



SUPPORTING ENLARGEMENT — WHAT DOES EVALUATION SHOW?

Ex post Evaluation

of Phare support allocated
between 1999-2001, with a brief
review of post-2001 allocations

Consolidated
Summary Report



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July 2007

This report has been prepared as a result of an independent review by the MWH Consortium being contracted under the Phare programme. The views expressed are those of the MWH Consortium and do not necessarily reflect those of the European Commission.

European Commission Directorate-General Enlargement
Directorate E – Evaluation Unit

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GLOSSARY OF ACRONYMS

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GLOSSARY OF ACRONYMS

AP	Accession Partnership
CAP	Common Agricultural Policy
CBC	Cross Border Co-operation
EDIS	Extended Decentralised Implementation System
ESC	Economic and Social Cohesion
IPA	Instrument for Pre-accession Assistance
MBP	Multi-beneficiary Programme
MIPD	Multi-annual Indicative Planning Document
NGO	Non-Governmental Organisation
SIGMA	Support for Improvement in Governance and Management
SME	Small and Medium-sized Enterprise
TAIEX	Technical Assistance Information Exchange

EXECUTIVE SUMMARY

The objective of this review is to assess the contributions of Phare support in achieving the objectives of the pre-accession strategy. It covers the support allocated in the years 1999-2001 with a brief review of post-2001 allocations. The report makes recommendations that should guide the development of assistance to Turkey and the Western Balkans.

The report first reviews Phare performance and then assesses the needs and makes recommendations for more balanced pre-accession support.

Key Findings

Mixed overall performance. On the whole, the results and impacts of Phare support were rather mixed as reflected in the significant differences in the performance of sectors. Prospects for sustainability are also mixed, as satisfactory progress on institutional reform (related primarily to transposition of the *acquis*) risks being undermined by weaknesses in administrative capacity. Nevertheless, given the scale and complexity of the pre-accession objectives and the constraints of the very limited implementation period, what has been done with Phare support is indeed remarkable.

Phare support strongly motivated reforms related to the acquis and economic criteria. Enormous improvements were made using Phare support in the sectors that were heavily *acquis*-driven and were recognised as clear political priorities. At the same time, however, the political priority given to *acquis* sectors diverted funds and efforts from other important aspects of public sector and other national reforms. Moreover, a number of interventions took place in a rather hasty manner under severe time and resource pressure, too close to the accession date. Opportunities for achieving more effective outcomes could not, therefore, be realised.

Weak support to the political criteria. Much support to the political criteria was ineffective because it was too narrow. It did not sufficiently build on the need to address the interfaces between key areas such as public administration reform, development of civil society and the fight against corruption nor, in turn, their relationship with governance. Moreover, support did not take account of the fact that many aspects of the political criteria cannot be taken forward without interfacing with the economic criteria.

As an example, support to public administration reform largely failed since it was supply-driven without sufficient consideration of the demand side issues of political commitment, change management and absorption capacity. It also failed since it was not built on a broader approach towards governance and public sector reform, including giving a voice to citizens to demand better public services and creating pressures from an effectively regulated and competitive private sector.

As another example, in the area of the fight against corruption, in addition to reforming the police and judiciary, it is commonly recognised that what is needed is a multi-pronged, multi-stakeholder approach to anti-corruption reforms. Such an approach would involve reforms of governance in conjunction with programmes to promote the interfacing of public sector management with the private sector, civil society and the media, and would involve local participation and community empowerment.

Support to future enlargement faces both deeper and broader challenges. The challenges in terms of meeting the political criteria effectively - for example in relation to human rights and the protection of minorities, development of civil society and the rule of law, and the fight against corruption - become even greater for future enlargements. In addition the challenges in assisting potential candidate countries are particularly severe in the context of their socio-economic development needs, which are the main determinants of the pace at which they can progress towards EU integration, and will require complementary investment resources from International Finance Institutions and bilateral donors, necessitating a closer degree of co-ordination of both strategy and funding than in previous enlargements. The Multi-annual Indicative Planning Documents (MIPDs) also have a crucial role to play in developing this essential coordination.

