that the scope of modifications exceeds that envisaged in the contract or order form, the contracting authority shall consult the contractor. Where necessary, the contractor shall in turn seek the agreement of any creator or other right holder. The contractor shall reply to the contracting authority within one month and shall provide its agreement, including any suggestions of modifications, free of charge. The creator may refuse the intended modification only when it may harm his honour, reputation or distort integrity of the work. All pre-existing rights shall be licensed to the Contracting Authority. The contractor shall provide to the contracting authority a list of pre-existing rights and third parties' rights including its personnel, creators or other right holders.

- The evaluation questions and methodology for this assignment may need to be further elaborated by the evaluator in the inception report.
- Attention is drawn to the fact that the European Commission reserves the right to have the reports redrafted as many times as necessary, and that financial penalties will be applied if deadlines indicated for the submission of reports (drafts and final, in hard and electronic copy) are not strictly adhered to.

ANNEX 2 APPROACH AND METHODOLOGY INCLUDING SAMPLING

This interim evaluation considers principally the themes of private sector development & competitiveness, and employment & social policy in the context of both IPA Component I and III/IV as well as country specific themes of energy, transport, public administration reform and home affairs at a country level under Component I. It is based primarily on existing secondary information sources complemented by field visits to the IPA beneficiaries to clarify facts and elaborate findings.

Overall scope of work:

| COUNTRY | COMPONENTS III&IV | COMPONENT I COMPETITIVENESS | COMPONENT I EMPLOYMENT & SOCIAL POLICY | THIRD SECTOR |
|---|-------------------|-----------------------------|--|------------------|
| Albania | N | Y | Y | PAR |
| BiH | N | Y | Y*** | None |
| Montenegro | N | Y | Y | Transport |
| Serbia | N | Y** | Y** | Energy** |
| Kosovo | N | Y | Y | Energy |
| Croatia | Y | Y | Y | None |
| Turkey | Y | Y | Y**** | Home Affairs**** |
| the former Yugoslav Republic of Macedonia | Y* | Y | Y**** | Transport**** |

* The Component III programme for the former Yugoslav Republic of Macedonia includes transport and environment only; no competitiveness priority is included.

** The evaluation of the sectors "Private sector development/Competitiveness" and "Employment and Social Policy" and "Energy" under Component I in Serbia was only based upon existing evaluations, including the country programme interim evaluation undertaken in 2013 and the sector Official Development Assistance evaluations contracted by the EU Delegation and national authorities.

*** The sector was expanded by including social inclusion and education projects

**** The evaluation in Turkey and the former Yugoslav Republic of Macedonia has been based on the interim evaluations undertaken in the country, the relevant thematic evaluations and-for ESP and third sector- complemented by field research for fact verification and elaboration of findings. Although the ToR note that Component I in Turkey for the ESP sector is to be evaluated based on existing interim evaluation reports, three additional projects have been included in the sample to ensure coverage of the main themes in the evaluation.

Approach and methodology

The evaluation is intended to draw broad lessons learned from the implementation of the IPA. Its approach is to use existing sources of information on both a project and programme level to develop an understanding of the key drivers for success and key impediments to achieving results and impacts. For the project level analysis, there is a need to reduce the scale of the overall population of projects to something more manageable within the scope of the resources available but still sufficient to ensure the robustness of the conclusions. The three sectors to be covered by the evaluation vary greatly in scale and scope, with the Employment and Social Policy sector particularly large and unwieldy. Each sector has a different approach to logically reducing the size whilst retaining a sufficient scope to ensure credibility in the findings of the evaluation overall.

Although not yet complete, the available information on programmes and projects makes it possible to define the scope of the evaluation in terms of the quantity of projects to be reviewed. However, a number of constraints remain:

1. Information on monitoring reports existing for Component I derives from the databases of the contractor for the Western Balkans, and Croatian and Turkish NIPACs only. Whether the information is complete can only be confirmed by consulting the CRIS system.
2. Information on monitoring or evaluation reports existing for projects under Component IIIc and IV in Croatia remains unavailable. The Annual Implementation Reports, which act as an alternative source of information, are as yet only available for Component IV.
3. Sector and country evaluation reports – although a rich source of information on relevance, efficiency, effectiveness, impact and sustainability - do not provide project-specific information and can therefore not be used as instruments for project sampling.

For Component I, the project sampling methodology is primarily based on the availability of sufficient information - the existence of ROM or equivalent monitoring report - and the scale of available resources. Only projects with an overall budget of €1 MEUR or higher for PSD/Competitiveness sector and third sector and €0.5 MEUR or higher for the ESP sector were considered. In the case of the ESP sector, the additional sampling criterion of cross-country thematic areas (social inclusion, VET and active labour market measures) has also been used when selecting the sample. Roma projects have been excluded from the ESP sample due to a separate evaluation that DG Enlargement I is currently undertaking. Given capacity and resources constraints, a maximum of five projects per sector/per country will be included in the sample (except BiH where seven projects are considered for the ESP sample). For the third sector in the former Yugoslav Republic of Macedonia, the limited scale of the assistance in the selected sectors means that two Transport projects have been included from Component III assistance. Although the ToR note that HRM Component I in Turkey is to be evaluated based on existing interim evaluation reports, three additional projects have been included to ensure coverage of the main themes in the evaluation.

Sample of projects for Component I

Albania

| PROJECT TITLE | TYPE | BUDGET MEUR |
|--|------------------|----------------|
| Private sector development/competitiveness | | |
| 2009/021-642 Building an e-Government Infrastructure that is in line with EU Personal Data Protection standards | supply | 3.65 |
| 2008/020-116 Support for the strengthening of the Albanian public procurement, concessions and public auctions system | twinning | 1.00 |
| 2008/020-116 Strengthening of national metrology infrastructure and achievement of international recognition | twinning | 1.00 |
| 2008/020-116 Support for the Albanian Competition Authority and state aid department | twinning | 1.00 |
| 2007/19353 Supporting SMEs to become more competitive in the EU market by providing high quality services in modern management, innovation and technology transfer | service | 2.40 |
| Employment and Social Policy | | |
| 2008/020-116 Strengthening the Vocational Education and Training in Albania | service | 0.95 |
| 2010/022-530 Human Resource Development | direct grant ILO | 3.00 |

| Public Administration Reform | | |
|---|------------------|------|
| 2007/19353 Support for the alignment of Albanian statistics | service | 2.85 |
| 2008/020-116 Support to civil service reform | direct agreement | 1.00 |
| 2012/023-036 Support to civil service reform | twinning | 1.80 |

Bosnia & Herzegovina

| PROJECT TITLE | TYPE | BUDGET MEUR |
|--|---------------------|-------------|
| Private sector development/competitiveness | | |
| 2009/021-333 Support to the small and medium sized enterprises sector and Deposit Insurance Agency | direct grant | 2.50 |
| 2009 / 021-650 SME support (business zones) | service | 1.67 |
| 2008/20-339 Support to competitive sectors in BiH (tourism policy and strategy) | service | 2.22 |
| 2008/20-339 Support to trade policy, capacity building and development of Infrastructure of Metrology system | service | 2.00 |
| 2007 EU support to Regional Economic and SME Development (institution building) | service | 2.50 |
| Employment and Social Policy | | |
| 2008/020-339 Support to education reform (VET reform IV) | service | 1.50 |
| 2011/023-436 Entrepreneurial learning in the education system | service | 0.50 |
| 2007 Improving Active Labour Markets in Bosnia and Herzegovina | service | 1.20 |
| 2009/021-650 Promoting Labour Market Competitiveness | service | 2.50 |
| 2009/021-650 Promoting Labour Market Competitiveness | twinning | 0.52 |
| 2007 Enhancing the social protection and inclusion system for children | direct grant UNICEF | 1.30 |
| 2008/20-339 Enhancing the social protection and inclusion system for children | direct grant UNICEF | 1.40 |

Croatia

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|----------|-------------|
| Private sector development/competitiveness | | |
| 2007/019-247 Implementing Croatian Competition and State Aid Policies | twinning | 1.00 |
| Employment and Social Policy | | |
| 2008-0101-05Croatian Employment Service Labour Market Training Centre | service | 1.00 |
| 2009-0101-03 Capacity Building in the Field of Fight against Sexual Exploitation and Sexual Abuse of Children and on Police Assistance to Vulnerable Crime Victims? | twinning | 0.80 |
| 2009-0404-01 Improving Expert's Capacities for the Protection of Rights and Interests of Children and Youth Placed in Homes for Children and Youth with Behavioural Disorders | twinning | 0.61 |

Kosovo

| PROJECT TITLE | TYPE | BUDGET MEUR |
|--|--------------|-------------|
| Private sector development/competitiveness | | |
| 2009/021-145 Trade and regional development | service | 1.50 |
| 2008 Developing an enabling socio-economic environment for all of Kosovo's communities | service | 3.00 |
| 2007 Developing an enabling economic environment for all of Kosovo's communities | service | 3.00 |
| 2007 Developing an enabling economic environment for all of Kosovo's communities | grant scheme | 3.00 |

| Employment and Social Policy | | |
|--|-----------------|-------|
| 2008 Education and Employment / VET in-company training and entrepreneurship | service | 2.00 |
| 2009/021-145 Support to Employment and Education / TA to MoLSW | service | 1.80 |
| 2011/022-939 Provision of social services to vulnerable groups and Support to Minority Communities in Kosovo | grant agreement | 0.68 |
| Energy | | |
| 2008/020-094 Assistance to Kosovo Transmission System and Market Operator (KOSTT) | Service | 1.00 |
| 2008/020-094 New construction and upgrade of 400 and 110 kV Overhead Transmission Lines | Works | 6.105 |
| 2008/020-094 Implementation of Energy Efficiency Measures in Public Buildings | Supply | 1.222 |
| 2010/022-145 Energy Sector Reform | Service | 2.00 |
| 2012/022-940 Upgrade of Transmission System Infrastructure | Contribution | 13.00 |

the former Yugoslav Republic of Macedonia

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|---------|-------------|
| Private sector development/competitiveness | | |
| No sample required | | |
| Employment and Social Policy | | |
| No sample required | | |
| Transport | | |
| Strengthening the administrative and operational capacities of the State Transport Inspectorate for effective enforcement of the road transport legislation | service | 0.80 |

Montenegro

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|---------------------|-------------|
| Private sector development/competitiveness | | |
| 2008/020-316 Improving the Business Environment for Small and Rural Enterprises | service | 1.20 |
| 2007/19300 Public Procurement System | service | 1.10 |
| 2011/023-173 Development of quality infrastructure in Montenegro | service | 1.00 |
| Employment and Social Policy | | |
| 2008/020-316 Labour Market Reform and Workforce Development | service | 1.80 |
| 2010/022-154 Social Welfare and Child Care System Reform: Enhancing Social Inclusion | direct grant UNDP | 1.29 |
| 2010/022-154 Social Welfare and Child Care System Reform: Enhancing Social Inclusion | direct grant UNICEF | 1.37 |
| Transport | | |
| 2007/19300 Development of the Transport Sector | Service | 1.160 |
| 2011/023-173 Vessel Traffic Management Information System | service | 3.50 |
| 2011/023-173 Vessel Traffic Management Information System (VTMIS) (no ROM available) | Supply | 1.800 |
| Support to preparation of projects for IPA Component III | service | 2.59 |
| Rehabilitation of rail line Bar – Vrbnica, Section Trbaljevo (km 331+115) – Kolasin (km 340+991) | Works | 5.000 |
| Rehabilitation of rail line Bar – Vrbnica, Section Mijatovo Kolo (km 313+314) - Mojkovac (km 321+733) | Works | 4.000 |

Serbia

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|---------|-------------|
| Private sector development/competitiveness | | |
| No sample required | | |
| Employment and Social Policy | | |
| No sample required | | |
| Energy | | |
| 2007/19322 Technical Assistance to Srbijagas | service | 2.00 |
| 2009/021-765 Follow up TA to Srbijagas | service | 1.50 |
| 2011/022-585 Capacity building for the energy agency / | service | 1.50 |
| 2007/19322 Technical Assistance for the Feasibility Studies for Electricity Transmission Cross Border Investments in the Republic of Serbia | Service | 0.905 |
| 2007/19322 Strengthening the Capacity of the Serbian Electricity Transmission System and Market Operator (EMS) | SR | 1.400 |
| 2007/19322 Further Assistance to the Energy Regulatory Agency | SR | 1.500 |
| Construction of Substation 400/110 kV Vranje 4, Republic of Serbia | WKS | 3.090 |
| Construction of Substations 400/110 kV Vranje-4 & Leskovac-2, Equipment and Materials for 400/110 kV Vranje-4 Substation | Supply | 6.126 |

Turkey

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|------------------------|-------------|
| Private sector development/competitiveness | | |
| No sample required | | |
| Employment and Social Policy | | |
| TR070213 Strengthening the Vocational Qualifications Authority (VQA) and the National Qualifications System (NQS) in Turkey | service | 4.10 |
| TR080106 Strengthening pre-school education | direct grant UNICEF | 8.00 |
| TR080218 Promoting Gender Equality in Working Life | twining | 1.00 |
| Home affairs | | |
| 2008 TR080211 Improving the skills of forensic experts | service | 2.11 |
| 2008 TR080213 Training for border police | service | 1.20 |
| 2009 TR2009/0136.07 Implementation Capacity of Turkish Police to Prevent Disproportionate Use of Force | service | 2.00 |
| 2009 TR2009/0136.08 Improved Capacity of Civil Enforcement Offices | service | 1.80 |
| 2010 TR2010/0136.11 Witness protection capacities phase I | service | 1.00 |
| 2011 TR2011/0324.02 Improvement of civilian oversight in Turkey Phase II | contribution | 3.80 |

Programme population and sample size

| COUNTRY | POPULATION NO. | | | POPULATION BUDGET | | | SAMPLE NO. | | | SAMPLE BUDGET | | | BUDGET % | | |
|---------|----------------|-----|-----|-------------------|--------|------|------------|-----|-----|---------------|------|------|----------|-----|-----|
| | PSD | ESP | 3rd | PSD | ESP | 3rd | PSD | ESP | 3rd | PSD | ESP | 3rd | PSD | ESP | 3rd |
| Albania | 8 | 3 | 4 | 18.040 | 13.920 | 7.15 | 5 | 2 | 4 | 9.05 | 3.95 | 7.15 | 50 | 25 | 100 |
| BiH | 11 | 13 | - | 45.548 | 26.607 | - | 5 | 7 | - | 10.89 | 8.92 | - | 24 | 29 | - |
| Croatia | 8 | 11 | - | 5.280 | 14.79 | - | 1 | 3 | - | 1.00 | 2.41 | - | 19 | 16 | - |

| | | | | | | | | | | | | | | | |
|---|----|----|----|--------|-------|--------|---|---|---|-------|------|--------|----|------|-----|
| Kosovo | 10 | 7 | 6 | 63.030 | 36.83 | 81.99 | 4 | 3 | 3 | 10.50 | 4.48 | 23.33 | 17 | 10.5 | 28 |
| the former Yugoslav Republic of Macedonia | - | - | 1 | - | - | 0.80 | - | - | 1 | - | - | 0.80 | - | - | 100 |
| Montenegro | 7 | 4 | 3 | 7.850 | 8.05 | 29.49 | 3 | 3 | 3 | 3.30 | 4.46 | 18.05 | 42 | 55 | 61 |
| Serbia | - | - | 6 | - | - | 41.50 | - | - | 3 | - | - | 18.022 | - | - | 43 |
| Turkey | - | 13 | 12 | 63.945 | - | 143.17 | 3 | - | 6 | 13.10 | - | 11.91 | 20 | - | 8 |

The sample size by country and by budget for the PSD sector ranges from 50% (Albania) to 17% (Kosovo). In the ESP sector the sample covers between 10.5% (in Kosovo due to large grant components in the population of projects) and 55% of the country population (in Montenegro). In the third sector it varies from a maximum of 100% (in Albania and the former Yugoslav Republic of Macedonia due to small population sizes) to 8% in Turkey due to very large investment components in the population.

For Components IIIc and IV, although not all the project information has thus far been provided, there is sufficient to be able to make the sample. The sampling has been based upon a number of factors including the following:

- Complementarity with areas selected for Component I to illustrate the strengths and weaknesses of the different approaches;
- Including works and supply projects only where there is sufficient secondary information to enable evaluation and where there is a specific link to technical assistance for the achievement of overall impact;
- Projects with budgets higher than 1 MEUR (although some selected sub-components may be less than this);
- Where the scope of the programme is broad, concentrating the evaluation on a smaller series of key areas.