Conclusions

Although the three Copenhagen Criteria were supported, the absence of an overall support strategy turned Phare into an essentially reactive, activity-focused instrument which did not sufficiently address the interdependence between the political and economic criteria and the *acquis*. Without a rebalancing of support to address this interdependence, past and future achievements are at risk of being undermined.

Another key aspect of rebalancing support involves the need for broader support to the political criteria. Thus, for instance, public administration reform should become part of a wider agenda of public sector reform, including interfacing with aspects of governance and the economic criteria. Finally, a rebalancing involves addressing the deeper and broader challenges facing future enlargements for the political criteria and socio-economic needs.

Recommendations

In order to respond to these challenges, there are three key areas in which recommendations are made for action:

Actions to rebalance pre-accession support, including making programming objectives more balanced in respect of all the Copenhagen Criteria; more effective application of Accession Partnerships and MIPDs so that they not only state the priorities for each accession criterion but also recognise the inter-linkages between them; and use of the Quality Support Group within DG Enlargement to ensure effective actions on the rebalancing of pre-accession support.

Actions to support a broader approach to the political criteria, including adoption of a multi-pronged approach to public administration reform which should be seen as part of a broader approach to public sector reform; encouraging supportive policy regimes for civil society, and adopting a multi-pronged, multi-stakeholder approach to anti-corruption measures.

Actions to address the deeper and broader challenges facing future pre-accession support, including viewing good governance and public administration reform as an interconnected whole; giving MIPDs a greater role in making more thorough needs' assessments and articulation of strategic choices and related priorities; and ensuring that MIPDs play a crucial role in co-ordinating the support strategies and programmes of EU, International Finance Institutions and bilateral donors.

MAIN REPORT

1. EVALUATION CONTEXT AND OBJECTIVES

1.1 EVALUATION CONTEXT

The accession of Bulgaria and Romania on 1 January 2007 completed the fifth enlargement of the European Union, following the accession of ten Member States in May 2004. It marked an unprecedented enlargement in terms of scope, complexity and diversity.

The Phare programme was a key tool of the pre-accession strategy and thus played an essential role in the accession process. Its focus evolved over time, starting from its inception as an essentially demand-driven support to the process of transition, and developing, in parallel with the pre-accession strategy, into an entirely accession-driven instrument. The programming priorities of Phare in the period covered by this report were principally based on the Accession Partnerships and on the Commission's Regular Reports on the candidate countries' progress. The candidate countries contributed to the strategy by preparing National Programmes for the Adoption of the *Acquis*, which were intended to incorporate *acquis*-related issues into the wider frame of national strategies.

Between 1999 and 2006, Phare provided about €5.7bn to the ten candidate countries. However, the success or failure of the pre-accession strategy cannot be entirely attributed to the performance of the Phare programme, not least because of the substantial proportion of pre-accession activities which the candidate countries had to conduct and finance on their own.

For the eight countries that acceded in 2004 and were eligible for Phare support, the 2003 Phare programme, for implementation until 2006, was the last of its kind, though additional support is being provided under the Transition Facility until 2009. For Bulgaria and Romania, the 2006 Phare programme was the final one followed by a one-year allocation for the Transition Facility. It is therefore appropriate, as Phare support enters its final stage, to review its performance, draw conclusions and make recommendations that should influence the shape and magnitude of future pre-accession assistance.

Undoubtedly, support to future enlargement faces both deeper and broader challenges. The challenges of meeting the political criteria effectively - for example in relation to human rights and the protection of minorities, the development of civil society and the rule of law, and the fight against corruption - become even greater for future enlargements. In addition, the challenges of assisting potential candidate countries are particularly severe in relation to their socio-economic needs. In this regard the challenges the potential candidate countries particularly face in progressing their socio-economic development (which will in practice determine the pace at which they can make progress towards EU integration) will require complementary investment resources from International Finance Institutions and bilateral donors, necessitating close co-ordination of both strategy and funding to a greater degree than in the previous enlargement.