Sample of projects for Component III

Croatia

| PROJECT TITLE | TYPE | BUDGET MEUR |
|--|---------|-------------|
| Private sector development/competitiveness | | |
| e-business competitiveness improvement programme, Phase I | supply | 0.36 |
| e-business competitiveness improvement programme, Phase I | service | 1.03 |
| e-business competitiveness improvement programme, Phase II | service | 0.97 |
| e-business competitiveness improvement programme, Phase II | supply | 0.44 |
| Improving information to the Croatian Business Community – BIZIMPACT II | service | 1.40 |
| Construction of Biosciences Technology Commercialisation and Incubation Centre (BIOCentre) | works | 7.24 |
| Biosciences technology incubation and commercialisation centre (BIOCentre), Supervision of works | service | 0.56 |
| Biosciences Technology Commercialisation and Incubation Centre (BIOCentre) | supply | 4.87 |
| TA for the Biosciences Technology Commercialisation and Incubation Centre (BIOCentre) | service | 0.63 |
| Providing graphics processing units in high performance computing environment | supply | 89.30 |
| Support to Cluster Development | service | 2.39 |

the former Yugoslav Republic of Macedonia

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|---------|-------------|
| Transport | | |
| Preparation of studies for development of strategic multi-modal transport nodes (IPA Component III) | Service | 1.11 |
| Preparation of project studies and design documentation for the railway sections along the Corridor X including branch Xd (IPA Component III) | service | 1.46 |

Programme population and sample size

| COUNTRY | POPULATION No. | POPULATION BUDGET | SAMPLE No. | SAMPLE BUDGET | BUDGET % |
|---|----------------|-------------------|------------|---------------|----------|
| Croatia | 28 | 149.350 | 11 | 108.83 | 73 |
| the former Yugoslav Republic of Macedonia | | | 2 | 2.57 | |

Sample of projects for Component IV

CROATIA

| PROJECT TITLE | TYPE | BUDGET MEUR |
|--|--------------|-------------|
| Employment and Social Policy | | |
| O 1.1.1a Local partnerships for employment - Phase 3 | Service | 1.870 |
| O 1.1.2a Youth in the labour market | Service | 1.093 |
| O 2.1.1a Fostering Effective Inclusion of the Persons with Disabilities into the labour Market | Service | 0.956 |
| O 2.1.2a Establishing Support in Social Integration and Employment of Vulnerable and Marginalized Groups | Service | 1.399 |
| O 2.1.3b Women in the labour market | Grant scheme | 2.415 |
| O 3.1.2 Strengthening the institutional framework for the development of the VET curricula | Service | 1.799 |
| O 3.2.1b Regional Network of local learning institutions | Grant scheme | 3.861 |
| O 3.3.1 - Comprehensive strengthening of the capacities of the AVET | Service | 1.168 |

O= Operation

the former Yugoslav Republic of Macedonia

| PROJECT TITLE | TYPE | BUDGET MEUR |
|--|--------------|-------------|
| Employment and Social Policy | | |
| M 1.1 Modernization of the Employment Service Agency | Service | 1.375 |
| M 1.3 Direct grant to Employment Service Agency | Direct grant | 1.300 |
| M 2.2 Support to the integration of ethnic communities in the educational system | Twinning | 1.085 |
| M 2.3 Support to the capacity building of the Centre for Adult Education and development of programmes for adult education and programmes for literacy and fulfilment of elementary education for excluded persons | Twinning | 1.725 |
| M 3.1 Fostering social inclusion and inclusive labour market | Service | 1.372 |

M = Measure

TURKEY

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|--------------|-------------|
| Employment and Social Policy | | |
| M 1.1 Technical Assistance for Promoting Women's Employment in Turkey | Service | 2.989 |
| M 1.2 Technical Assistance for Promoting Youth Employment | Service | 1.947 |
| M 1.4 Improving the Quality of Public Employment Services | Service | 9.978 |
| M 2.1 Grant Scheme Increasing School Enrolment Rates Especially for Girls | Grant scheme | 8.348 |
| M 2.2 Technical Assistance for Improving Quality of VET-I | Service | 5.996 |
| M 3.1 Technical Assistance for Promotion of Life Long Learning | Service | 7.445 |

M = Measure

Programme population and sample size

| COUNTRY | POPULATION No. | POPULATION BUDGET | SAMPLE No. | SAMPLE BUDGET | BUDGET % |
|---|----------------|-------------------|------------|---------------|----------|
| Croatia | 37 | 84.042 | 8 | 14.561 | 17.3% |
| the former Yugoslav Republic of Macedonia | 13 | 13.773 | 5 | 6.856 | 49.8% |
| Turkey | 18 | 110.555 | 6 | 36.703 | 33.2% |

ANNEX 3 ANALYTICAL BASE AND THE EVALUATION QUESTIONS

The evaluation is framed around a series of EQs – ten covering the performance of the programme and three covering the treatment of findings and recommendations.

EQ 1: To what extent are interventions financed under IPA efficient in terms of value for money when delivering outputs?

| | |
|--|---|
| Judgement Criteria: <i>Outputs are delivered for the lowest reasonable costs and in a timely fashion.</i> | Indicators: <i>Contracts designed and implemented on schedule and as needed by beneficiaries. Objective tender procedures used.</i> |
| Approach: The value for money assessment is limited by the information available from secondary sources – it will not, for example be possible to make a comparison analysis of the prices paid by the IPA and by other actors for similar services or goods. A key aspect of value for money is the delivery of assistance when it is needed and thus best used and this can be assessed through the timeliness of contracting and implementation. The use of objective tender procedures (clear rules, sufficient competition, projects not being sized according to administrative capacity or to fit into tendering limits) will also affect value for money and can be readily assessed from existing information. | |

| Indicator 1.1: Were objective tender procedures used for the sample projects? | | | |
|--|---------------|---------------------|---------------|
| Method of Measurement: | | | |
| <ul style="list-style-type: none"> Review of contracting mechanism in project fiche (IPA I) Review of contracting mechanism in Operating Structures (OS) and procurement plan (IPA III & IV) | | | |
| Measurement: | More than 90% | Between 50% and 90% | Less than 50% |
| Responsible for Measurement: Junior Expert | | | |

| Indicator 1.2: Were inputs delivered appropriately? | |
|---|---|
| Method of Measurement: | |
| <ul style="list-style-type: none"> Review of ROM report section 2.1 (IPA I) Contracting according to procurement plan (IPA III & IV) Annual implementation report of the OS (IPA III & IV) | |
| Measurement: | <ul style="list-style-type: none"> Average ROM score (IPA I) Percentage achieved (IPA III & IV) |
| Responsible for Measurement: Junior Expert | |
| Indicator 1.3: Was assistance implemented as expected? | |
| Method of Measurement: | |
| <ul style="list-style-type: none"> Review of ROM report section 2.2 (IPA I) Contracting according to procurement plan (IPA III & IV) Annual report of the OS (IPA III & IV) | |
| Measurement: | <ul style="list-style-type: none"> Average ROM score (IPA I) Percentage achieved (IPA III & IV) |
| Responsible for Measurement: Junior Expert | |

EQ 2: To what extent are the implementation modalities efficient?

| | |
|---|---|
| Judgement Criteria: <i>The best type of implementation modalities are selected for the outputs planned.</i> | Indicator: <i>The implementation modality selected is most appropriate to needs.</i> |
| Approach: From the project fiche the type of contracting mechanism can be readily reviewed against the objectives of the assistance and an opinion developed on whether it was most appropriate. In a limited number of cases this is not immediately clear – for example the use of delegated management agreements over open tenders or the use of twinning over technical assistance – and in these cases contributory factors, such as beneficiary administrative capacity, urgency of output delivery, scale and complexity of assistance needs to be taken into consideration to make a judgement. | |

| Indicator 2.1 Was the right implementation mechanism used? | | | |
|--|-----|------------|-----------|
| Method of Measurement: | | | |
| <ul style="list-style-type: none"> Develop contributory factors to determine what type of mechanism should be most appropriate Review type of mechanism given in fiche/procurement plan against objectives. Negative assessments should indicate reasons. Tabular reporting of analysis Review of the multiannual operational programmes versus a sector budget support | | | |
| Measurement: | Yes | Mostly Yes | Often not |
| Responsible for Measurement: Team Leader, Junior Expert | | | |

EQ 3: To what extent are the interventions financed under IPA effective in achieving results, and what possibly hampered their achievement? Had there been other factors (financial, social, political, institutional, human factor) which prevented beneficiary countries achieving the results?

| | |
|---|---|
| Judgement Criteria: The assistance delivered the results (i.e. change in beneficiary) intended. | Indicator: Result indicators have been consistently met, or factors negatively influencing performance identified. Existence of planned results Evidence of their usage for the purpose intended |
| Approach: The delivery of project outputs and the transformation of these outputs into results by the beneficiary is one of the most closely tracked performance measures of IPA assistance. Internal and external monitoring as well as end of project self-assessments by contractors and annual and ad hoc assessments by both the Commission Services and the national authorities all contribute to the information available. ROM reports for Component I especially fine tune and measure output and result indicators. Project level monitoring information for Components III and IV comprises the Annual Implementation Reports, the Monitoring reports, the SMC reports, etc. | |

| Indicator 3.1 Have the planned results been achieved? Are they used for the purpose intended? | | | |
|--|-----|------------|-----------|
| Method of Measurement: | | | |
| <ul style="list-style-type: none"> Average ROM score. ROM scores of C or D should note reasons. Tabular reporting of analysis. (IPA I) Imputed performance score from Annual Implementation Reports of the OS, SMC Reports, supplemented by interviews and focus groups where information is lacking (IPA III & IV). | | | |
| Measurement: | Yes | Mostly Yes | Often not |
| Responsible for Measurement: Junior Expert | | | |

| | |
|---|--|
| Judgement Criteria: External factors negatively affected effectiveness | Indicator: Factors negatively influencing performance identified. |
|---|--|

| Indicator 3.2 What negative factors were there? | |
|--|-----------------|
| Method of Measurement: | |
| <ul style="list-style-type: none"> Negative factors identified from ROM scoring of C or D (IPA I) Negative factors from Annual Reports, SMC minutes (IPA III & IV) | |
| Measurement: | List of factors |
| Responsible for Measurement: Junior Expert | |

EQ 4: Were the outputs and immediate results delivered by IPA translated into the desired/expected impacts; namely in terms of achieving the strategic objectives/priorities linked to accession preparation? Can impacts be sufficiently identified/quantified?

| | |
|---|--|
| Judgement Criteria: Programme level objectives have been achieved by the IPA project level assistance. Strong link between activities funded in those sectors by IPA and the progress of the beneficiary country in the alignment with the acquis | Indicator: Project level impacts can be attributed to a clear contribution to strategic objectives. Quantitative assessment of delivered outputs and results and links with the acquis alignment |
|---|--|

Approach: A key element of the analysis here is the attribution of change at the impact level being appropriate accredited to the IPA and the interaction between concrete activities funded in those sectors by IPA (infrastructure projects, grants., technical assistance/twinning projects) and the progression by the beneficiary country in the alignment with the acquis (either as prerequisite for some co-funded activities, or as result of some of them). Earlier evaluations have shown that there are usually a large number of different actors influencing change at this level and the contribution of the IPA can most readily be identified in technical fields or in those areas where the IPA is a clearly leading donor. The second major factor, as suggested in the EQ, is the availability of data to be able to effectively measure impact given the usually poor quality of indicators in project documentation and the lack of a clear link between project level impacts and programme objectives. To analyse this element, indicators will be measured where possible and where they are weak objective logical assessment will be made from information in both ROM reports at the project level and more strategic level documents such as the regular report to form an opinion on the contribution of the IPA to strategic objectives. Interviews will be made with key players during the field research to identify sectoral development patterns without IPA assistance and comparison made between countries to determine relative performances from those with IPA assistance in specific sectors and those without.

Indicator 4.1 Was impact achieved?

Method of Measurement:

- Average ROM score for impact. ROM scores of C or D should note reasons. Tabular reporting of analysis. (IPA I)
- Imputed project performance score from SMC Reports (IPA III & IV).
- Referenced findings from sector interim evaluations and other evaluations against generic sector targets identified from Operational Programmes (IPA III & IV)
- Referenced findings from Progress Reports against generic sector targets (IPA III & IV)
- Interviews/Roundtables/Focus groups

| | | | |
|---|-----|------------|-----------|
| Measurement: | Yes | Mostly Yes | Often not |
| Responsible for Measurement: Junior Expert; Senior Expert | | | |

Indicator 4.2 Are impacts/results sufficiently measurable?

Method of Measurement:

- Review of ROM assessment of indicators sections 1.2.1, 1.2.2 & 1.2.4 (IPA I)
- Review of indicators in Operational Programme / assessment in ex ante evaluation of OPs (IPA III & IV)
- Assessment of sufficiency

| | | | |
|--|-----------------|----------------------|----------------------|
| Measurement: | Baseline exists | Target impact exists | Impact is measurable |
| Responsible for Measurement: Junior Expert | | | |

EQ 5: Were there relevant indicators and monitoring mechanisms to track achievement of results?

Judgement Criteria: Indicators and monitoring mechanisms are in place and functioning to allow effective tracking of project performance.

Indicator: Indicators are SMART. EUD and /or national monitoring mechanisms cover all projects and ROM covers at least 80% of all TA projects over 1MEUR. Independent supervisors cover all works or supply contracts above 100KEUR. Monitoring mechanisms enable the appropriate review of the overall effectiveness, efficiency, quality and coherence of the implementation of all actions towards meeting the objectives set out in the financing agreements

Approach: The quality of indicators is covered within ROM reports and reports under IPA Components III & IV and this will form the basis of the analysis, supplemented by verification through the review of a selection of original project documents for updated indicators. The extent to which ROM reports and the independent monitoring of other projects is carried out is clearly available from both the ROM contractor and the EUD and will be simply collated. We will exemplify the indicators

used in the sectors and assess the monitoring systems established.

Indicator 5.1 Do monitoring mechanisms track the achievement of results?

Method of Measurement:

- Review of corrective management actions in SMSC Minutes (IPA I)
- Review of corrective management actions in Delegation Quarterly management reports (IPA I)
- Review of recommendations in ROM reports (IPA I)
- Review of corrective management actions in SMC Minutes and Annual Implementation Report of the OS (IPA III & IV)

Measurement: Yes Mostly Yes Not at all

Responsible for Measurement: Junior Expert; Senior Expert

EQ 6: Which are the relative strengths and weaknesses of the programming and implementation mechanisms under the different IPA components in the same sector?

Judgement criteria: Component I and Components III and IV use different programming and implementation mechanisms to best target their overall objectives of Institution Building and Sector Reform.

Indicator: Summary analysis of the key factors in programming and implementation, including ownership, timeliness, multi annual financing and scale of assistance for set objectives, thematic focus, financing and reimbursement principles.

Approach: The assessment of the relative strengths of the two different approaches (component I is programmed through a multi annual indicative planning document and fine-tuned on an annual basis in response to policy guidelines established through the Regular Report; components III and IV are programmed through multi annual Operational Programmes drafted in line with the multi-annual indicative planning document and in line with socio economic strategic priorities) looks at how the differences in the way the assistance is implemented affects the quality of performance. Importantly, this needs to be referenced to the objectives of the specific component and whether the approach used is the most effective for the sector and policy level objectives targeted.

Indicator 6.1 Definition of programming and implementation mechanisms under Component I and III & IV

Method of Measurement: Tabulation of mechanisms as a precursor to Indicator 6.2

Measurement: Mechanisms under Component I Mechanisms under Component III & IV

Responsible for Measurement: Team Leader

Indicator 6.2 Identification of relative strengths and weaknesses between different IPA components

Method of Measurement: Comparison of identified strengths and weaknesses with programme level objectives under Component 1 and 3 & 4. Reflections on the pitfalls of multiannual operational programming in a view of the usage of the budget support.

Measurement: List under Component I List under Component III & IV

Responsible for Measurement: Senior Experts

EQ 7: How well did the interventions, financed under different components work together to reach the EU enlargement policy objectives and strengthen economic and social cohesion?

Judgement Criteria: Different components operate together effectively to contribute to the overall policy objectives.

Indicator: Clear programming guidelines and implementation monitoring mechanisms link IPA funding efforts under different components.

Approach: The programming and monitoring mechanisms for assistance projects under components I and components III and IV will be reviewed for consistency and complementarity and areas of weakness – where communication and collaboration are not ensured – identified. In order to ensure ongoing relevance for the IPA II, the new implementation and programming structures will be reviewed to determine whether existing issues are likely to be repeated under the new mechanism.

Indicator 7.1 Did sector assistance funded under both Component I and Component III & IV work?

Method of Measurement:

- Comparison of Component I and Component III & IV by country

| | |
|--|---|
| <ul style="list-style-type: none"> Synergy/avoidance of overlap described in project fiches and ROM reports (IPA I) and reports for comp III & IV | |
| Measurement: | Collaborative effort between Component I and III & IV |
| Responsible for Measurement: Junior Expert | |

| | | | |
|--|------------|-----------|-----------|
| Indicator 7.2 Did Component I assistance complement Component III & IV? | | | |
| Method of Measurement: Operational Programmes (components III & IV), section “Complementarity and synergies with other forms of assistance” (other IPA components) | | | |
| Measurement: | Mostly yes | Sometimes | Mostly no |
| Responsible for Measurement: Junior experts | | | |

EQ 8: Were the identified impacts sustainable? Was there any positive systemic, even unforeseen impact beyond the IPA programme objectives?

| | |
|---|---|
| Judgement Criteria: Impacts/results (where applicable) are, or are likely to be, sustained. | Indicator: Sustainability indicators (section) from project and programme evaluations Other factors for sustainability (administrative capacity, financial capacity, link to national policy priorities etc). |
| Approach: Sustainability indicators will be measured where they are SMART in project documents. Key factors affecting sustainability will be identified from monitoring reports and other secondary sources and validated during round table and other discussions in the validation phase. | |

| | | | |
|--|------------|-----------|-----------|
| Indicator 8.1 Assistance was sustained | | | |
| Method of Measurement: <ul style="list-style-type: none"> Average ROM score for sustainability. ROM scores of C or D should note reasons. Tabular reporting of analysis. (IPA I) Generic findings on sustainability from other interim evaluation reports (IPA I). Tabulated findings. Findings on sustainability from interim evaluation reports (IPA III & IV) Review of Annual Implementation Reports (IPA III & IV) Cross tabulation and validation of IPA I sustainability issues with IPA III & IV to determine whether factors affecting IPA I also affect IPA III & IV Interviews and focus groups | | | |
| Measurement: | Mostly yes | Sometimes | Mostly no |
| Responsible for Measurement: Junior expert | | | |

| | |
|---|--|
| Indicator 8.2 Additional impact/results | |
| Method of Measurement: <ul style="list-style-type: none"> Interim evaluation reports (IPA I and III & IV) Assessment for systematic features during field research In-country interviews with senior line and central management staff | |
| Measurement: | Specific cases of unplanned positive and negative impact, tested for systematic occurrence |
| Responsible for Measurement: Junior expert; Senior expert | |

EQ 9: To what extent has on-going IPA financial assistance contributed to achieving the strategic objectives/priorities linked to accession preparation? Are there any elements which could hamper the impact and/or sustainability of assistance?

| | |
|---|--|
| Judgement Criteria: The IPA has had a specific impact on sector policy objectives. | Indicator: Clear evidence of progress towards sector objectives identified in programming documents. Quantification of the achieved impact |
| Approach: The strategic objectives of the accession process are the short and medium term policy priorities identified in the Accession Partnerships (AP) and, for candidate countries, the National Programme for the Adoption of the Acquis (NPAA). To measure whether the IPA has contributed to this, firstly the IPA programme by sector has to be assessed against the targets in the AP and NPAA | |

to determine whether it addressed these needs. This is simply a process of cross referencing the AP/NPAA objectives and the immediate objectives (impacts) of IPA projects funded in the sector. Then progress towards achievement of the AP/NPAA objectives needs to be made by referencing the Regular Report and if available sector assessments on a country by country basis. Finally, and most difficult, is the attribution analysis to determine whether the IPA contributed to changes observed. Given the inability to undertake a comprehensive analysis in the scale of the project, this will be determined by reconstructing the programme intervention logic and comparing the IPA contribution with other possible contributors

Indicator 9.1 Does the assistance target the strategic objectives

Method of Measurement: tabulate assistance against policy priorities outlined in the AP/NPAA

| | | | |
|--------------|-----|------------|-----------|
| Measurement: | Yes | Mostly Yes | Mostly No |
|--------------|-----|------------|-----------|

Responsible for Measurement: Junior expert

Notes: See previous interim evaluation for example

Indicator 9.2 Has progress been made towards the strategic objectives?