1.2 OBJECTIVES OF THE EVALUATION

The objective of this review is to assess the contribution of Phare support to the candidate countries in achieving the pre-accession strategy objectives. It covers the support allocated in the years

1999-2001 with a brief review of post-2001 allocations. The report makes recommendations which should guide the programming of assistance to Turkey and the Western Balkans. The evaluation has two specific objectives:

- To provide lessons learned for decision-making on improving design and quality of support provided under the Instrument for Pre-accession Assistance (IPA) to Turkey and the Western Balkans.
- To provide accountability on the achievements and the value-for-money and use of Phare funds;

To this end, the evaluation seeks to answer the following key evaluation questions:

- Was Phare assistance well focused on the objectives of the pre-accession strategy?
- What were the results and impacts of Phare assistance, and are they sustainable?
- Could the same results and impacts have been achieved more cost-effectively?

1.3 SCOPE AND METHODOLOGY

This review takes account of the findings of constituent reports on Phare multi-beneficiary programmes (launched between 1996 and 2001), national and CBC programmes (1999-2001) for the ten candidate countries, and six thematic issues. Other evidence on the performance of Phare (notably interim evaluations and audit reports) was also taken into account. Where relevant the evaluation includes a brief review of post-2001 allocations.

The consolidated ex post evaluation process involved the review of over 1,200 documents and more than 1,000 interviews with European Commission representatives and beneficiary country stakeholders.

The evaluation methodology is based on the five standard evaluation criteria widely used in the Commission and elsewhere: *relevance, efficiency, effectiveness, impact and sustainability*. The ex post assessment concentrates on the *effects* of the Phare assistance, immediate impact (results), intermediate and socio-economic (global) impact, and sustainability. The *results or immediate impacts* are the short-term or initial effects of an intervention at the level of the direct beneficiaries. The *intermediate impacts* are short-to-medium term effects on both direct and indirect beneficiaries and *socio-economic impacts (global impacts)* are the longer-term effects usually expressed in terms of broad socio-economic consequences in the sector, region or country as a whole. *Sustainability* is the extent to which positive impacts are likely to last after an intervention has terminated.

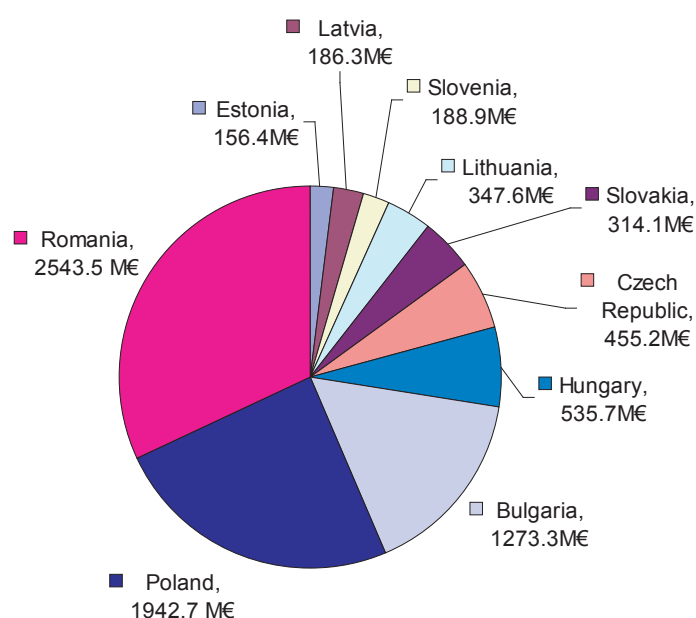
2. PERFORMANCE OF PHARE ASSISTANCE

On the basis of a consolidated review and synthesis of the multi-beneficiary, country and thematic evaluations mentioned above (see section 1.2), this chapter concludes that, overall, the impact and prospects for sustainability were mixed. This chapter begins by examining the overall impact and sustainability of Phare support and then turns to reviewing performance by sector and by the instruments deployed. The review is set against the three evaluation questions specified in section 1.2.

2.1 MIXED OVERALL PERFORMANCE

Substantial support was provided. Phare support was substantial, amounting to about €5.7bn over the period 1999-2006, covering national and cross border support programmes alone (see figure 1). In addition, further support was provided through multi-beneficiary programmes, nuclear safety programmes and support to participation in Community programmes.

Figure 1. Phare allocation to national and CBC programmes, 1999-2006



Overall, satisfactory outputs but mixed impacts. Most interventions delivered the planned outputs especially through the use of twinning. A broad range of effects has been produced, particularly the medium-term effects on the direct and indirect beneficiaries. Intermediate and socio-economic impacts, that is the spreading of benefits progressively beyond direct beneficiaries, are positive but not universal and, overall, are less than originally expected.

Moderate prospects for sustainability. Sustainability of Phare interventions faced, and continues to face, a number of challenges such as a lack of political commitment and low absorption capacity exacerbated by high staff turn-over. Satisfactory progress on institutional reforms (primarily related to transposition of the *acquis*) which were enhanced through the intensive efforts in the final preparations for accession, run the risk of being undermined by weaknesses in administrative capacity. Such risks are particularly high in the areas of administrative capacity outside EU integration management.

Although overall performance was mixed, it must be recognised that the pre-accession agenda was huge, demanding and unfamiliar and it put great pressure on national and Commission resources. Moreover, the candidate countries had a relatively short time for its accomplishment. In that context, what has been done with Phare support is indeed remarkable.

Cost effectiveness was uneven. Outputs and results were affected by many inefficiencies. There was a tendency for interventions to be extensively delayed, consequently shortening the time available before the expiry date for disbursement. As a result, the scale of some outputs was reduced, particularly in the area of institution building.

2.2 MIXED SECTORAL PERFORMANCE

Substantial variation in overall performance. There were significant differences in the performance of sectors (see table 1) which may be summarised as follows:

- Highest rated: Environment
- Medium rated: Agriculture, Transport, Internal Market
- Lowest rated: Cross Border Co-operation, Economic and Social Cohesion, Justice and Home Affairs, Social Affairs

Table 1.- Substantial variation in overall performance

Sectoral groupings	Overall Performance
Agriculture	average
Cross Border Cooperation	low/average
Economic and Social Cohesion	low/average
Transport	average
Environment	average/high
Internal Market	average
Justice and Home Affairs	low/average
Social Affairs	low/average

The *acquis* for the sector with the highest rating (Environment) had legislation which is reasonably well defined, coupled with well developed sector strategy and implementation experience. The lowest rated sectors, notably Economic and Social Cohesion, Cross Border Co-operation and the justice aspects of Justice and Home Affairs, are those where the *acquis* requires the introduction of complex systems with a high degree of strategic or policy development. Moreover, progress in these sectors depended on a high degree of political commitment and ability to push through, implement and enforce reforming legislation.

Mixed effects across impact categories

Immediate impact in most sectors was rated positively, with the Environment and Internal Market rated the highest. This was notably due to the legislative and administrative impacts in terms of the *acquis* transposition and institution building. Weaker immediate impacts were noted for Economic and Social Cohesion where the effects of institution-building and pilot investments were quite fragmented. In the case of Bulgaria and Romania, Phare helped set up ESC systems adequately but structures and responsibilities were not yet fully defined, limiting the immediate impact. The immediate impact of CBC was low, in particular in the case of candidate-to-candidate

cross-border support where joint projects effectively became disconnected national-programme-type interventions. Generally, in the complex *acquis* areas such as Cross Border Co-operation and Economic and Social Cohesion, national institution-building started far too late which resulted in limited immediate impacts.