Method of Measurement: tabulate progress towards strategic objectives as defined in the Regular Report for each country on an annual basis from 2010 – 2013 inclusive

| | | | | |
|--------------|-----------|------|---------|------|
| Measurement: | Very good | Good | Limited | Poor |
|--------------|-----------|------|---------|------|

Responsible for Measurement: Junior expert

Indicator 9.3 Has the IPA made a measurable contribution to progress observed towards the strategic objectives?

Method of Measurement: Attribute contribution of IPA to strategic objectives through evidence of:

- legislative changes,
- institutional reforms and
- establishment of operational capacity by investment.

Using both documentary sources, information from indicators 9.1 and 9.2 above and interviews.

| | | | | |
|--------------|-----------|------|---------|------|
| Measurement: | Very good | Good | Limited | Poor |
|--------------|-----------|------|---------|------|

Responsible for Measurement: Senior expert

EQ 10: What is the additional value resulting from the EU interventions compared to what could be achieved by the IPA beneficiary country at national and/or regional levels without such interventions? To what extent was IPA assistance instrumental in increasing donor co-ordination in the beneficiary country and or beneficiary country capacity on strategic planning?

Judgement Criteria: IPA assistance has provided added value over other sources of funding in the European approximation process
The IPA has been a key driver in the establishment of donor co-ordination and strategic planning capacities.

Indicator: Beneficiaries seek specific EU centric assistance mechanisms (such as twinning) as a substantial proportion of overall donor funding
The IPA provides at least 75% of project funding in the areas of donor co-ordination and strategic planning

Approach: The added value of the IPA is principally oriented towards the explicit or implicit link between EU funding and the accession effort and how beneficiaries can leverage IPA funding to achieve greater political, administrative and financial success than could be otherwise achieved.

For *component I* the IPA has in most cases a clear comparative advantage and added value in the form of contracting member state experts via twinning or technical assistance to establish appropriate structures for implementing the acquis. The implicit link to the EC and the accession process can be leveraged to overcome internal political resistance to change.

For *components III and IV* the added value comes in the establishment of Structural Fund type approaches to programme design and also direct collaboration with Commission line DGs in the implementation of the programme that will better prepare beneficiaries for operating these funds in the future. With IPA 2 this direct involvement of line DGs will end for components III and IV because there

is no accession horizon before 2020. The approach is to determine what added value using structural fund type instruments brought to beneficiaries and therefore assess if these features should be retained within IPA 2.

The added value of the IPA for investment funds is the use of grant aid for infrastructure or investment projects or to leverage additional donor funds or concessionary loan funds from IFIs.

Quantifying added value is challenging because in most countries and in most sectors the EC has an acknowledged primacy in funding and therefore there are few opportunities to study alternative assistance. The desk research element of the evaluation will identify the other donors in the selected sectors and the scope of their involvement. The identification of added value will be determined during the field phase through the use of focus groups and interviews with key stakeholders. Case studies will be provided to illustrate specific findings.

Indicator 10.1 Identification of different funding sources

| | |
|------------------------------|--|
| Measurement: | List of different donors (including IFIs)& government by sector and funding 2007-2011 |
| Method of Measurement: | <ul style="list-style-type: none"> Review of aid coordination databases at NIPAC Operational Programmes (components III & IV), section "Complementarity and synergies with other forms of assistance" (IFIs) Available Evaluation reports& report on donor coordination |
| Responsible for Measurement: | Junior expert |

Indicator 10.2 Identification of value added mechanisms for institution building (Comp I, III & IV)

| | |
|------------------------------|---|
| Measurement: | List of political/institutional leverage mechanisms from IPA; Number of instances in sample; |
| Method of Measurement: | Interviews with NIPAC/EUD/Beneficiaries |
| Responsible for Measurement: | Senior Expert |

Indicator 10.3 Assessment of value added for institution building

| | |
|------------------------------|--|
| Measurement: | Interview/questionnaire scoring of mechanism importance |
| Method of Measurement: | For each mechanism identified as giving added value, score perception of effectiveness and importance via interviews/focus groups/questionnaire (method depends on number) |
| Responsible for Measurement: | Senior expert |

Indicator 10.4 Identification and assessment of value added for building management capacity of EU funds (Comp III & IV)

| | |
|------------------------------|---|
| Measurement: | Development of institutions Development of administrative capacity Development of planning Development of budgetary planning Assessment of IPA contribution over other actors |
| Method of Measurement: | <ul style="list-style-type: none"> Operational Programmes (components III & IV), Priority Axis: Technical Assistance Interviews with NIPAC/EUD/Beneficiaries |
| Responsible for Measurement: | Senior Experts |

Indicator 10.5 Identification of value added mechanisms for investment (Comp I, III & IV)

| | |
|------------------------------|--|
| Measurement: | List of financial leverage mechanisms from IPA (grants/loans); Number of instances in sample; |
| Method of Measurement: | Interviews with NIPAC/EUD/Beneficiaries |
| Responsible for Measurement: | Senior Expert |

Indicator 10.6 Assessment of value added for investment

| | |
|--------------|---|
| Measurement: | Interview/questionnaire scoring of mechanism importance |
|--------------|---|

| |
|---|
| Method of Measurement: For each mechanism identified as giving added value, score perception of effectiveness and importance via interviews/focus groups/questionnaire (method depends on number) |
| Responsible for Measurement: Senior expert |

| | |
|---|---|
| Indicator 10.7 Review of funding for donor coordination | |
| Method of Measurement: Collate funding from all donors for donor coordination & identify proportion from IPA sources using donor coordination study & interviews with NIPACs to reflect to which extent the cooperation with International Finance Institutions (IFIs) can be problematic, in view of the different set of conditionalities | |
| Measurement: | Percentage of funding for coordination from IPA |
| Responsible for Measurement: Junior expert; Senior expert | |

| | |
|--|--|
| Indicator 10.8 Identification of areas where the IPA has driven funding | |
| Method of Measurement: Identify areas solely funded by the IPA with only programme co-financing through interview with NIPAC & OS Management | |
| Measurement: | Examples of areas where funding has been driven solely by the IPA (e.g. politically sensitive or of peripheral national but important EU priority) |
| Responsible for Measurement: Senior expert | |

ANNEX 4 DOCUMENTS REVIEWED AND PERSONS INTERVIEWED

DOCUMENTS REVIEWED

| Albania | Year |
|---|-----------|
| Interim/Strategic Evaluation of EU IPA Pre-Accession Assistance to Albania (2007-2009), HTSPE | 2011 |
| Country Programme Interim Evaluation Albania (2007-2010), ECORYS | 2013 |
| European Partnership | 2007 |
| EC Progress Reports | 2010-2014 |
| Multi-annual Indicative Planning Document | 2007-2009 |
| Multi-annual Indicative Planning Document | 2008-2010 |
| Multi-annual Indicative Planning Document | 2009-2011 |
| Multi-annual Indicative Planning Document | 2010-2012 |
| Multi-annual Indicative Planning Document | 2011-2013 |
| National programme under the transition assistance and institution building component | 2007-2011 |
| Project Fiches | 2007-2011 |
| ROM reports | 2010-2014 |
| Bosnia & Herzegovina | Year |
| Interim/Strategic Evaluation of EU IPA Pre-Accession Assistance to Bosnia & Herzegovina (2007-2009), IBF Consulting | 2010 |
| Country Programme Interim Evaluation Bosnia and Herzegovina (2007-2009), ECORYS | 2013 |
| Self-evaluation of the IPA assistance to Regional Economic, SME and Tourism development | 2013 |
| European Partnership | 2007 |
| Mapping of Sector Strategies Final Report (Bosnia and Herzegovina) | 2014 |
| EC Progress Reports | 2010-2014 |
| Multi-annual Indicative Planning Document | 2007-2009 |
| Multi-annual Indicative Planning Document | 2008-2010 |
| Multi-annual Indicative Planning Document | 2009-2011 |
| Multi-annual Indicative Planning Document | 2010-2012 |
| Multi-annual Indicative Planning Document | 2011-2013 |
| National programme under the transition assistance and institution building component | 2007-2011 |
| IPA Monitoring Committee Follow-up Meeting Conclusions, EUD | 2014 |
| Working document: Overview on the EU integration and IPA programming in BiH, EUD | 2014 |
| ROM reports | 2010-2014 |
| Project Fiches | 2007-2011 |
| (draft) Bosnia and Herzegovina's Framework Social Protection and Social Inclusion Policy, Ministry of Civil Affairs | 2014 |
| Croatia | Year |
| Accession Partnership | 2007 |
| EC Progress Reports | 2010-2012 |
| Main Findings of the Comprehensive Monitoring Report on Croatia's state of preparedness for EU membership | 2012 |
| Component I | |

| | |
|--|-------------|
| Country Programme Interim Evaluation Croatia (2007-2009), ADE | 2011 |
| Country Programme Interim Evaluation Croatia (2007-2010), DFC/EPRD | 2012 |
| Sector Annual Implementation Reports IPA Component I | 2008-2013 |
| Recommendations and follow-up table – 2011 Country Programme Interim Evaluation | 2013 |
| Multi-annual Indicative Planning Document | 2007-2009 |
| Multi-annual Indicative Planning Document | 2008-2010 |
| Multi-annual Indicative Planning Document | 2009-2011 |
| Multi-annual Indicative Planning Document | 2010-2012 |
| Multi-annual Indicative Planning Document | 2011-2013 |
| National programme under the transition assistance and institution building component | 2007-2011 |
| Project fiches | 2007-2011 |
| Procurement plans Component I | 2007-2010 |
| SMSC meeting minutes | 2009-2013 |
| Project monitoring reports | 2009-2013 |
| Components III & IV | |
| IPA IIIc Sector annual report on implementation | 2008-2012 |
| IPA IIIc Monitoring report | 2009-2012 |
| IPA IV Sector annual reports on implementation of HRDOP | 2007-2013 |
| Operation monitoring sheets HRDOP | 2013 |
| Procurement Plan RCOP | 2014 |
| Procurement Plan HRDOP | 2014 |
| Operational Programme Regional Competitiveness 2007-2009 | 2007 |
| Operational Programme Regional Competitiveness 2007-2011 | 2009 |
| Operational Programme Regional Competitiveness 2007-2013 | 2012 |
| Operational Programme Human Resources Development 2007-2009 | 2007 |
| Operational Programme Human Resources Development 2007-2013 | 2013 |
| Operation Identification Sheets | 2008-2013 |
| IPA OP Human Resources Development 2007-2013. Interim Evaluation Report | 2012 |
| IPA OP Regional Competitiveness 2007-2011 Interim Evaluation Report | 2012 |
| SMC meeting minutes | 2009-2013 |
| the former Yugoslav Republic of Macedonia | Year |
| The use of EU funds in Macedonia, Friedrich Ebert Stiftung | 2012 |
| European Partnership | 2007 |
| EC Progress Reports | 2010-2014 |
| Joint Assessment Paper (JAP) | 2008 |
| Joint Inclusion Memorandum (JIM) | 2007 |
| Component I | |
| Country Programme Interim Evaluation of EU Pre-accession assistance to the former Yugoslav Republic of Macedonia, Ramboll | 2010 |
| Second Country Programme Interim Evaluation of the National Programmes under IPA Transitional Assistance and Institution Building Component –DRAFT, Pohl | 2014 |
| Multi-annual Indicative Planning Document | 2007-2009 |
| Multi-annual Indicative Planning Document | 2008-2010 |

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|---|------------------|
| Multi-annual Indicative Planning Document | 2009-2011 |
| Multi-annual Indicative Planning Document | 2010-2012 |
| Multi-annual Indicative Planning Document | 2011-2013 |
| National programme under the transition assistance and institution building component | 2007-2011 |
| Project Fiches | 2007-2011 |
| ROM reports | 2010-2014 |
| Component IV | |
| Interim Evaluation of the Operational Programme for Human Resources Development 2007-2013 and Evaluation Works on Monitoring and Evaluation Indicators of the Measures, ArsProgetti | 2011 |
| Annual Audit Activity Report and Opinion for IPA Component IV – Human Resource Development of the Audit Authority for audit of instrument for pre-accession assistance in the Republic of Macedonia | 2013 |
| IPA IV Sector annual reports on implementation of HRD OP | 2008-2013 |
| Procurement Plan | 2014 |
| Operational Programme Human Resources Development 2007-2013 and revised versions | 2007, 2010, 2012 |
| Operation Identification Sheets | 2009-2011 |
| Operation monitoring sheets HR DOP | 2009-2013 |
| SMC meeting minutes | 2009-2013 |
| Kosovo | Year |
| Strategic / Interim Evaluation of EU IPA Pre- accession Assistance to Kosovo (2007-2009), HTSPE | 2010 |
| IPA – interim evaluation and meta-evaluation of IPA assistance, Kosovo (2007-2009), ECORYS | 2013 |
| Evaluation of the EU-funded Municipal Infrastructure Facility – KOSOVO | 2013 |
| Sector evaluation of the energy sector for the EU Office | 2014 |
| European Partnership | 2007 |
| EC Progress Reports | 2010-2014 |
| Multi-annual Indicative Planning Document | 2007-2009 |
| Multi-annual Indicative Planning Document | 2008-2010 |
| Multi-annual Indicative Planning Document | 2009-2011 |
| Multi-annual Indicative Planning Document | 2010-2012 |
| Multi-annual Indicative Planning Document | 2011-2013 |
| National programme under the transition assistance and institution building component | 2007-2011 |
| Project Fiches | 2007-2011 |
| ROM reports | 2010-2014 |
| Labour Force Survey | 2012 |
| Montenegro | Year |
| Strategic / Interim Evaluation of EU IPA Pre- accession Assistance to Kosovo (2007-2009), Soges | 2010 |
| IPA - interim evaluation and meta-evaluation of IPA assistance, Kosovo (2007-2009), ECORYS | 2013 |
| Mid-Term Evaluation of the “Social Welfare and Child Care System Reform: Enhancing Social Inclusion” Project: Social Welfare and Child Care System Reform Components”, A. Toritsyn | 2013 |
| Final Evaluation of the “Child Care System Reform” component of the project “Social Welfare and Child Care System Reform: Enhancing Social Inclusion”, Promeso Consulting | 2014 |
| Indicative Strategy Paper for Montenegro (2014-2020) | 2014 |
| European Partnership | 2007 |
| EC Progress Reports | 2010-2014 |
| Multi-annual Indicative Planning Document | 2007-2009 |

| | |
|---|-------------|
| Multi-annual Indicative Planning Document | 2008-2010 |
| Multi-annual Indicative Planning Document | 2009-2011 |
| Multi-annual Indicative Planning Document | 2010-2012 |
| Multi-annual Indicative Planning Document | 2011-2013 |
| National programme under the transition assistance and institution building component | 2007-2011 |
| Project Fiches | 2007-2011 |
| ROM reports | 2010-2014 |
| Serbia | Year |
| Evaluation of effectiveness and efficiency of development assistance to the Republic of Serbia per sector (2007-2011), Maxima Consulting/IMG | 2013 |
| Evaluation of Sector of Civil Society Organizations (CSO), Media and Culture Implemented and Financed by IPA Programme, EU Programmes and other Donors in the Republic of Serbia (2007-2011), ArsProgetti | 2013 |
| Evaluation of Rule of Law sector implemented and financed by IPA Programme and other Donors in the Republic of Serbia (2007-2011), ECO | 2013 |
| Evaluation of Sector of Human Resources Development (HRD) Implemented and Financed by IPA Programme, EU Programmes and other Donors in the Republic of Serbia (2007-2011), ArsProgetti | 2013 |
| Final evaluation of the IPA project "Developing community based services for children with disabilities and their families" in Serbia, Promeso Consulting | 2013 |
| Country Programme Interim Evaluation Albania (2007-2010), ECORYS | 2013 |
| Evaluation of participation of the Republic of Serbia in the EU programmes in the period from 2007-2012 | 2013 |
| Evaluation of the Competitiveness sector implemented and financed by IPA Programme and other Donors in the Republic of Serbia | 2013 |
| European Partnership | 2007 |
| EC Progress Reports | 2010-2014 |
| Multi-annual Indicative Planning Document | 2007-2009 |
| Multi-annual Indicative Planning Document | 2008-2010 |
| Multi-annual Indicative Planning Document | 2009-2011 |
| Multi-annual Indicative Planning Document | 2010-2012 |
| Multi-annual Indicative Planning Document | 2011-2013 |
| National programme under the transition assistance and institution building component | 2007-2011 |
| Project Fiches | 2007-2011 |
| ROM reports | 2010-2014 |
| Turkey | Year |
| EC Progress Reports | 2010-2014 |
| Accession Partnership | 2007 |
| Thematic Evaluation of EU's Support to Civil Society in Western Balkans and Turkey (2009-2011), IBF Consulting | 2011 |
| Evaluation of European Commission Support to Private Sector Development in Turkey | 2013 |
| Component I | |
| Interim Evaluation of IPA I in Turkey for years 2007-2008-2009/Particip | 2012 |
| Review of Twinning in Turkey, ECORYS | 2010 |
| Annual reports on the implementation of the assistance under IPA | 2011-2013 |
| Multi-annual Indicative Planning Document | 2007-2009 |
| Multi-annual Indicative Planning Document | 2008-2010 |
| Multi-annual Indicative Planning Document | 2009-2011 |
| Multi-annual Indicative Planning Document | 2010-2012 |