Table 2.- Mixed effects across impact categories

Sectoral groupings	Impact		
	Immediate	Intermediate	Socio-Economic
Agriculture	average	average	average/high
Cross Border Cooperation	low	average	low
Economic and Social Cohesion	low	low/average	low
Transport	average	average	average
Environment	high	average/high	average/high
Internal Market	average/high	average	average
Justice and Home Affairs	average	low/average	low
Social Affairs	low/average	low/average	low/average

Intermediate impacts became more positive. Over the medium term, and with the proximity to accession, intermediate impacts became more evident in almost all sectors. For example, an acceleration in preparing for capacity-building for the Common Agricultural Policy (CAP), INTERREG and Structural Fund programming resulted in a strengthening of intermediate impacts. In the Agriculture sector, the 2004 new Member States were able to deliver some CAP assistance to their farmers and rural stakeholders within the first year after accession, and generally to meet their phytosanitary, veterinary and food safety control obligations. Transport and Energy support also performed well, with a moderate contribution to increased transport infrastructure and traffic safety, and with professionally-operating energy agencies adequately carrying out national and EU responsibilities in energy efficiency and renewable energy. In the Environment sector, the increased efficiency of the work of those institutions that received Phare support was remarkable and reflected the broadening influence of the immediate impacts.

Unlike the other countries covered by this ex post evaluation, it is much more difficult to be convinced that intermediate impacts will emerge in the future from much of the support given to Bulgaria. Lack of progress in public administration reform and variable political commitment make it difficult to see how Phare's achievements could be capitalised upon in the future.

Socio-economic impacts were more modest as would reasonably be expected, given the scale of Phare resources compared with the needs of beneficiaries. Thus the limited volume of ESC and CBC funding dispersed over wide areas resulted in limited socio-economic impacts. Moreover, the socio-economic impact of CBC was limited due to a tendency for support to be used to fill gaps in national programmes rather than focusing on the needs of border regions. In the area of Justice and Home Affairs, impacts on society as a whole were less evident. For benefits to accrue to citizens in this area, the candidate country needs to have in place good inter-ministerial and inter-agency collaboration and well-regulated police and judiciary. Such issues of governance and judicial capacity have not, until recently, been a significant or structured component of Phare support. By contrast, visible socio-economic impacts occurred in the agriculture sector, where the flow of CAP payments to farmers following accession, although initially modest in many cases, made a substantial and visible difference to rural economies and welfare. Also, the socio-economic impact of support to Environment was high through supporting major infrastructure

investments by the Instrument for Structural Policies for Pre-accession (ISPA) and International Finance Institutions.

Institutional reforms largely sustainable, but undermined by weak administrative capacity

Prospects for sustainability are satisfactory in most sectors but risk being undermined by weak administrative capacity, particularly in *acquis*-intensive areas (see table 3). Strong legislative and administrative support frameworks are apparent in the Internal Market sector, and institutions such as metrology, standardisation and conformity assessment bodies, and energy and telecommunications agencies, were often set up with substantial support and knowledge delivered by Phare. As regards the Environment, EU and national legislation provide a thorough basis for sustainability for Phare-supported institutions. In the areas of ESC and CBC, sustainability of capacities for structural funds/INTERREG is satisfactory given the commitment of all governments to EU regional policy. By contrast, the sustainability of some of the support to Justice and Home Affairs is likely to be undermined by the lack of inter-institutional co-operation and sufficient progress of reforms to support good governance.

Table 3.- Adequate sustainability of Phare assistance

Sectoral groupings	Sustainability
Agriculture	average
Cross Border Cooperation	low/average
Economic and Social Cohesion	low/average
Transport	average
Environment	average/high
Internal Market	average/high
Justice and Home Affairs	low
Social Affairs	low/average

Administrative capacity building, that is utilisation of the knowledge, skills and experience gained in the Phare implementation process, could have been better sustained. In many Phare countries, administrative sustainability is still adversely affected by lack of a broad underlying consensus on the direction of reforms, as well as by organisational changes and inadequate working and remunerative conditions in the public service, leading to loss of skilled staff.