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|--|-------------|
| Multi-annual Indicative Planning Document | 2011-2013 |
| National programme under the transition assistance and institution building component | 2007-2011 |
| Project Fiches | 2007-2011 |
| ROM reports | 2010-2013 |
| SMSC meeting minutes | 2009-2013 |
| Components III & IV | |
| Regional Competitiveness Operational Programme 2007-2009 | 2007 |
| Regional Competitiveness Operational Programme 2007-2013 | 2011 |
| Ex ante evaluation of the RCOP 2007-2009 | 2007 |
| Interim evaluation of the RCOP 2007-2009 | 2011 |
| Human Resources Development Operational Programme 2007-2009 | 2007 |
| Human Resources Development Operational Programme 2010-2011 | 2010 |
| Human Resources Development Operational Programme 2012-2013 | 2012 |
| First Interim Evaluation of Human Resources Development Operational Programme 2007-2009, IBF Consulting | 2011 |
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| Procurement plan | 2010, 2011 |
| Operation monitoring sheets HRD OP | 2013 |
| Operation Identification Sheets | |
| SMC meeting minutes | 2007-2013 |
| OTHER | Year |
| Annual IPA Reports | 2007-2012 |
| DG Enlargement Sector Budget Support Guidelines | 2014 |
| Mapping of Sector Strategies, HTSPE | 2014 |
| The political economy of donor intervention in Western Balkans and Turkey: mapping and potential for stronger synergies, Inception Report, Pohl | 2013 |
| Evaluation of the European Union's Support to Private Sector Development in Third Countries&ADE | 2013 |
| Mid-term Meta Evaluation of IPA Assistance, HTSPE | 2011 |
| IPA - interim evaluation and meta-evaluation of IPA assistance, Ecorys | 2013 |
| Demonstrating Additionality in Private Sector Development Initiatives, DCED | 2014 |
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| European Commission, Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market, Brussels, C(2008) 5737 | 2008 |
| Council of the European Union, "Council Conclusions on a strategic framework for European cooperation in education and training (ET2020)" | 2009 |
| European Commission, "EUROPE 2020. A strategy for smart, sustainable and inclusive growth", Communication from the Commission, COM(2010) | 2010 |
| EUROSTAT databases | |
| EC Online Education and Training Monitor. Adult participation in lifelong learning | 2013 |

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| 26. | Liber Chlad | Deputy Head of Cooperation | EU Office |
| Montenegro | | | |
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| 28. | Dawn Adie-Baird | First Secretary/Deputy Head of Cooperation | EUD |
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Private Sector Development and Competitiveness Sector

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| 6. | Martin Schieder | Head of Operations Section for Economic Reform and Natural Resources | EUD |
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| 10. | Sanja Božić | | MoFTER |
| 11. | Brankica Pandurević | Head of Department | MoFTER |
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| 13. | Sanja Fišer | | MEC/IB1 |
| 14. | Vlatko Martinović | | MEC/IB1 |
| 15. | Vlado Kramarić | | MEC/IB1 |
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| 27. | Edon Myftari | Chief Executive Officer | ARDA |
| Montenegro | | | |
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| 36. | Virgjina Zadrima | Public Official in PIU | MoF |

Employment and Social Policy Sector

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| 1. | Olga-Luisa Anghelakis | Head of Operation Section, Economic Reform and Infrastructure | EUD |
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| 15. | Omer Korjenić | Head of Department for employment | Federal Employment Institute of the Federation of BiH |
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| 18. | Vesna Puratic | Senior Associate, Department of Education | Ministry of Civil Affairs |
| 19. | Dragana Vujanović | Senior Officer for European Assistance Programmes, Department of Education | Ministry of Civil Affairs |
| 20. | Dunja Šmitran | SPIS Project consultant | Ministry of Civil Affairs |
| 21. | Jasminka Nalo | Language Adviser | Agency for Pre-primary, Primary and Secondary Education |
| Croatia | | | |
| 22. | Gordana Dragičević | Head of Service for preparation, selection, implementation and monitoring of EU projects | Ministry of Labour and Pension System |
| 23. | Ivana Matošin | Expert advisor, Department for Monitoring and | Ministry of Labour and |

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| | | Evaluation | Pension System |
| 24. | Nikolina Volf | Senior advisor, Department for Monitoring and Evaluation | Ministry of Labour and Pension System |
| 25. | Luka Rajčić | Head of Section | Ministry of Labour and Pension System |
| 26. | Ivana Šuman | Head of department | Ministry of Labour and Pension System |
| 27. | Domagoj Vukušić | Senior expert advisor | Ministry of Social Policy and Youth |
| 28. | Dubravka Marušić | Head of sector for social policy and policy for children, youth and family | Ministry of Social Policy and Youth |
| 29. | Ivana Zadro | Expert advisor | Ministry of Social Policy and Youth |
| 30. | Mirjana Radovan | Head of Service for EU funds | Ministry of Social Policy and Youth |
| 31. | Jasna Bubić | Head of Department for EU funds programme implementation | Ministry of Social Policy and Youth |
| 32. | Kristina Hećimović, | Senior expert advisor, Department for EU funds programme implementation | Ministry of Social Policy and Youth |
| 33. | Natalija Bokulić | Head of Department for EU funds programme monitoring | Ministry of Social Policy and Youth |
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| 37. | Marina Hudolin | Expert Advisor, Division for monitoring of project implementation | Croatian Employment Service |
| 38. | Tina Novak | Head of tender preparation and contract implementation department | Croatian Employment Service |
| 39. | Hrvoje Bakić | Head of Service for EU programmes and projects | Ministry of Science, Education and Sports |
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| 41. | Dragica Kovčalisa | Senior Advisor for adult learning programmes | Agency for Vocational Education and Training and Adult Education |
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| 46. | Magdalena Ivanova | Team Leader, Evaluation of previous IPA HRD OP assistance | ECORYS |
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| 48. | Daniela Huhmann | Task Manager employment | EUD |
| 49. | Nafi Saracini | Task Manager social inclusion | EUD |
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| 55. | Maja Korubin | Head of Unit for training the trainers, personal development and professional orientation | Centre for Adult Education |
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| 60. | Sophie Beaumont | Task Manager social policy and education | EUD |
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| 71. | Marija Backović | Senior Advisor, Department for European Integration | Ministry of Labour and Social Welfare |
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| 73. | Zora Bogičević | Senior Adviser | Ministry of Education |
| 74. | Mitar Djurović | II Secretary, NIPAC | Ministry of Foreign Affairs and European Integration |
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ANNEX 5 BENEFICIARY SPECIFIC INFORMATION

This annex provides additional information on the progress of the IPA against wider policy objectives and consists of an assessment of the coherence of the sample with the overarching policy agenda established by the European Partnership as well as details of progress within the individual projects against impact level targets given in planning documents. It forms the basis for the programme level analysis of impact given in the main report.

Albania

For Albania, the evaluation considered the themes of PSD/Competitiveness, ESP and PAR in the context of IPA Component I. The evaluation was based primarily on existing secondary information sources complemented by a brief field visit to the IPA beneficiaries to clarify facts and elaborate findings. The following key progress at the beneficiary level is generated from a review of the project documents and assessment in the Progress Report 2013, with clarifications from interviews in the field.

A summary of the project population and sample is provided in the following tables:

| COUNTRY | POPULATION NO. | | | POPULATION BUDGET | | | SAMPLE NO. | | | SAMPLE BUDGET | | | BUDGET % | | |
|---------|----------------|-----|-----|-------------------|--------|------|------------|-----|-----|---------------|------|------|----------|-----|-----|
| | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR |
| Albania | 8 | 3 | 3 | 18.040 | 13.920 | 5.65 | 5 | 2 | 3 | 9.05 | 3.95 | 5.65 | 50 | 25 | 100 |

IPA Component I

| PROJECT TITLE | TYPE | BUDGET MEUR |
|--|------------------|-------------|
| Private sector development/competitiveness | | |
| 2009/021-642 Building an e-Government Infrastructure that is in line with EU Personal Data Protection standards | supply | 3.65 |
| 2008/020-116 Support for the strengthening of the Albanian public procurement, concessions and public auctions system | twining | 1.00 |
| 2008/020-116 Strengthening of national metrology infrastructure and achievement of international recognition | twining | 1.00 |
| 2008/020-116 Support for the Albanian Competition Authority and state aid department | twining | 1.00 |
| 2007/19353 Supporting SMEs to become more competitive in the EU market by providing high quality services in modern management, innovation and technology transfer | service | 2.40 |
| Employment and Social Policy | | |
| 2008/020-116 Strengthening the Vocational Education and Training in Albania | service | 0.95 |
| 2010/022-530 Human Resource Development | direct grant ILO | 3.00 |
| Public Administration Reform | | |
| 2007/19353 Support for the alignment of Albanian statistics | service | 2.85 |
| 2008/020-116 Support to civil service reform | Direct agreement | 1.00 |
| 2012/023-036 Support to civil service reform | twining | 1.80 |

Coherence

Coherence considers the extent to which the assistance under the IPA is in line with the overarching strategic policy of the Enlargement process. To assess this, the evaluation considers the extent to which the sample of projects targets the priorities of the European/Accession Partnerships at the time of the programming of the assistance. The following tables cover the sectors under review in Albania.

Private Sector Development / Competitiveness

| ALBANIA - Medium-term priorities in 2007 European Partnership | Targeted by IPA | |
|---|-----------------|----|
| | Yes | No |
| Improve the business environment to increase greenfield foreign direct investment | | x |
| Make further progress on adopting European standards and speed up efforts to become a full member of the European standardisation organisations | x | |
| Make progress on transposing new and global approach and old approach directives | x | |
| Ensure improved functioning of the bodies responsible for standardisation, accreditation and certification and of those responsible for metrology and calibration, taking into account EC best practices. | x | |
| Ensure Albania's membership of the European Cooperation for Accreditation organisation | x | |
| Further improve the enforcement record in the areas of anti-trust and state aid control | x | |
| Complete alignment of state aid schemes with EU competition rules, as stated in the interim agreement | x | |
| Ensure the compatibility of Albania's legal framework on public procurement with the EU acquis. | x | |
| Achieve fully operational public procurement structures, ensuring operation of public procurement procedures in strict compliance with the law and with SAA requirements | x | |
| Fully implement international conventions ratified in the field of intellectual, commercial and industrial property rights. | x | |
| Implement intellectual property rights legislation properly and achieve improved results in the fight against piracy and counterfeiting. | x | |
| Further develop specialised business support structures (e.g. incubators and clusters) | | x |
| Start designing and applying an integrated research policy and further develop measures to boost innovation and competitiveness in small companies. | x | |
| Continue implementing the European Charter for Small Enterprises | x | |

The sample is strongly positive to the medium term priorities of the European Partnership, focusing principally in the harmonisation process and introducing the structures required for effective state control of the internal market. Although not directly supported by the programme, broader policy objectives of supporting the business environment and structures can be considered to be indirectly targeted by both support to SMEs and the strengthening of the legal and control structures included in the rest of the programme.

Employment and Social Policy

| Priorities in 2007 European Partnership | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Short-term | | |
| 1. Improve social protection systems and combat social exclusion | x | |
| 2. Adopt measures to increase school enrolment rates at secondary level and among children in rural areas, in particular girls, and in vocational schools | x | |
| 3. Continue efforts to improve the governance of the education system, teacher training and education infrastructure | x | |
| Medium-term | | |
| 4. Improve the education system with the aim of increasing the supply of sought-after skills, fostering employment and long-term economic growth | x | |
| 5. Continue efforts to improve the quality of education and to create a modern vocational education and training system, promote regional cooperation in the field of higher education | x | |

*Based on the mapping of projects which are part of programming period 2007-2011

The mapping of projects indicates that during the programming period 2007-2011, IPA assistance targeted all priorities of the European Partnership relevant for the ESP sector, demonstrating that the planning of assistance was driven by these priorities. As far as the priority on social protection and combat of social exclusion is concerned, IPA has primarily targeted Roma, Askali and Egyptians which is outside the scope of this evaluation and impact is thus not analysed.

Public Administration Reform

| Priorities in 2006 European Partnership – PAR – Albania | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Short-term | | |
| Further strengthen public-sector governance by improving the quality and impartiality of public administration staff and strengthening the Department of Public Administration | X | |
| Ensure enforcement of the Civil Service Law and related rules in the public administration. | X | |
| Ensure that recruitment, appointments, promotion, transfers and dismissals are conducted according to the established rules in order to build an accountable, efficient civil service, based on professional career development criteria | X | |
| Medium-term | | |
| Ensure that the sectors of the administration responsible for implementation of the SAA provisions and those involved in implementation of the EC financial assistance are adequately trained and equipped to carry out their duties. | | X |
| Introduce results-oriented management and training for civil servants | X | |
| Design and implement a civil service salary structure which allows both proper budgetary planning and a motivating career structure | X | |
| Ensure the sustainability of reforms in the public administration | X | |

At a sector level, projects evaluated targeted the development of a transparent, merit based civil service as one of the pillars of public administration reform in Albania. Indirectly this will also positively affect the broader policy priorities of strengthening the capacity of the administration to implement the SAA.

Key progress in Albania

In Private Sector Development / Competitiveness, progress was made in all of the areas under review despite some challenges with the implementation of the IPA itself. In e-government the National Agency for Information Society was accredited to provide the public administration with certificates enabling it to process electronic documents. The public procurement review system was improved and further progress was made with aligning public procurement legislation with the acquis. The Public Procurement Agency ensured the transparency of procurement procedures and the Public Procurement Commission took over the complaints process, which is expected to streamline procedures and improve performance and transparency. Institutional strengthening of the General Directorate for Metrology included the adoption of a communication strategy on metrology and relocation to new premises. Its laboratories acquired new equipment for pressure, humidity and volume but approximation of the Law on Metrology is at an early stage despite the specific support of the IPA in this aspect. The Albanian Competition Authority aligned a number of bylaws and strengthened its capacity through IPA assistance but the State Aid Sector at the Ministry of Economy still lacks the necessary administrative capacity. The revision of state aid legislation remains at an early stage and the number of notifications is low.

For supporting the growth and competitiveness of SMEs, the implementation of SBA principles continued but the updated Strategy for SMEs 2014-2020 was not yet adopted. The capacity of AIDA needs to be further increased.

The EC Progress Report for 2013 indicates an increased participation in VET by 23% in the year 2012-13 compared to the previous year, strengthened capacities in the education sector and better quality of education programmes. The IPA contribution made VET more accessible and attractive to students by investing in VET schools and through reformed curricula in several occupations, strengthened capacity of teachers and better governance at Ministry and school levels (projects “*Strengthening the Vocational Education and Training in Albania*” and “*Human Resource Development*”). Still, the EC progress reports note that participation in VET is low compared with economic demand for skilled workers and there is a recurrent mismatch between the educational provision and labour market needs, an area where IPA impact has been weak despite the effectiveness of VET projects. According to interviews during the field phase, this was due to insufficient attention given to skills needs analysis and difficulties in engaging social partners (especially the business sector) as well as the lack of a strategy integrating education with employment, lifelong learning and social inclusion. Stakeholders also indicated that these issues are being dealt with by the Ministry of Social Welfare and Youth which took over the VET portfolio in 2013. The evaluation has been informed that there is currently a high level of political commitment of the Ministry to address the key issues related to education and employment.

As far as employment is concerned, the EC progress reports note that the national funds available for employment programmes have sharply decreased over recent years (e.g. 40% decrease in 2012 compared with 2010) and are largely insufficient to cover the needs of the most vulnerable groups among the unemployed. The report has also mentioned that further efforts are needed to modernise the National Employment Service (NES). As mentioned above, it is unlikely that IPA could have led to dramatic improvements on the labour market given the structural nature and size of the problem. Therefore, impact is primarily assessed in terms of creating an enabling environment and strengthened capacities at central and regional level for the delivery of more efficient active employment measures. The IPA addressed the lack of an action plan for employment and is currently working on the preparation of a gender-sensitive National Strategy for Employment and Skills. Counselling services have been improved within the framework of the new NES service model and extended to all Albanian regions. The evaluation has been also informed by the interviews that the existing active labour market measures have been reviewed and the regulatory framework adapted to more effectively serve the needs of the vulnerable groups. A new quality assurance system is in place which is expected to improve the monitoring and evaluation capacities of the NES. It is however too early to assess the impact of the respective IPA project as it is still under implementation.

In line with the other countries of the Western Balkans, Public Administration Reform has been a key element of pre-accession assistance, focusing on the establishment of merit based recruitment and career management, professionalization of the civil service, depoliticisation, structural reform and reorientation from a process to a service oriented approach. Given the nascent state of the civil service in Albania and the extent to which public sector employment is embedded into the party political system, it was unsurprising that achieving the policy impacts of IPA assistance have been both delayed and required substantial political pressure from the Commission Services (linking it to candidate country status) and other actors. It remains to be seen whether the legislative changes that have been finally adopted will be implemented in practice, especially outside of Tirana. The EUD is currently planning an assessment exercise to determine whether institutions are implementing these structural reforms as expected. Institutional restructuring of the main beneficiary of IPA assistance, the Department of Public Administration, may have compromised some of the impact of the assistance after it was relocated from the Office of the Prime Minister to the Ministry of Innovation. Whilst the

involvement of a number of donors makes assessing the contribution of the IPA challenging, more specific elements of IPA support to the public administration such as for the Training Institute for Public Administration to become a more independent civil servant training school will have the potential impact of professionalising the civil service.

In statistics, as well as making a significant contribution to the successful population and housing census, the IPA has made important steps in the development of national accounts and establishment of the business register. Along with MBP assistance through Eurostat and support from other donors and national funding, the IPA has started the process of reforming the statistics gathering process, moving from field surveys to the greater exploitation of registers and information technology linking statistical offices throughout the country.

Bosnia and Herzegovina

For BiH, the evaluation considered the themes of PSD/Competitiveness and ESP in the context of IPA Component I. It is based primarily on existing secondary information sources complemented by field visits to the IPA beneficiaries to clarify facts and elaborate findings. There was no third sector included in the evaluation for BiH

A summary of the project population and sample is provided in the following table:

| COUNTRY | POPULATION NO. | | | POPULATION BUDGET | | | SAMPLE NO. | | | SAMPLE BUDGET | | | BUDGET % | | |
|---------|----------------|-----|-----|-------------------|--------|-----|------------|-----|-----|---------------|------|-----|----------|-----|-----|
| | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR |
| BiH | 11 | 13 | - | 45.548 | 26.607 | - | 5 | 7 | - | 10.89 | 8.92 | - | 24 | 29 | - |

IPA Component I

| PROJECT TITLE | TYPE | BUDGET MEUR |
|--|---------------------|-------------|
| Private sector development/competitiveness | | |
| 2009/021-333 Support to the small and medium sized enterprises sector and Deposit Insurance Agency | direct grant | 2.50 |
| 2009 / 021-650 SME support (business zones) | service | 1.67 |
| 2008/20-339 Support to competitive sectors in BiH (tourism policy and strategy) | service | 2.22 |
| 2008/20-339 Support to trade policy, capacity building and development of Infrastructure of Metrology system | service | 2.00 |
| 2007 EU support to Regional Economic and SME Development (institution building) | service | 2.50 |
| Employment and Social Policy | | |
| 2008/020-339 Support to education reform (VET reform IV) | service | 1.50 |
| 2011/023-436 Entrepreneurial learning in the education system | service | 0.50 |
| 2007 Improving Active Labour Markets in Bosnia and Herzegovina | service | 1.20 |
| 2009/021-650 Promoting Labour Market Competitiveness | service | 2.50 |
| 2009/021-650 Promoting Labour Market Competitiveness | twining | 0.52 |
| 2007 Enhancing the social protection and inclusion system for children | direct grant UNICEF | 1.30 |
| 2008/20-339 Enhancing the social protection and inclusion system for children | direct grant UNICEF | 1.40 |

Coherence

Private Sector Development

| Medium-term priorities in 2006 European Partnership | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Continue to improve the business climate and corporate governance and pursue the restructuring of the corporate sector, including public utilities | x | x |
| Continue the necessary reforms to comply with WTO rules and obligations, in order to accelerate the WTO accession process | x | |
| Continue the alignment of legislation in the areas of standards, certification, metrology, accreditation and conformity assessment with the acquis, and the transposition of new and global approach and old approach directives | x | |
| Implement state aid legislation and present a comprehensive State aid inventory | x | |
| Ensure that Bosnia and Herzegovina's public procurement legal framework is compatible with the acquis and that public procurement procedures are properly implemented | x | |
| Implement the SME strategy | x | |
| Ensure the implementation of the industrial policy | x | x |

IPA assistance is strongly in line with the policy objectives outlined in the European Partnership and those areas of industrial policy and business environment not specifically covered are indirectly affected by parts of the remaining projects.

Employment and Social Policy

| Priorities in 2007 European Partnership | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Short-term | | |
| Reduce structural rigidities that distort the functioning of the labour market, in particular the taxation of labour, levels of social transfers and wage-setting mechanisms in order to increase the participation and employment rates | x | |
| Strengthen the protection of the rights of women and children | x | |
| Further develop social inclusion and social protection policies | x | |
| Develop mechanisms for a social dialogue | x | |
| Make further efforts improve the situation of persons with disabilities | x | |
| Resolve fragmentation of the educational system and the overlap of functions between different levels of organisation. Strengthen policy development and strategic planning to improve the quality of education | x | |
| Take measures to prevent segregation of children along ethnic lines at school | x | x |
| Continue efforts to improve the governance of the education system, teacher training and education infrastructure | x | |
| Medium-term | | |
| Take measures to improve the education system, including primary education, and to create a modern vocational education and training system. | x | |

**Based on the mapping of projects which are part of programming period 2007-2011*

The mapping of projects show that during the programming period 2007-2011, IPA assistance targeted eight out of nine priorities of the European Partnership relevant for the ESP sector.

Key progress in Bosnia and Herzegovina

In the support to the development of SMEs, although the business registration system has been simplified significant barriers remain. The Republika Srpska introduced a new SME Law which aims to harmonise SME definitions with the acquis. Little progress has been made with implementing the Small Business Act and the SME consultative committee is still not fully operational. The SME Council for Development and Promotion of Entrepreneurship continued to be inactive. No information was available in the progress report on the targeted increase in SME output and employment of 1%.

There has been limited progress in the development of the tourism sector although the contribution of the IPA is not explicitly clear – the Republika Srpska adopted bylaws for tourism and the catering industry but this has not yet happened in the Federation, where the strategy on tourism development has also not been adopted.

In trade policy, the IPA has made clear contribution to the significant progress made in negotiations for WTO accession. An updated Legislative Action Plan has been submitted and BiH has made good progress in completing the remaining bilateral market access negotiations with Panama, Brazil, Ecuador and Ukraine.

The EC Progress Reports point to the recurrent problem of fragmentation and asymmetric structure of the education system and labour markets and inefficient coordination, hampering the reforms initiated in education, vocational education and training, and employment policies. Little progress has been made to close the gap between the qualifications needed on the labour market and the profile of graduates coming out of the education and vocational training systems. The reports also note that structural rigidities and the weak performance of the education and training system impede the proper functioning of the labour market. On social inclusion and protection, vulnerable groups are not adequately protected. One of the main challenges remains the harmonisation of legislation across the

country deriving from the framework legislation. Insufficient sense of ownership on the part of beneficiaries represents another important challenge. Projects under IPA assistance have therefore functioned under difficult political circumstances. The evaluation has been informed during the interviews that project documentation has been agreed by both entities (Federation of BiH and Republika Srpska) and Brcko District, yet many times a lack of consensus occurred once the implementation was ready to start or during implementation. Because of lack of consensus, it was reported that some of the project results were not used. The impact of IPA assistance upon addressing various issues linked to pre-accession and which were highlighted in the EC progress reports was rather modest. IPA contribution can be identified only in a limited number of areas for which the EC reported some progress (based on the assessment of contribution of sampled projects).

In the education and training area, the projects “*Enhancing the social protection and inclusion system for children*” (SPIS 1 and 2) contributed to an increase in the proportion of children attending early childhood education (ECE) through the development of innovative services on integrated ECE, inclusive education, child protection and participation. In keeping with the Oslo Agenda and in line with the “Small Business Act for Europe”, preparation of young people for future life and work has been enabled with the adoption of the state-level strategy for entrepreneurial learning in education for 2012-2015 and implementation plan, a direct contribution of the IPA project “*Entrepreneurial learning in the education system*”. The implementation of the strategy is expected to support young people coming out of the education system to have a good entrepreneurial spirit and be thus more aware of opportunities, ready to start up a business or be more efficient workers. Better employment prospects of young graduates are also expected in the future deriving from the implementation of a number of strategic planning documents in VET along with a qualifications framework (linking qualifications with employment in compliance with the EQF for Lifelong Learning) and modular curricula. The IPA projects on VET had an important contribution in this respect, as confirmed by the key stakeholders interviewed during the field phase.

In the employment area, some progress has been recorded in supporting young graduates to enter the labour market, with contribution from the projects “*Improving Active Labour Markets in Bosnia and Herzegovina*” and “*Promoting Labour Market Competitiveness*” which developed tailored employment measures and improved employment service delivery in the entities and district.

Prerequisites for better social protection of disadvantaged population have been created in Republika Srpska and in the Federation with the adoption of a revised legislative framework, as mentioned in the EC Progress Report for 2013. It is to be noted the contribution of the projects on “*Enhancing the social protection and inclusion system for children*” through modelling new intersectoral approaches to social protection and inclusion policies and services and through providing an overarching platform for reforms within the social protection and inclusion systems for children. An enabling environment for more effective social inclusion of disadvantaged people, based on an integrated approach of the multidimensional nature of exclusion, has been created with the preparation of social inclusion strategies (currently under adoption in Republika Srpska and at State-level), a direct contribution of IPA assistance.

According to the feedback from interviews, more impact could have been obtained if IPA assistance was better integrated with the country’s own development and action plans, apart from reflecting the European Partnership priorities.

Croatia

For Croatia, the evaluation considered the themes of PSD/Competitiveness and ESP in the context of both IPA Component I and Component III/IV. It is based primarily on existing secondary information sources complemented by field visits to the IPA beneficiaries to clarify facts and elaborate findings. There was no third sector included in the evaluation

A summary of the project population and sample is provided in the following tables:

IPA Component 1

| COUNTRY | POPULATION No. | | | POPULATION BUDGET | | | SAMPLE No. | | | SAMPLE BUDGET | | | BUDGET % | | |
|---------|----------------|-----|-----|-------------------|-------|-----|------------|-----|-----|---------------|------|-----|----------|-----|-----|
| | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR |
| Croatia | 8 | 11 | - | 5.280 | 14.79 | - | 1 | 3 | - | 1.00 | 2.41 | - | 19 | 16 | - |

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|----------|-------------|
| Private sector development/competitiveness | | |
| 2007/019-247 Implementing Croatian Competition and State Aid Policies | twinning | 1.00 |
| Employment and Social Policy | | |
| 2008-0101-05Croatian Employment Service Labour Market Training Centre | service | 1.00 |
| 2009-0101-03 Capacity Building in the Field of Fight against Sexual Exploitation and Sexual Abuse of Children and on Police Assistance to Vulnerable Crime Victims? | twinning | 0.80 |
| 2009-0404-01 Improving Expert's Capacities for the Protection of Rights and Interests of Children and Youth Placed in Homes for Children and Youth with Behavioural Disorders | twinning | 0.61 |

IPA Component III

| COUNTRY | POPULATION No. | POPULATION BUDGET | SAMPLE No. | SAMPLE BUDGET | BUDGET % |
|---------|----------------|-------------------|------------|---------------|----------|
| Croatia | 28 | 149.350 | 11 | 108.83 | 73 |

| PROJECT TITLE | TYPE | BUDGET MEUR |
|--|---------|-------------|
| Private sector development/competitiveness | | |
| e-business competitiveness improvement programme, Phase I | supply | 0.36 |
| e-business competitiveness improvement programme, Phase I | service | 1.03 |
| e-business competitiveness improvement programme, Phase II | service | 0.97 |
| e-business competitiveness improvement programme, Phase II | supply | 0.44 |
| Improving information to the Croatian Business Community – BIZIMPACT II | service | 1.40 |
| Construction of Biosciences Technology Commercialisation and Incubation Centre (BioCentre) | works | 7.24 |
| Biosciences technology incubation and commercialisation centre (BIOCentre), Supervision of works | service | 0.56 |
| Biosciences Technology Commercialisation and Incubation Centre (BIOCentre) | supply | 4.87 |
| TA for the Biosciences Technology Commercialisation and Incubation Centre (BIOCentre) | service | 0.63 |
| Providing graphics processing units in high performance computing environment | supply | 89.30 |
| Support to Cluster Development | service | 2.39 |

IPA Component IV

| COUNTRY | POPULATION NO. | POPULATION BUDGET | SAMPLE NO. | SAMPLE BUDGET | BUDGET % |
|---------|----------------|-------------------|------------|---------------|----------|
| Croatia | 37 | 84.042 | 8 | 14.561 | 17.3% |

| PROJECT TITLE | TYPE | BUDGET MEUR |
|--|--------------|-------------|
| Employment and Social Policy | | |
| O 1.1.1a Local partnerships for employment - Phase 3 | Service | 1.870 |
| O 1.1.2a Youth in the labour market | Service | 1.093 |
| O 2.1.1a Fostering Effective Inclusion of the Persons with Disabilities into the labour Market | Service | 0.956 |
| O 2.1.2a Establishing Support in Social Integration and Employment of Vulnerable and Marginalized Groups | Service | 1.399 |
| O 2.1.3b Women in the labour market | Grant scheme | 2.415 |
| O 3.1.2 Strengthening the institutional framework for the development of the VET curricula | Service | 1.799 |
| O 3.2.1b Regional Network of local learning institutions | Grant scheme | 3.861 |
| O 3.3.1 - Comprehensive strengthening of the capacities of the AVET | Service | 1.168 |

Coherence

Private Sector Development / Competitiveness

| Medium-term priorities in 2005 Accession Partnership | Targeted by IPA | |
|---|-----------------|----|
| | Yes | No |
| Further improve conditions for the creation and development of private enterprises and foreign direct investment | x | |
| Make substantial progress in the transposition of old approach directives (such as in the field of pharmaceuticals and chemicals) and new approach directives, and in fulfilling requirements for membership of the European standardisation bodies CEN, Cenelec and ETSI. | x | |
| Implement a public procurement regime with all relevant administrative structures and operational tools, and make substantial progress in the work towards complete alignment with the EU acquis, ensuring that public procurement rules are effectively implemented by all contracting authorities and entities at all levels. Promote the use of electronic means in procurement procedures | x | |
| Further reinforce the anti-trust and State aid authority and build up a credible enforcement record. Substantially improve transparency in the field of State aid. | x | |
| Develop training on competition law and policy at all levels of the administration and the judiciary | x | |
| Update and articulate better the policy approach concerning financial instruments for SMEs which should allow the Government to move from direct lending towards softer support schemes | x | x |
| Improve the design and implementation of regional development plans. | x | |
| Start designing and applying an integrated research policy | x | |

The IPA through both component I and more broadly under Component III covers the medium term policy priorities of the Accession Partnership.

Employment and Social Policy

| Priorities in 2007 Accession Partnership | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Continue the reform of social security. Ensure the financial sustainability of the pension system's first pillar through adequate parametric reforms | x | |
| Improve incentive structures and flexibility in the labour market to increase participation and employment rates | x | |
| Reinforce administrative structures for the coordination of social security schemes | x | |
| Complete alignment of legislation with the <i>acquis</i> on the recognition of professional qualifications for EU citizens | x | |
| Further align with the <i>acquis</i> and strengthen the related administrative and enforcement structures, | x | |

| | | |
|--|---|--|
| including the labour inspectorates, in association with social partners | | |
| Implement effectively the Joint Inclusion Memorandum (JIM) and, once adopted, the Joint Assessment Paper on Employment Policy Priorities (JAP) | x | |

According to the mapping of projects carried out during the inception phase, IPA assistance targeted five out of six priorities of the Accession Partnership relevant for the ESP sector during the programming period 2007-2011.

Key progress in Croatia

The last EC Progress Report for Croatia in 2012 concludes that the country has completed alignment with the *acquis* in the field of education and training and is 'sufficiently prepared' as regards employment policy, social protection and social inclusion. The report highlights a number of challenges that Croatia still needs to address, mainly related to the structural weaknesses of the labour market affecting the employment rates of disadvantaged groups, insufficient progress in inclusive education and decentralisation of social services, but overall it is positive. The contribution of IPA assistance to the achievements obtained by Croatia in the preparation for accession is identified below.

In education and training area, IPA assistance has been in line with Joint Inclusion Memorandum (JIM) and Joint Assessment Paper of Employment Priorities (JAP) interventions in education. The measures under IPA component IV (HRD OP) have been planned in a way to additionally support enhancement of educational attainment for specific categories of disadvantaged groups. As mentioned in the EC Progress Report for 2012, the reform of vocational education has continued through application of a learning outcomes approach and quality assurance through a process of self-assessment of vocational education schools. Several IPA projects could be identified in the evaluation sample which were instrumental in initiating and speeding-up the implementation of reforms i.e. HRD OP, Operations 3.1.2 "*Strengthening institutional framework for the development of the VET occupational standards/qualifications and curricula*", 3.2.1 "*Regional network of local learning institutions*" and 3.3.1 "*Comprehensive strengthening of the capacities of the Agency for Vocational Education and Training and Adult Education*". The agency is a key player in the reforms of VET meant to enhance the educational attainment of students and further positioning on the labour market. Reform of adult education has continued and was supported by IPA as well, but there is no evidence of impact so far. Croatia lags behind as regards the participation of adults in lifelong learning if considering the EU benchmarks of the strategic framework for European cooperation in education and training (ET 2020).

Like many other countries in the region, Croatia has been impacted by the global financial crisis and the prospects for economic recovery are still fragile. According to the feedback from interviews, EU assistance is badly needed to leverage structural reforms stimulating job creation and competitiveness through more flexible and skilled labour force. The IPA assistance has been focused on reducing skill discrepancies on the labour market and enhancing social inclusion of vulnerable groups. According to the country annual reports, the adoption of JAP launched a cycle of active employment measures in Croatia and provided a joint basis for action in the area of employment policy in line with the EU Employment Strategy and Europe 2020 Strategy for jobs and growth. The EC progress reports acknowledged the fact that the government continued its programme of active labour market policy measures and that funds for active labour market policies have been increased. The technical assistance and the grant schemes implemented within the various operations of the HRD OP (e.g. in the evaluation sample: HRD OP, Operations 1.1.2a "*Youth in the labour market*", 2.1.1.a "*Fostering Effective Inclusion of Persons with Disabilities into the Labour Market*", O 2.1.3b "*Women in the labour*

market”) has addressed some of the obstacles faced by the disadvantaged groups of women, persons with disability and young people and contributed, on short-term, to their increased participation and inclusion in the labour market. An employment incentive package focusing on providing long-term traineeships for young people has been also adopted. There is however no system in place as yet to allow assessment of the sustainability of employment opportunities taken up by these groups and of impact of IPA on medium and long run. As mentioned at the beginning of this section, the HRD OP lacks impact indicators and reporting is based solely on result indicators at the level of each measure. Reportedly, employment rates of women and persons with disabilities are still low and need to stay high on the investment agenda in the future. Despite progress achieved in reducing inequalities on the local labour markets through strengthened relations between education and the business sector (with the contribution of HRD OP, Operation 1.1.1a *“Local partnerships for employment”*), the mismatch between labour demand and supply and skills forecasting still need to be addressed. Croatian stakeholders interviewed for the purpose of evaluation are confident that better forecasting, planning, monitoring and evaluation systems of employment policies will be in place once the capacity of staff in these key areas is strengthened with the support of the Labour Market Training Centre set up within the *Croatian Employment Service* with the assistance of IPA.