The areas of CBC, ESC and Justice are most adversely affected. Moreover, civil services often do not have sufficient independence from political influence, which leads to too many personnel and policy changes. The capacity for ministries to work together for the common good and to coordinate their activities, as required for many parts of the *acquis*, was not generally securely established, reflecting the inadequate attention paid early enough in the pre-accession period to reforming systems of governance and public administration. In a few of the Phare countries which acceded in 2004 some of the current institutional achievements are coming under pressure due to political changes, again reflecting the fact that the institutional arrangements were not securely embedded early enough.

Programmes in Bulgaria and Romania are mostly being implemented in the context of an unreformed public administration. The Romanian administration's recently-enhanced commitment to sustainable progress in public administration reform was strong at the time of the study, demonstrating a will to strengthen further institutional and administrative sustainability. However, sustainability of Phare results is generally much less well assured in Bulgaria. While Phare has strengthened the

legal, organisational and administrative pre-conditions for sustainability in many Bulgarian sectors, support programmes are still too often being implemented without adequate counterpart capacity.

2.3 MOST INSTRUMENTS SUCCESSFULLY DEPLOYED

The performance of instruments of Phare support ranged from the successful deployment of twinning, TAIEX and SIGMA to the diminishing impact from grant support to the Small and Medium-sized Enterprise (SME) Finance Facility. Grant schemes had a more mixed performance.

Twinning is successful, enabling candidate countries to understand the *acquis* correctly and translate it into operational practice. One of the most valuable, if intangible, side-effects of twinning was an increase in candidate countries' understanding of the EU's 'soft *acquis*' of public administration as well as their technical knowledge of the relevant area of the *acquis*.

TAIEX is a valued facility. Although it has been run as a demand-driven instrument without a clear strategic framework, it was able to address needs which could not have been met under Phare national programmes. The 'rapid response' nature of TAIEX was particularly appreciated, as was the TAIEX support for candidate country participation in expert working groups and other Commission activities and events, which would otherwise not have been possible due to candidate country financial constraints. The nature of the training activities (short duration, *ad hoc* nature and coverage of a wide range of *acquis* areas for a wide target audience), however, constrained their sustainability.

The large number of participants and the widespread satisfaction with the quality of TAIEX events suggests a high level of impact at individual beneficiary level. However, partly because there was no systematic dissemination of TAIEX material within beneficiary organisations, little intermediate impact was observed at organisational level. Despite undoubted success, TAIEX was a costly instrument in the period 1999-2001 and efforts should continue to improve its cost-effectiveness.

Sigma is another successful instrument delivering tailor-made services. Sigma had a positive impact on policy-making and stimulated development of new policy orientations and strategic planning capacity. Another positive impact is that it helped develop relevant legislative and regulatory frameworks, for example in the field of civil service reform and development. But this impact was rather attenuated, given the major public administration reform issues to be addressed in candidate countries.

It should be emphasised that the small scale of Sigma projects can only lay foundations for reforms or provide *ad hoc* technical input targeted at specific aspects of these reforms. Nevertheless, Sigma support is tailor-made and having small-scale projects is a strength that allows Sigma to be highly responsive to changing needs.

TAIEX, Sigma and Twinning are complementary. Twinning provides assistance over the medium term whereas Sigma provides short-term technical support. Sigma usually provides support for the development of horizontal or cross-sectional capacities, whereas the main focus of TAIEX and twinning is the provision of support in the various sectors of the *acquis* (for example, agriculture and environment). Sigma and twinning interventions can sometimes provide inputs to the same topic although Sigma aims for complementarity with other Phare institution-building instruments and ensures co-ordination on the ground.

Grant schemes were appropriate, but a long learning curve and heavy administrative burdens limited their effectiveness. The results of the CBC grant schemes were good and capacity-building took place at all stages of the programme cycle in preparing beneficiary countries for INTERREG. The long learning curve in applying ESC grant schemes, combined with heavy administrative procedures, led to delays in processing and consequently reduced effectiveness.

Catalytic effects and additionality of grant support to SME Finance Facility diminished over time. The Facility was highly relevant for the first years of its operation but its relevance declined over time, since market forces such as privatisation and substantial foreign bank investments drove changes in participating financial institutions rather than the Facility itself. Moreover, the catalytic effects of the grant support to the facility diminished over time. The availability of funds to SMEs on reasonable terms was driven by the market rather than the existence of the SME Finance Facility. Finally, with the influx of foreign capital, expertise and technical assistance into the sector, the additionality of Phare grant support also diminished over time.

3. TOWARDS MORE BALANCED PRE-ACCESSION SUPPORT

This chapter first assesses the extent to which Phare was able to help the recent candidate countries close the gaps which existed at the beginning of their pre-accession periods in relation to the Copenhagen Criteria. It then reflects on the relevance of this experience for the support needed for future enlargements, noting that the fifth enlargement proved highly challenging for Phare beneficiaries, particularly for the last two accession countries, and that future enlargements present countries with even greater challenges.

Although the three Copenhagen Criteria are treated as separate, including for support strategies, this is an artificial approach as the three criteria are, in reality, interdependent. For example, unless there is adequate compliance with the political criteria, the climate of governance, administration and justice will be unsuitable for sustainable attainment of the economic criteria and absorption of the *acquis*. Conversely, many aspects of the political criteria, such as the fight against corruption and development of a professional public administration, cannot be taken forward without the pressure brought to bear by a competitive business sector; a flourishing civil society, and lines of accountability to citizens. Without such pressure, there is a great risk of creating complacency over the reforms and indeed of encouraging ‘rent-seeking’ behaviour. Finally, the implications of this inter-relationship for future support strategy are also considered in this chapter.

3.1 PHARE SUPPORT MOTIVATED REFORMS RELATING TO THE *ACQUIS* AND THE ECONOMIC CRITERIA

National reform agendas and Phare severely tested administrative capacities. In addition to the EU accession agenda, all candidate countries were undergoing a number of additional substantial reforms, for example in pensions, privatisation, market liberalisation, foreign investment, and in decentralisation and reduction of public expenditure. Dealing with this enormous political agenda tested the political and administrative capacities in all beneficiary countries to the utmost and consequently limited the effort available for Phare. In many beneficiary countries a number of interventions had to take place in a rather hasty manner and too much was done under severe time pressure and too close to the accession date. Opportunities for achieving more effective outcomes could therefore not always be realised.

Phare support was an important motivating factor to reform. Phare was a very important factor motivating candidate countries to reform. While it may seem a contradiction, in those sectors where the Phare programme experienced implementation difficulties, awareness of this, and the lessons learned, often produced very significant impacts which could not have been possible without Phare.

Sectors that were heavily acquis-driven had clear political priority and enormous improvements were made during the period under reference, compared to previous periods. These can be attributed to the long-term presence of Phare and its beneficial influence. At the same time, the very rapid development of *acquis* sectors may have created some imbalance in overall national development, as political attention to *acquis* sectors diverted funds and effort from other equally or even more important sectors in the context of national reform. In many fifth enlargement Member States, reforms were still pending in those sectors with little or no *acquis* influence (i.e. health care, education, culture, civil society, minorities).

Support to economic criteria assisted structural and regulatory change. In all the beneficiary countries, economic reform was a priority independent of EU accession. Before Phare was accession-driven, assistance had largely addressed major macro-economic restructuring. Thereafter Phare also gave extensive support to helping candidates meet the economic criteria and, in more recent years, Phare was heavily occupied with supporting regulatory bodies and the procedures required by those criteria.

Implementing modalities for the economic criteria were in many cases (energy and water, communications, competition, agriculture and food etc.) integrated into the legislation, implementation and enforcement arrangements of the *acquis* chapter. The well-defined nature of the steps required to meet precise technical requirements, and the pre-existence of compliance monitoring standards in some cases, facilitated a logical, sequential approach to assistance. Consequently, the economic criteria were easier for candidates to master than were the political criteria or the less prescriptive parts of the *acquis*.