In social protection and inclusion area, the work undertaken within the HRD OP Operation 2.1.2a *“Establishing Support in Social Integration and Employment of Vulnerable and marginalized groups”* provides an excellent example of how the multiple needs of disadvantaged groups could be sustainably approached with a view to increase labour market participation and standard of living. By connecting social welfare with labour market systems and by synergising measures, social inclusion has bigger chances to be obtained. Facilitation of transition of children from institutional care to independent living or reintegration in the family is another area where progress has been achieved and where IPA had an important contribution. The project *“Improving experts’ capacities for the protection of rights and interests of children and youth placed in homes for children and youth with behavioural disorders”* was given as an example to evaluators during interviews. Still, the pace of implementation of the de-institutionalisation masterplan is rather slow and it requires alternatives to residential care in place (community-based social services, fostering, etc.) which at the moment are insufficient.

An audit report issued by the European Court of Auditors in 2011 states that IPA assistance has made an important contribution to building up Croatia’s capacity for managing post-accession funding, including the European Social Fund.

The evaluation has been informed that synergies have been ensured through the close coordination of activities under IPA component I and Component IV. As far as the projects in the sample are concerned, the only synergy observed was in the employment area, between the project setting up the labour market training centre within CES (IPA component I) and the employment measures under priority axis I of HRD OP. The training capacity developed within CES is very valuable for the implementation of various grant schemes as it ensures permanent updating of knowledge and skills of the professionals in charge of planning and monitoring labour market measures at central and local levels. The annual implementation reports of IPA mentions other synergy examples, such as between *IPA 2008 FPP RAC Preparation of Croatian Employment Service for Joining the EURES Network* and *IPA 2008 FPP RAC EURES services to employers*.

The former Yugoslav Republic of Macedonia

For the former Yugoslav Republic of Macedonia, the evaluation considered the themes of PSD/Competitiveness, ESP and Transport in the context of IPA Component I and Component III/IV. It is based primarily on existing secondary information sources complemented by a field mission to discuss aspects of the ESP and Transport sectors with key stakeholders.

A summary of the project population and sample is provided in the following table:

IPA Component I

| COUNTRY | POPULATION No. | | | POPULATION BUDGET | | | SAMPLE No. | | | SAMPLE BUDGET | | | BUDGET % | | |
|---|----------------|-----|-----|-------------------|-----|------|------------|-----|-----|---------------|-----|------|----------|-----|-----|
| | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR |
| the former Yugoslav Republic of Macedonia | - | - | 1 | - | - | 0.80 | - | - | 1 | - | - | 0.80 | - | - | 100 |

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|---------|-------------|
| Transport | | |
| Strengthening the administrative and operational capacities of the State Transport Inspectorate for effective enforcement of the road transport legislation | service | 0.80 |

IPA Component III

| COUNTRY | POPULATION No. | POPULATION BUDGET | SAMPLE No. | SAMPLE BUDGET | BUDGET % |
|---|----------------|-------------------|------------|---------------|----------|
| the former Yugoslav Republic of Macedonia | -* | - | 2 | 2.57 | - |

*only institution building elements were reviewed, thus making comparison with the overall population irrelevant

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|---------|-------------|
| Transport | | |
| Preparation of studies for development of strategic multi-modal transport nodes (IPA Component III) | Service | 1.11 |
| Preparation of project studies and design documentation for the railway sections along the Corridor X including branch Xd (IPA Component III) | service | 1.46 |

IPA Component IV

| COUNTRY | POPULATION No. | POPULATION BUDGET | SAMPLE No. | SAMPLE BUDGET | BUDGET % |
|---|----------------|-------------------|------------|---------------|----------|
| the former Yugoslav Republic of Macedonia | 13 | 13.773 | 5 | 6.856 | 49.8% |

| PROJECT TITLE | TYPE | BUDGET MEUR |
|--|--------------|-------------|
| Employment and Social Policy | | |
| M 1.1 Modernization of the Employment Service Agency | Service | 1.375 |
| M 1.3 Direct grant to Employment Service Agency | Direct grant | 1.300 |
| M 2.2 Support to the integration of ethnic communities in the educational system | Twinning | 1.085 |
| M 2.3 Support to the capacity building of the Centre for Adult Education and development of programmes for adult education and programmes for literacy and fulfilment of elementary education for excluded persons | Twinning | 1.725 |
| M 3.1 Fostering social inclusion and inclusive labour market | Service | 1.372 |

Coherence

| the former Yugoslav Republic of Macedonia - Medium-term priorities in 2006 European Partnership | Targeted by IPA | |
|---|-----------------|----|
| | Yes | No |
| Further improve the business environment. In particular, complete the registration of all land and real estate as well as the related strengthening of the cadastre. Ensure the enforcement of creditors' rights within a transparent legal framework. Further improve conditions for investors | x | |
| Speed up efforts to become a full member of the European Committee for Standardisation and of the European Committee for Electrotechnical Standardisation and of the European Telecommunications Standards Institute. Guarantee an appropriate staffing level at the Institute for Standardisation. | x | |
| Further improve the enforcement record in the areas of anti-trust and State aid control. | x | |
| Define and implement an industrial strategy conducive to growth and innovation. | | X |
| Further develop support mechanisms for SMEs and improve access of SMEs to financial services | | X |
| Design and implement national and regional development plans | | x |
| Set up a national agency for regional development | x | |
| Start designing and applying an integrated research policy. | x | |

| Priorities in 2007 European Partnership | Targeted by IPA* | |
|---|------------------|----|
| | Yes | No |
| Short-term | | |
| Reduce impediments to employment creation and address in particular youth and long term unemployment | x | |
| Further enhance the protection of women's and children's rights. | | X |
| Continue transposition of the <i>acquis</i> and strengthen the related administrative and enforcement structures, including the Labour Inspectorate | | x |
| Ensure administrative capacity to implement social inclusion and social protection policies | x | |
| Ensure a functioning and representative social dialogue | | x |
| Take further efforts improve the situation of persons with disabilities | | x |
| Medium-term | | |
| Continue to improve the quality of education, by providing the follow-up funding for infrastructure and staffing necessary to implement thoroughly recent reforms in the education sector | x | |
| Continue to improve the labour market performance and to reduce unemployment, in particular by taking additional measures to address youth and long-term unemployment and by modernising the social security and educational system | x | |
| Align with the EU <i>acquis</i> on mutual recognition of professional qualifications, including training provisions, and develop the required administrative structures | x | |
| Develop permanent mechanism for social dialogue | | x |
| Develop long term social inclusion policies and enhance access to the labour market of vulnerable groups | x | |
| Further enhance social protection policies | | x |
| Develop mechanisms to monitor the situation of persons with disabilities | | x |
| Continue efforts to improve the quality of education, including primary education, and to create a modern vocational education and training system and a higher education sector linked with the labour market and economic needs | x | |

The sample of projects included in the evaluation covers about half of the policy priorities of the Accession Partnership, with significant omissions including social dialogue, people with disabilities and children's and women's rights.

Transport

| Priorities in 2008 Accession Partnership – Transport – the former Yugoslav Republic of Macedonia | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Short-term | | |
| Continue implementation of the Memorandum of Understanding on the Development of the South East Europe Core Regional Transport Network and strengthen cooperation with the South East Europe Transport Observatory. | | X |
| Pursue alignment with the road transport acquis, notably on transport of dangerous goods, access to the market, social conditions, implementation of the digital tachograph and improvement of road safety | X | |
| In the rail sector, establish a regulatory body that is independent of the infrastructure manager and railway undertakings, establish a safety authority responsible for issuing safety certificates and align legislation with the EU rules on transport of dangerous goods by rail. Ensure financial stability by compensating for public service obligations in passenger transport and reducing debts. | | X |
| Implement commitments taken under the first transitional phase of the European Common Aviation Area Agreement including the implementation of the relevant aviation legislation. | | X |
| Medium-term | | |
| Continue to work towards complete alignment with the acquis in the area of road transport (including the implementation of the digital tachograph), continue alignment with the railway acquis (first and second railway packages and interoperability), achieve full alignment with the aviation legislation and ensure vigorous enforcement of the corresponding legislation. | X | |
| Implement commitments taken under the second transitional phase of the European Common Aviation Area Agreement. | | X |

The small size of the sample for Transport means that it covers slightly less than half of the policy priorities of the Accession Partnership in the former Yugoslav Republic of Macedonia.

Key progress of the IPA

In the area of education, the trend of separation along ethnic lines in schools and incidents of inter-ethnic violence in secondary schools continued, as reported by the EC in its annual progress report for 2013. The lack of resources has impeded the implementation of the Strategy on Integrated Education and the functioning of the directorates for the promotion of language and culture of the communities within the Ministry of Education and Science, respectively the Ministry of Culture. IPA assistance has been mobilised via a twinning contract financed under the HRD OP measure 2.2 “*Support to the integration of ethnic communities in the educational system*” to contribute to the ensuring of equal access to quality education for pupils of all ethnic communities and, consequently, better educational results and professional qualifications. The impact of this assistance cannot be at the moment identified, apart from the development of some prerequisites for achieving a better integration and socialization of pupils belonging to various ethnic communities (revised / new curricula on intercultural education, teacher training, parents’ engagement). According to feedback from the interviews, the project was highly sensitive and of a too short duration to be able to produce the expected impact. Political commitment was reported to be weak.

Adult participation in lifelong learning has increased from 3.2% in 2010 to 4% in 2012, followed by a decline to 3.5% in 2013¹⁷, and deepening the gap between the national rate and EU average (10.5%). It is nevertheless expected that the participation rates will improve in the coming years once the Centre for Adult Education, a highly committed institution which has recently improved its staffing level, will manage to create more demand for learning programmes (including literacy and fulfilment of elementary education for excluded persons) and thus expand the range of clients for the adult education programmes developed with IPA support (project “*Support to the capacity building of the Centre for Adult Education and development of programmes for adult education and programmes for literacy and fulfilment of elementary education for excluded persons*”).

¹⁷ Source: <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdsc440&plugin=1> accessed on 19 November 2014.

As far as employment is concerned, the structural challenges in the labour market preserved a persistently high unemployment, especially among the youth, women and the long-term unemployed. Matching the skills of graduates with the needs of potential employers remained a major challenge, as reported by the EC in the annual report for 2013. The budget for active employment programmes and measures is insufficient to cover the needs of the labour market. In this context, IPA assistance strived to contribute to the increase of employment, keeping more people in employment and enhancement of the adaptability of workers and enterprises to the needs of the labour market by creating an enabling institutional framework conducive to more effective delivery of labour market measures (HRD OP, measure 1.1 *“Further development of the Employment Service Agency and enhancement of the employment conditions”*). Consequently, employability and employment promotion for disadvantaged groups of young people, women and long-term unemployed have been stimulated via a grant scheme managed directly by the Employment Service Agency (ESA) and another one tackling the inclusiveness of the labour market (HRD OP, measures 1.3, respectively 3.1).

The evaluation does not have data concerning the impact of the IPA assistance on the employment of these target groups, but can rightly assume (based on available documentation and interviews) that at least on short term employment opportunities were created. It is however unclear the extent to which labour market policies supported by IPA have been successful in addressing the persistently high rates of unemployment. According to feedback from interviews, most stakeholders are rather sceptical since the labour market is confronted by structural challenges which could not be easily removed within the framework of donor assistance.

There has been limited impact from support to the State Transport Inspectorate in the former Yugoslav Republic of Macedonia although the mechanisms are now in place to strengthen enforcement of goods transport legislation if budgets for inspection can be provided. Further progress on intermodal transport is likely to be limited until the country removes non compliant restrictions on rail freight ownership introduced to protect domestic operators. Slow preparation of tender documents means no impact from other elements of the IPA on the preparation for future investment in the railway sector thus far.

Kosovo

For Kosovo, the evaluation considered the themes of PSD/Competitiveness, ESP and in the third sector, energy. It included assistance funded under IPA Component I with the analysis based primarily on existing secondary information sources complemented by field visits to the IPA beneficiaries to clarify facts and elaborate findings.

A summary of the project population and sample is provided in the following table:

| COUNTRY | POPULATION No. | | | POPULATION BUDGET | | | SAMPLE No. | | | SAMPLE BUDGET | | | BUDGET % | | |
|---------|----------------|-----|-----|-------------------|-------|-------|------------|-----|-----|---------------|------|-------|----------|------|-----|
| | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR |
| Kosovo | 10 | 7 | 6 | 63.030 | 36.83 | 81.99 | 4 | 3 | 3 | 10.50 | 4.48 | 23.33 | 17 | 10.5 | 28 |

IPA Component I

| PROJECT TITLE | TYPE | BUDGET MEUR |
|--|-----------------|-------------|
| Private sector development/competitiveness | | |
| 2009/021-145 Trade and regional development | service | 1.50 |
| 2008 Developing an enabling socio-economic environment for all of Kosovo's communities | service | 3.00 |
| 2007 Developing an enabling economic environment for all of Kosovo's communities | service | 3.00 |
| 2007 Developing an enabling economic environment for all of Kosovo's communities | grant scheme | 3.00 |
| Employment and Social Policy | | |
| 2008 Education and Employment / VET in-company training and entrepreneurship | service | 2.00 |
| 2009/021-145 Support to Employment and Education / TA to MoLSW | service | 1.80 |
| 2011/022-939 Provision of social services to vulnerable groups and Support to Minority Communities in Kosovo | grant agreement | 0.68 |
| Energy | | |
| 2008/020-094 Assistance to Kosovo Transmission System and Market Operator (KOSTT) | Service | 1.00 |
| 2008/020-094 New construction and upgrade of 400 and 110 kV Overhead Transmission Lines | Works | 6.105 |
| 2008/020-094 Implementation of Energy Efficiency Measures in Public Buildings | Supply | 1.222 |
| 2010/022-145 Energy Sector Reform | Service | 2.00 |
| 2012/022-940 Upgrade of Transmission System Infrastructure | Contribution | 13.00 |

Coherence

Private Sector Development / Competitiveness

| KOSOVO - Medium-term priorities in 2005 European Partnership for Serbia-Montenegro, including Kosovo | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Start transposing the new and global approach and old approach directives | x | |
| Continue transposing European standards | x | |
| Establish on market surveillance structure | | x |
| Ensure that public procurement rules are effectively implemented by contracting authorities and entities at all levels, including through developing operational tools, providing training and strengthening the administrative capacity | x | |
| Continue strengthening the enforcement of intellectual, industrial and commercial property rights, in line with the medium-term strategy | | x |
| Continue implementing the European Charter for SMEs and the medium-term SME strategy | x | |
| Continue gradual alignment of company law, including financial reporting standards | | |

Approximately half of the priorities of the European Partnership are covered by the sample of projects in the PSD/Competitiveness sector.

| Priorities in 2007 European Partnership | Targeted by IPA | |
|---|-----------------|----|
| | Yes | No |
| Short-term | | |
| Create a society free from discrimination of any kind and promote the integration of disadvantaged groups | x | |
| Define and adopt a government programme to promote women's rights in Kosovo | | x |
| Develop community-based services and aid to dependent persons, including in the field of mental health | x | |
| Adopt and implement adequate legislation in order to ensure legal protection for children | | |
| Maintain sound fiscal policies and, in particular, ensure that social policies addressing poverty and social exclusion are compatible with the long-run sustainability of public finances | x | |
| Develop and implement policies facilitating the transfer from non-registered to registered employment in order to create a functioning official labour market and to enhance the effectiveness of labour market policies | x | |
| Adopt an employment strategy, including improving the collection of data on employment matters | x | |
| Improve public information on access to social security systems and enhance municipal capacities in social assistance matters | x | |
| Amend legislation on the social insurance and pension scheme | x | x |
| Review the social benefits scheme to ensure non-discrimination of beneficiaries | x | |
| Increase the budget for education, in particular to improve school infrastructure, end the teaching shifts and address the lack of materials and equipments | x | |
| Develop action plans to implement the education strategies with increased dialogue and coordination between all levels and all stakeholders and allocate necessary resources | x | |
| Fully implement the legislation on vocational training and start implementing the law on a national qualification framework | x | |
| Continue the development of a national framework for monitoring and evaluating the teaching | x | |
| Medium-term | | |
| Design and implement active labour market policies in close cooperation with the local business community with a view to enhancing the matching process in labour markets, and increase the share of skilled labour in the overall labour force | x | |
| Implement appropriate policies for an increase in the quantity and quality of education at all levels | x | |
| Strengthen the administrative capacity of labour inspectorates | x | |
| Strengthen mechanisms for quality assurance in the education sector | x | |
| Continue efforts to link vocational education and training and the higher education sector with the labour market and economic needs | x | |

According to the mapping of projects carried out during the inception phase, IPA assistance targeted 16 out of 19 priorities of the European Partnership relevant for the ESP sector during the programming period 2007-2011.

| Priorities in 2008 Accession Partnership – Energy – Kosovo | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Short-term | | |
| Ensure the viability and sustainability of the electricity utility, notably by substantially increasing revenue collection and promoting good governance. | x | |
| Continue implementing the commitments undertaken in the framework of the Energy Community Treaty. Continue preparation of the 'Kosovo C' project for electricity generation and supply in full compliance with the acquis as provided for in the Energy Community Treaty | x | |
| Medium-term | | |
| Develop legislative and regulatory frameworks to encourage public-private partnerships and mixed investments in the power sector in line with the conclusions of the investment generation study. | x | |
| Further improve the performance of the electricity utility and integrate in the regional electricity market | x | |

The assistance sampled for the energy sector completely covers the limited number but broad scope of the policy priorities in the sector.

Key progress in the IPA

The 2013 Progress Report noted that Kosovo was not a member of the WTO and had taken no formal steps to join. The objectives of the IPA assistance were for an increase in trade, especially exports – which actually decreased by 15.3% between 2011 and 2012 highlighting the limited contribution expected of external assistance in the sector and the need to develop appropriate indicators. No

progress can be reported in Regional Development as the structures and institutions developed by the IPA do not fit into the geographical organisation of Kosovo, which has central and local levels of government but no regional levels. Grant schemes may provide local level economic benefits but are insufficient in scale to be able to generate impact at either the regional or central level.

Similarly, whilst the IPA has supported the SME sector with the objectives of increasing FDI, it actually decreased 41% between 2011 and 2012. Kosovo has been implementing the Small Business ACT and the strategy on private sector development 2013-17 was adopted in 2013.

The EC Progress Reports for 2012 and 2013 note that some progress has been registered in the education sector as regards the legal framework, modernised curricula, professional practice, quality assurance and infrastructure development in VET. However, as in other countries of the region, the mismatch between the skills needed on the labour market and those provided by the education system is persistent, signalled by the education and skilling level of the unemployed: 60% of them are unskilled, while the number of unemployed people with higher education has steadily increased over the last years. Youth unemployment was 55.3% in 2012 compared to 35.1% national rate (*Source: LFS Kosovo 2012*). Despite various measures taken by the government to address these structural issues, the chronic lack of resources and weak capacities of local employment and social welfare services hampered the development of more inclusive labour markets. These factors have also decreased the planned impact of the IPA assistance, as notified by the ROM reports and as confirmed by the stakeholders during the interviews.

At project level, the results were promising, for instance in terms of the number of trainees employed after the in-company training or the number of small businesses set up and providing immediate self-employment after the end of entrepreneurship initiatives (e.g. project *“Education and Employment. Development of vocational and in-company training schemes and entrepreneurship skills”*). However, there is no system in place to monitor and provide evidence regarding the impact of the projects in the medium-term. As the national budget for active employment measures is very low (less than 1% of the consolidated budget), any impact is likely to be highly dependent on external financing. Another IPA project in the evaluation sample (*“Support to Employment and Education. EU Support to the Ministry of Labour and Social Welfare”*) was instrumental for the revision of the social assistance scheme and legislation on social assistance generally, but the evaluation has no evidence to what extent there is a better targeting of the most vulnerable groups and thereby a decrease of poverty levels.

As far as social inclusion is concerned, IPA assistance has contributed to setting up several essential building blocks for improved quality of life of children with disability and their families: modelling and testing community-based social services, certification of professionals and licensing of service providers. However, as in the case of employment services, the scarce financial resources coupled with ineffective implementation of decentralised social services at the municipality level have negatively affected the impact of assistance so far. The interviews have also confirmed a number of ingrained social norms and values which are difficult to change (i.e. the frequent perception that social welfare is primarily a cost rather than an investment and hence not systematically prioritised in the budget allocations); and limited interest in service provision compared to social benefits.

Institution building in the energy sector in both Kosovo and Serbia is closely linked to the implementation of the Energy Community Treaty that calls for the implementation of the EU's second energy package by the end of 2007 and the third energy package by the end of 2014. Accordingly

assistance has been provided for strengthening regulators, liberalising energy markets and regulating tariffs between different categories of consumers. In Kosovo, IPA has supported the opening of the energy market with the privatisation of the electricity distribution and supply company but there are concerns that the regulator is struggling to resist political influences on tariff setting using the methodology introduced by IPA assistance – although the regulator disputes this finding.

The ROM reports provide a strongly positive opinion on the impact generated by the IPA on infrastructure investment in Kosovo and this opinion was also supported by the sector evaluation undertaken by the EU Office in 2014 and interviews. This report concluded that the infrastructure investment in substations and transmission lines will lead to enhanced standards of electricity supply – including achievement of the UCTE N-1 energy security criterion as well as improvement of the stability of the 220kV interconnection with Albania. Losses are the lowest in South East Europe and the 110 kV voltage profile is now within UCTE limits. Energy efficiency measures in public buildings will contribute to meeting the target of 9% energy savings by 2018, but further impact here is likely to be limited by financial constraints for investment.

Montenegro

For Montenegro, the evaluation considered the themes of PSD/Competitiveness, ESP and Transport in the context of IPA Component I. It is based primarily on existing secondary information sources complemented by field visits to the IPA beneficiaries in the sectors of PSD and Transport to clarify facts and elaborate findings.

A summary of the project population and sample is provided in the following table:

| COUNTRY | POPULATION No. | | | POPULATION BUDGET | | | SAMPLE No. | | | SAMPLE BUDGET | | | BUDGET % | | |
|------------|----------------|-----|-----|-------------------|------|-------|------------|-----|-----|---------------|------|-------|----------|-----|-----|
| | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR |
| Montenegro | 7 | 4 | 3 | 7.850 | 8.05 | 29.49 | 3 | 3 | 3 | 3.30 | 4.46 | 18.05 | 42 | 55 | 61 |

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|---------------------|-------------|
| Private sector development/competitiveness | | |
| 2008/020-316 Improving the Business Environment for Small and Rural Enterprises | service | 1.20 |
| 2007/19300 Public Procurement System | service | 1.10 |
| 2011/023-173 Development of quality infrastructure in Montenegro | service | 1.00 |
| Employment and Social Policy | | |
| 2008/020-316 Labour Market Reform and Workforce Development | service | 1.80 |
| 2010/022-154 Social Welfare and Child Care System Reform: Enhancing Social Inclusion | direct grant UNDP | 1.29 |
| 2010/022-154 Social Welfare and Child Care System Reform: Enhancing Social Inclusion | direct grant UNICEF | 1.37 |
| Transport | | |
| 2007/19300 Development of the Transport Sector | Service | 1.160 |
| 2011/023-173 Vessel Traffic Management Information System | service | 3.50 |
| 2011/023-173 Vessel Traffic Management Information System (VTMIS) (no ROM available) | Supply | 1.800 |
| Support to preparation of projects for IPA Component III | service | 2.59 |
| Rehabilitation of rail line Bar – Vrbnica, Section Trbaljevo (km 331+115) – Kolasin (km 340+991) | Works | 5.000 |
| Rehabilitation of rail line Bar – Vrbnica, Section Mijatovo Kolo (km 313+314) - Mojkovac (km 321+733) | Works | 4.000 |

Coherence

Private Sector Development / Competitiveness

| MONTENEGRO - Medium-term priorities in 2007 European Partnership | Targeted by IPA* | |
|---|------------------|----|
| | Yes | No |
| Strengthen the business environment to promote the development of the private sector and employment | x | X |
| Design and start applying an integrated research policy to support research and development activities | X | x |
| Continue strengthening the competition authority, including its functional independence. | x | |
| Continue strengthening the state aid framework and establish state aid control in line with the requirements of the Stabilisation and Association Agreement. | x | |
| Continue strengthening the public procurement regime, including in the utilities sector and in relation to concessions, by further aligning domestic legislation with the acquis and by upgrading the administrative capacity of the Public Procurement Agency, the review body and of contracting entities | x | |
| Ensure the European Charter for Small Enterprises is fully implemented. | | X |
| Further improve access to finance and develop business support structures (clusters, incubators, business and technology parks). | | X |

Half of the policy priorities are included in the sample of projects covered by the evaluation

Employment and Social Policy

| Priorities in 2007 European Partnership | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Short-term | | |
| 1. Continue efforts to promote adaptability and skills of the labour force, with full engagement of employers and trade unions in that process | x | |
| 2. Upgrade the capacity of the Ministry of Labour and Social Welfare on policy formulation and monitoring, with emphasis on labour market integration of young people, women and vulnerable groups; upgrade performance management of active employment measures implemented by the Montenegrin employment service | x | |
| 3. Enhance the work of labour inspectorates to ensure health and safety at work | x | |
| 4. Step up efforts to promote quality in the education system and life-long learning | x | |
| Medium-term | | |
| 5. Ensure the inclusion of disabled or minority children in mainstream education; reform the childcare system | x | |
| 6. Ensure a more flexible labour market through a gradual liberalisation. | x | |
| 7. Further upgrade the policy formulation and monitoring capacities of the Ministry of Labour and Social Welfare, with emphasis on labour market integration of young people, women and vulnerable groups and on modernising social policies; further upgrade performance management of active employment measures implemented by the Montenegrin employment service | x | |

*Based on the mapping of projects which are part of programming period 2007-2011

According to the mapping of projects carried out during the inception phase, IPA assistance targeted all priorities of the European Partnership relevant for the ESP sector during the programming period 2007-2011.

Transport

| Priorities in 2006 European Partnership – Transport – Montenegro | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Short-term | | |
| Continue to align aviation legislation, including air traffic control, with the acquis, in line with the commitments undertaken by signing the European Common Aviation Area Agreement. | | X |
| Strengthen the Civil Aviation Authority, and appoint an operationally independent aviation accident investigation body, a national supervisory body for the air navigation service provider, and a body responsible for the enforcement of air passenger rights. | | X |
| Continue implementing the Memorandum of Understanding on the Development of the South East Europe Core Regional Transport Network, including cooperation in the South East Europe Transport Observatory. | | X |
| Implement the road transport law (including establishment of the relevant implementation structures). Ensure sufficient resources for the maintenance of transport infrastructures and institutions | | X |
| Medium-term | | |
| Strengthen capacity building, including project preparation for large investments. Continue to earmark sufficient resources for the maintenance of transport infrastructures and institutions. | x | |
| Implement international commitments under International Maritime Organisation Conventions and improve maritime safety conditions of the fleet in the light of the Paris Memorandum of Understanding | x | |

The sample of assistance in this evaluation targeted the medium term objectives of the European Partnership, with infrastructure projects oriented towards the railway sector rather than the road sector identified in the short term priorities.

Key progress of the IPA

IPA support to quality infrastructure contributed to the adoption of more than 10.000 standards by the Institute for Standardisation of Montenegro of which 31% are in line with European standards. A significant proportion therefore still follows Yugoslav standards, which has had negative implications to other IPA projects in the transport sector that have to follow European norms. A strategy for the development of standardisation has not yet been adopted and resource limitations remain a concern. The framework law on conformity assessment needs to be aligned with the acquis but implementing legislation for metrology has been adopted and thus alignment with the acquis is progressing.

Regarding support for SMEs, interventions from the public sector remain limited due to budget constraints. The Small Business Act is implemented and progress has been made on simplifying legislation and using regulatory impact assessment when developing new legislation. There has been little progress in the area of enterprise and industrial policy. The lack of administrative capacity and fragmented strategies impede the effectiveness of the instruments that have been put in place.

Within the scope of public procurement, the legislation on concessions, utilities, and defence procurement has yet to be harmonised with the *acquis*. The Public Procurement Authority is now almost fully staffed but the implementation of the new public procurement law that entered into force in January 2012 remains a concern. The State Commission for the Control of Public Procurement (SCCPP) has consolidated its operations since having been set up in 2012.

The EC Progress Report for 2013 acknowledges that despite some progress made in the area of employment policy, the situation of the labour market remains critical. Like other countries in the region, Montenegro's labour market is characterised by high unemployment, low participation rates and mismatch between the skills available and needs. The evaluation was informed that around 80% of VET graduates continue their education path in the university due to the inability to find a job, indicating scarcity of employment opportunities, but also an inefficient VET provision and inability of successive CARDS and IPA assistance projects to significantly impact on the employability of young graduates. Due to global crisis and dramatic shrunk of resources, the budget for active labour market measures has been severely cut. Despite good results achieved in assisting the government to pass new legislation and increase its capacity for more efficient strategic planning and better service provision (project "*Labour Market Reform and Workforce Development*"), IPA assistance in the employment area was modest. Most of the job placements that were succeeded as a result of various active employment measures initiatives were short-term, seasonal, so of low impact.

According to interviews with Government representatives, IPA assistance to the ESP sector has nevertheless created the basis for convergence of employment and social inclusion system with EU standards (chapter 19 of negotiations) and was also instrumental in supporting the planning and development of HRD OP. It is expected that these prerequisites will contribute to more efficient and effective national and IPA investment in the years to come for improving the position on the labour market of the most disadvantaged, in particular young people, long-term unemployed, and persons with disability.

In the area of social inclusion, IPA assistance made a crucial contribution to the observance of children's right to grow up in a family environment by assisting the Government in aligning the legal framework with the international human rights standards. The most significant change brought about by the new legal provision is a ban on institutionalisation of children aged 0-3, obliging the duty bearers to find alternative solutions to residential care. IPA assistance has also contributed to increasing the number of vulnerable children benefiting from family and community-based services. According to a recent external evaluation (2014) of the IPA project "*Social Welfare and Child Care Reform*", there was a spectacular reduction (98.2%) of children under the age of three in the Children's Home 'Mladost', the largest residential care institution in the country as well as an increase of more than double in the number of children in non-kinship foster care, due to the change of attitudes regarding family-based alternatives for children without parental care. As a result of new day care services established with IPA assistance, the number of children with disabilities benefitting of this service more than doubled. The beneficiary families reported significant improvements in the quality of

life for their children and family members as a result of service establishment. According to the latest EC progress report, measures are still needed to expand the community-based services as an alternative to institutionalisation and ensure their sustainability especially in poor communities.

Transport infrastructure investment in the Montenegrin railway system has socio-economic impact objectives in reinvigorating the trade route from the port of Bar to Belgrade, with substantial work already done to upgrade the facilities in the port prior with EBRD loan finance. The port itself, has 50% unexploited capacity and was sold under concession at the end of 2013. Upgrading the 280kms on the Serbia side of the route has been included in bilateral assistance with Russia signed in March 2014, although this has yet to be confirmed. The presence of the agreement means that other sources of external finance; yet, as it is politically vulnerable, this could potentially have serious negative consequences for the upgrading of the line as a whole. Therefore the direct contribution of the IPA to the overall impact, whilst important, is reasonably small. IPA contribution to improving maritime safety and pollution prevention and control with the establishment of the VTMS and pollution control vessels is more substantial, although there has also been national financial involvement. Further investment to complete the system coverage over the coast and integrate it into neighbouring countries is expected under IPA II.

Serbia

For Serbia, the evaluation considered the themes of PSD/Competitiveness, ESP and Energy in the context of IPA Component I. It is based exclusively on existing secondary information sources with a very brief field mission to discuss aspects of the energy sector with key stakeholders at central levels.

A summary of the project population and sample is provided in the following table:

| COUNTRY | POPULATION NO. | | | POPULATION BUDGET | | | SAMPLE NO. | | | SAMPLE BUDGET | | | BUDGET % | | |
|---------|----------------|-----|-----|-------------------|-----|-------|------------|-----|-----|---------------|-----|--------|----------|-----|-----|
| | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR |
| Serbia | - | - | 6 | - | - | 41.50 | - | - | 3 | - | - | 18.022 | - | - | 43 |

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|---------|-------------|
| Private sector development/competitiveness | | |
| No sample required | | |
| Employment and Social Policy | | |
| No sample required | | |
| Energy | | |
| 2007/19322 Technical Assistance to Srbijagas | service | 2.00 |
| 2012/021-765 Follow up TA to Srbijagas | service | 1.50 |
| 2011/022-585 Capacity building for the energy agency / | service | 1.50 |
| 2007/19322 Technical Assistance for the Feasibility Studies for Electricity Transmission Cross Border Investments in the Republic of Serbia | Service | 0.905 |
| 2007/19322 Strengthening the Capacity of the Serbian Electricity Transmission System and Market Operator (EMS) | SR | 1.400 |
| 2007/19322 Further Assistance to the Energy Regulatory Agency | SR | 1.500 |
| Construction of Substation 400/110 kV Vranje 4, Republic of Serbia | WKS | 3.090 |
| Construction of Substations 400/110 kV Vranje-4 & Leskovac-2, Equipment and Materials for 400/110 kV Vranje-4 Substation | Supply | 6.126 |

Coherence

Private Sector Development / Competitiveness

| SERBIA - Medium-term priorities in 2005 European Partnership for Serbia-Montenegro, including Kosovo | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Strengthen the business environment to promote the development of the private sector and employment with competitive markets, level playing fields and access to finance through development of the financial sector. | x | |
| Continue the necessary reforms to comply with WTO rules and obligations in order to accelerate the WTO accession process. | x | |
| Further develop standardisation, in particular through the adoption of European standards. Continue transposing the new and global approach and old approach directives. Establish a market surveillance structure required by the acquis. | x | |
| Implement the European Charter for SMEs | x | |

Employment and Social Policy

| Priorities in 2007 European Partnership | Targeted by IPA* | |
|---|------------------|----|
| | Yes | No |
| Short-term | | |
| Continue de-institutionalisation, community-based services and aid to dependent persons, including in the field of mental health | x | |
| Improve the protection of women's and children's rights | x | |
| Further develop and implement the reform of the pension system | | x |
| Continue efforts to promote employment, including by means of vocational training and labour market reforms, improve public employment services and implement the strategy on employment of people with disabilities | x | |
| Continue efforts to improve education system; establish better links between vocational and higher education and the labour market and economic needs; strengthen administrative capacity and improve coordination among relevant bodies. | x | |
| Medium-term | | |
| Continue efforts to integrate and improve the conditions for children with disabilities. Reform the childcare system and ensure mainstream education for children from minorities | x | |
| Reduce structural rigidities that hamper the labour market, in particular relating to labour market regulation, to increase participation and employment rates | x | |
| Improve the education system with the aim of increasing skills which fostering employment opportunities and longterm economic growth | x | |
| Adopt measures to increase school enrolment rates at secondary level of children of all communities | x | |
| Further develop social inclusion and social protection policies | x | |
| Ensure a functioning and representative social dialogue | x | |
| Take further efforts to improve the situation of persons with disabilities | x | |
| Adopt a national qualification framework for vocational and education training | x | |

*Based on the mapping of projects which are part of programming period 2007-2011 done by the evaluation of Official Development Assistance for Serbia (2013)

According to the mapping of projects carried out in 2013 by the evaluation of the Official Development Assistance (including IPA) in the human resources development sector, IPA assistance targeted 12 out of 13 priorities of the European Partnership during the programming period 2007-2011.

Energy

| Priorities in 2008 European Partnership – Energy – Serbia | Targeted by IPA* | |
|---|------------------|----|
| | Yes | No |
| Short-term | | |
| Fulfil the obligations arising from the Energy Community Treaty as regards the full implementation of the acquis on the internal gas and electricity market and on cross border exchanges in electricity. | X | |
| Amend and implement the Energy Law and ensure smooth functioning of the independent energy regulatory agency. | X | |
| Continue environmental audits on energy plants, addressing the worst polluters, ensure unbundling with a view to restructuring and opening up the market and make further progress towards a regional energy market, in particular by improving interconnectivity with neighbouring countries | X | |
| Accede to the relevant international conventions relating to nuclear safety and set up the appropriate regulatory body. | | X |
| Continue the dismantling of the Vinca research reactor. | | X |
| Strengthen the administrative capacity within the relevant ministries | X | |
| Medium-term | | |
| Adopt and implement a long-term strategy for an environmentally sustainable energy policy. | X | |
| Continue to implement regional and international commitments in this area with a view to establishing a competitive regional energy market | X | |
| Complete the dismantling of the Vinca research reactor. | | X |

The IPA sample includes all policy areas in the energy sector with the exception of nuclear safety.

Key progress of the IPA

The EC Progress Report for 2013 mentions a number of strategies and laws which have been recently adopted with the aim to align the educational goals of Serbia to those EU's 2020 goals, to build stronger links with the labour market and economic development and to increase the educational opportunities for vulnerable groups. Most of these strategies and legal developments are the result of IPA assistance. Their impact, once implemented, remains to be seen.

IPA investment in improving the employment trends in Serbia through institution building of the National Employment Service (NES) and direct support to active labour market measures have brought about positive changes in channelling support and assistance (both national and from donors) to hard-to-employ groups in the country (youth, people with disability, Roma). According to contributory evaluations and IPA annual implementation reports, these efforts resulted in improved employability of vulnerable groups. However, data on the number of people belonging to these groups who gained employment is not accurate and it is unclear to what extent the employment programmes had an impact on youth and long-term unemployment. The reduced coverage of active labour market measures (15% of the registered unemployed) adds to the rigidities of the labour market.

The impact of IPA assistance on the social inclusion of vulnerable groups has been significant in terms of child deinstitutionalisation, development of alternatives to institutionalised care and inclusive education, and rather modest in improving the position of vulnerable groups (e.g. persons with disabilities, ethnic minorities) on the labour market. With the support of IPA, a clear framework for the development of community-based social services has been developed; however, the insufficient financial resources at the local level to sustain and expand these services remains a serious constraint especially in poor municipalities, and may affect the impact of assistance to date. The EC progress reports also draw the attention to the need for developing integrated/cross-sectoral social services, able to address the multiple needs and forms of exclusion of vulnerable groups.

Institution building in the energy sector in both Kosovo and Serbia is closely linked to the implementation of the Energy Community Treaty that calls for the implementation of the EU's second energy package by the end of 2007 and the third energy package by the end of 2014. Accordingly assistance has been provided for strengthening regulators, liberalising energy markets and regulating tariffs between different categories of consumers. ROM reports for Serbia are strongly positive on the impact of assistance to strengthen the regulator and good progress has been made in especially the electricity market and energy efficiency with further likely impact on strengthening energy security locally and regionally by upgrading the transmission system. Political issues have delayed the deregulation of the gas market despite significant political pressure from the EU along with the Energy Community.

Turkey

For Turkey, the evaluation considered the themes of PSD/Competitiveness and ESP in the context of both IPA Component I and Component III/IV and Home Affairs in the context of Component I. It is based primarily on existing secondary information sources complemented by field visits to clarify facts and elaborate findings in the fields of ESP and Home Affairs.

A summary of the project population and sample is provided in the following table:

| COUNTRY | POPULATION NO. | | | POPULATION BUDGET | | | SAMPLE NO. | | | SAMPLE BUDGET | | | BUDGET % | | |
|---------|----------------|-----|-----|-------------------|--------|--------|------------|-----|-----|---------------|-------|-------|----------|------|-----|
| | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR | PSD | ESP | PAR |
| Turkey | - | 13 | 12 | - | 63.945 | 143.17 | - | 3 | 6 | - | 13.10 | 11.91 | - | 20.5 | 8 |

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|------------------------|-------------|
| Private sector development/competitiveness | | |
| No sample required | | |
| Employment and Social Policy | | |
| TR070213 Strengthening the Vocational Qualifications Authority (VQA) and the National Qualifications System (NQS) in Turkey | service | 4.10 |
| TR080106 Strengthening pre-school education | direct grant UNICEF | 8.00 |
| TR080218 Promoting Gender Equality in Working Life | twining | 1.00 |
| Home affairs | | |
| 2008 TR080211 Improving the skills of forensic experts | service | 2.11 |
| 2008 TR080213 Training for border police | service | 1.20 |
| 2009 TR2009/0136.07 Implementation Capacity of Turkish Police to Prevent Disproportionate Use of Force | service | 2.00 |
| 2009 TR2009/0136.08 Improved Capacity of Civil Enforcement Offices | service | 1.80 |
| 2010 TR2010/0136.11 Witness protection capacities phase I | service | 1.00 |
| 2011 TR2011/0324.02 Improvement of civilian oversight in Turkey Phase II | contribution | 3.80 |

IPA Component IV

| COUNTRY | POPULATION NO. | POPULATION BUDGET | SAMPLE NO. | SAMPLE BUDGET | BUDGET % |
|---------|----------------|-------------------|------------|---------------|----------|
| Turkey | 18 | 110.555 | 6 | 36.703 | 33.2% |

| PROJECT TITLE | TYPE | BUDGET MEUR |
|---|--------------|-------------|
| Employment and Social Policy | | |
| M 1.1 Technical Assistance for Promoting Women's Employment in Turkey | Service | 2.989 |
| M 1.2 Technical Assistance for Promoting Youth Employment | Service | 1.947 |
| M 1.4 Improving the Quality of Public Employment Services | Service | 9.978 |
| M 2.1 Grant Scheme Increasing School Enrolment Rates Especially for Girls | Grant scheme | 8.348 |
| M 2.2 Technical Assistance for Improving Quality of VET-I | Service | 5.996 |
| M 3.1 Technical Assistance for Promotion of Life Long Learning | Service | 7.445 |

Coherence

| TURKEY - Medium-term priorities in 2006 Accession Partnership | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Ensure that public procurement rules are effectively implemented by contracting authorities and entities at all levels, including by developing and applying operational tools, providing training and strengthening the administrative capacity of contracting authorities and entities | x | |
| Adopt a comprehensive national strategy to develop Turkey's public procurement system, including the use of electronic means in all stages of the procurement procedure | x | |
| Complete alignment of company law with the <i>acquis</i> | | X |
| Consolidate enforcement in the anti-trust and State aid field with special attention to monopolies and under- takings with special and exclusive rights | | X |
| Continue simplifying the business environment for SMEs, and align with the SME definition used in the EU | | X |
| Continue to strengthen the administrative capacity for the implementation of regional policy at both central and regional level | x | |

*Based on the mapping of projects which are part of programming period 2007-2011

The table above shows that the IPA programme over the period 2007-2011 has addressed most of the medium-term priorities set for the country.

| Priorities in 2007 European Partnership | Targeted by IPA* | |
|--|------------------|----|
| | Yes | No |
| Short-term | | |
| Further increase the awareness of the general public, and of men in particular, concerning gender issues, and promote the role of women in society, including through ensuring equal access to education and participation in the labour market and in political and social life; support the development of women's organisations to fulfil these goals | x | |
| Ensure the full implementation of the Law on Child Protection and promote protection of children's rights in line with EU and international standards | | x |
| Continue efforts to tackle the problem of child labour and child poverty and improve the situation of street children | | x |
| Further reinforce social dialogue, facilitate and encourage cooperation with EU partners | x | |
| Implement a sustainable and effective social security system | x | |
| Address labour market imbalances. To this end, improve incentive structures and flexibility in the labour market to increase participation and employment rates; improve education and professional training efforts, thereby encouraging the shift from agriculture to a service-based economy | x | |
| Establish conditions for an effective social dialogue at all levels, inter alia, by adopting new legislation eliminating restrictive provisions on trade union activities and ensuring full trade union rights | x | |
| Provide an analysis of undeclared work in Turkey and draw up a plan to tackle this problem in the context of an overall action plan for the enforcement of the <i>acquis</i> for the benefit of the entire workforce | | x |
| Finalise the work on the Joint Inclusion Memorandum (JIM) and the Joint Assessment Paper on Employment Policy Priorities (JAP) and actively implement both follow-up processes | x | |
| Enhance the administrative capacity of the Lifelong Learning and Youth in Action National Agency in order to be able to deal with the increased workload | x | |
| Medium-term | | |
| Continue to improve the general level of education and health, paying particular attention to the younger generation and women | x | |
| Ensure that the Public Employment Services have adequate capacity to guarantee participation in the EURES (European Employment Services) network | x | |
| Continue to strengthen administrative structures, in particular for the coordination of social security schemes | x | |
| Continue alignment with the <i>acquis</i> for the mutual recognition of professional qualifications and, in particular, work towards repealing nationality requirements | | x |
| Continue transposition of the <i>acquis</i> and strengthen the related administrative and enforcement structures including the labour inspectorates, in association with social partners | x | |
| Enhance capacity to assess and monitor labour market and social developments and address structural problems | x | |

*Based on the mapping of projects which are part of programming period 2007-2011

In the programming period 2007-2011 and according to the mapping of projects carried out during the inception phase, IPA assistance targeted 12 out of 16 priorities of the European Partnership relevant for the ESP sector.

Home Affairs

| Priorities in 2008 Accession Partnership – Home Affairs - Turkey | Targeted by IPA* | |
|---|------------------|----|
| | Yes | No |
| Short-term | | |
| Continue to strengthen all law enforcement institutions and align their status and functioning with European standards, including through developing inter-agency cooperation. Adopt a code of ethics and establish an independent and effective complaints system to ensure greater accountability covering all law enforcement bodies | X | |
| continue efforts to implement the National Action Plan on Asylum and Migration (including through the adoption of a roadmap), increase capacity to combat illegal migration in line with international standards, | | X |
| conclude urgently a readmission agreement with the EU, | | X |
| make progress in the preparations for the adoption of a comprehensive asylum law in line with the acquis including the establishment of an asylum authority, | | X |
| continue efforts to implement the National Action Plan on integrated border management including through the definition of a precise road map. Steps should be taken to establish the new border law enforcement authority, | X | |
| implement the national strategy on organised crime. Strengthen the fight against organised crime, drugs, trafficking in persons, fraud, corruption and money-laundering | | X |
| Medium-term | | |
| Accelerate efforts to set up an integrated border management system in line with the acquis, based on close interagency coordination and professionalism of staff, covering, inter alia, a pre-screening mechanism to identify persons in need of international protection at borders, | X | |
| continue with alignment with the acquis in the field of asylum, in particular through the lifting of the geographical limitation to the Geneva Convention and through strengthening protection, social support and integration measures for refugees | | X |
| ensure compatibility of Turkish legislation with the acquis in civil matters and strengthen the capacity of the judiciary to apply the acquis. | X | |

Given the scale of the Home Affairs sector is it not surprising that the IPA funding sample only covers about half of the short and medium term policy priorities.

Key progress in the IPA

The EC Progress Reports for Turkey in 2012 and 2013 note that the enrolment rates in pre-school education institutions increased from 39% in 2009-2010 to 44% in 2012-2013 among 4 and 5 year olds. A major contributing factor was an intensive teacher recruitment process. At the same time, increased demand for preschool education among parents has also counted, a major role in this respect being played by the IPA project “*Strengthening pre-school education*”. The project also ensured in-service training to the newly-recruited teachers.

The enrolment rates in secondary education also increased from 67.4% in 2011 to 76.7% in 2013, while the difference between boys and girls diminished from 2.5% to 1.2%¹⁸, also with the contribution of IPA technical assistance and investment via HRD OP measure 2.1 “*Increasing School Enrolment Rates Especially for Girls*” (grants budget: 8.3 million EUR). The percentage of girls graduating secondary education as a direct result of IPA intervention increased by 10% in general education and by 23% in VET¹⁹. While acknowledging the achievements, the EC Progress Report for 2013 draws the attention that Turkey needs to continue strengthening its monitoring of school attendance and drop-out rates. It is expected that the e-monitoring model compatible with the current e-school system (MEBBIS) and which was developed with the support of an IPA technical assistance will facilitate the monitoring process.

An additional positive result has been registered in the participation rate in lifelong learning, which increased from 2.9% in 2011 to 4% in 2013. Although low compared to the average EU level of 10.5%, the trend is positive and Turkey is ahead of some EU member states²⁰. According to interviews with

¹⁸Source: EC Progress Reports Turkey 2010-2014

¹⁹Source: Operation monitoring sheet, measure 2.1 of HRD OP

²⁰http://ec.europa.eu/education/dashboard/III/lifelong_en.htm accessed on 20 November 2014.

stakeholders in EUD, NIPAC and Ministry of National Education, this progress is to a large extent attributed to the HRD OP measure 3.1 “*Promoting Lifelong Learning*” which managed to produce an important change in the mindset of people and stimulate the take-up rate of learning opportunities. There has been a good cooperation in the design and implementation between the project on lifelong learning (IPA component IV, HRD OP) and the one on developing the *National Qualifications System* (IPA component I), which increased the relevance and efficiency of both projects and which are expected to have a concerted impact in the future upon the participation in lifelong learning, access to the labour market and mobility of learners and employees.

The EC Progress Report for 2013 points to the fact that gender equality, including access to labour market, remains a major challenge for Turkey. The participation of women in the labour force was 29.6% in 2013 (Eurostat, 2013²¹) compared to 69.5% for men and much lower than in the EU (58.8% in 2013), reflecting the low level of women’s access to education and the lack of affordable childcare facilities for working women. In the observed sample of this evaluation, under HRD OP measure 1.1 “*Promoting Women’s Employment in Turkey*”, a number of 8,652 women participated in employment guaranteed courses, which is a modest contribution compared to the large number of unemployed women, as acknowledged by the key informants during the interviews. In order to make a difference, the measure has also tackled the various cultural obstacles hindering women’s participation in the labour force through large awareness raising actions among the employers and general public, and more importantly, promoted employment-oriented social empowerment of women. These actions are likely to remove in the future a number of stereotypes in the society in parallel with improving the work-life balance for women and encouraging them to be more pro-active in job search. In this respect, the increased outreach of ISKUR services (notably the job and vocational counselling services developed with the support of HRD OP measure 1.4 “*Improving the Quality of Public Employment Services*”) will add on the efforts of increasing the participation of women in the labour market in the years to come. Improved gender equality in working life is also expected to become a reality with the alignment of Turkish legislation with the EU *acquis* and implementation of the results of IPA component I project “*Promoting Gender Equality in Working Life*”.

As seen above, gender equality has been the ‘intersection point’ for IPA assistance under component I and component IV. The projects have been implemented largely during the same period and there are good prospects of capitalising upon each other’s results.

Home Affairs is a highly political sector and in most instances in the sample the IPA is charged with introducing challenging new approaches or concepts to a large, very formal and well developed public administration. Political support is essential for generating impact in the sector, with most of the projects addressing sensitive subjects such as police brutality and civilian oversight of the police or ingrained structures such as reforming civil enforcement mechanisms. The current visa liberalisation process is an important driver for progress in a number of these challenging areas.

Measurement of impact or the attribution of sector change to the IPA in a number of areas will be challenging because of the relatively peripheral role of the assistance in the overall process of change. For example, improving the skills of forensic experts and establishing witness protection are only small parts of the process of improving the quality of the judicial process or combating organised crime. The impact from this assistance is to contribute to the overall process of reform by providing insight to the

²¹<http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>, accessed on 22 November 2014

practices and procedures used in a European context. Similarly, the IPA also introduces new concepts that may take considerable time to gain traction and integration into Turkish institutions – the implementation of assistance for the prevention of disproportionate use of force by the police was timely in the light of large scale civil protest, but cannot be expected to have any real impact in the medium term. Whilst this kind of assistance provides a range of tools from operating procedures to video based training, it is difficult to monitor whether the process is working on both an individual and institutional basis.

The scope of reform and the scale of the country mean that IPA assistance is principally focused on the central level institutional and legislative change or with the development of pilot actions at the regional level that can be replicated by the national authorities throughout the country. Much of the assistance is therefore oriented around training development, which is appropriate for developing impact, but challenging to monitor both in quality and quantity. Whilst there is no sector planning as such, the IPA has taken a multi annual perspective in the Home Affairs sector. Projects are consistently funded over multiple financing years with pilot or initial efforts further elaborated based on the development that have been achieved. With the introduction of novel concepts that take time to embed as well as simply the scale of the country and the time therefore needed to roll out structural reforms, this longer term approach is essential if impact is to be achieved.

There have been a number of areas where impact has been achieved following this longer term approach - multiple interventions in the area of civilian oversight in collaboration with the UNDP in pilot regions have developed new approaches that are being taken up by Regional governors nationwide. This process has however been ongoing for at least six years and has been sustained by the UNDP between two tranches of IPA funding, illustrating the scale and consistency needed to start to embed new concepts in the public administration and highlighting the weakness of the project based approach usually used by the IPA. In the area of civil enforcement offices, the IPA has identified a specific operational issue affecting the delivery of justice, developed an appropriate approach in conjunction with the government and impact is now being achieved with the support of substantial national investment in the physical infrastructure of these facilities.

Staff turnover is usually a significant impediment to the achievement of impact, especially in assistance oriented towards training. Typically this is not a problem in Turkey. The comprehensive replacement of police and judicial staff since December 2013, however, is likely to negatively influence the achievement of impact in the short term, even if key staff are swiftly replaced.