Phare assistance was programmed under a multiplicity of headings which, while understandable given the inter-relationships with the other criteria, makes identification and evaluation of the support provided problematic. Overall Phare gave substantial support to economic and financial reform. While one cannot attribute progress solely to Phare, the Commission's Economic Evaluation report of May 2006 noted that legal, institutional and regulatory reforms in preparation for accession had strengthened financial deepening in the candidate countries. However, the report highlighted gaps that remained in the business environment and in relation to competition. It is also evident from the Commission's Comprehensive Monitoring Reports that, particularly in the case of the Romania and Bulgaria, significant further progress was needed at the time of accession to comply fully with the economic criteria, notably where their requirements overlapped with those of the political criteria - for example concerning the impact on business of the public administrative and judicial systems. This suggests that in future enlargements more thought will need to be given to the interrelationship with the political criteria when supporting the economic criteria.

Phare support helped candidate countries avoid costly development mistakes. Adoption and implementation of the *acquis* and the economic criteria required deep organisational changes, sectoral re-structuring, and establishment of new institutions, as well as extensive investments in physical and information technology infrastructure. The availability of Phare support, particularly the advice and support for more strategic development through twinning arrangements, helped define the scope of what was required. Given the initial lack of local expertise in many areas addressed by the Phare programme, this helped maximise the use of EU and national funding, and helped candidate countries avoid costly development mistakes.

Ex post, the needs for acquis installation were largely met by Phare, but more assistance should have been given earlier to embedding a strategic approach into national and sectoral policy making. Phare has generally been effective in the creation or modernisation of *acquis*-related structures and procedures, in the training of staff and in provision of equipment and other capital items. However, strategic concepts were introduced too late and were generally too embryonic or recent to have had a significant impact during the period under reference, although they were beginning to produce outputs in a number of areas. This was most disadvantageous for issues arising under the political criteria where there is neither *acquis* nor a standard template to build on, and also for those issues where the *acquis* absolutely requires, but does not define, a national strategic framework covering the areas of responsibility of a number of ministries, such as Economic and Social Cohesion.

3.2 WEAK SUPPORT TO THE POLITICAL CRITERIA

This section of the report examines Phare support to candidate countries' progress towards meeting the political criteria in three key areas: public administration reform, development of civil society and the fight against corruption. All three areas are interlinked and need to be effectively tackled to ensure that the political criteria are successfully met. Judgements on the results and impacts of Phare support to these key areas take into account commonly recognised principles and mainstream evidence.

Successfully meeting the political criteria involves interfacing these areas with aspects of governance¹. Moreover many such aspects can only be addressed in the context of their effective interface with the economic criteria.

Thus adherence to the principles of good governance – legitimacy, transparency, effectiveness, plurality and accountability – serve as a key entry point for effective application of public administration reform, civil society and the fight against corruption. A favourable environment in respect of socio-economic policies and development constitutes another key entry point for effective application of these areas of the political criteria.

Support to public administration reform was too late and too narrow.

Mainstream evidence shows that much support to public administration reform largely failed as it was supply-driven without sufficient consideration of the demand-side issues of political commitment, change management and absorption capacity. Moreover, such evidence pointed to the need for a broader approach of governance and public sector reform that is not limited only to reform of central government but also includes reform of regional, local government and public enterprises. It also involves giving a voice to citizens to demand better public services and responding to pressures from a competitive private sector.

Public sector reform also involves open government, enhancing public sector performance, modernising accountability and control, use of market-type mechanisms and modernising public employment. Broadly, these levers seek to change the behaviour and culture of public servants and organisations through changing rules, incentives, norms and values, and structures.

Public sector reform is not only part of wider governance structures, but it is also part of a whole-of-government approach to capacity building including public expenditure management, revenue policy and administration, the fight against corruption, decentralisation, legal and judicial reform, sectoral institution building and public enterprise reform.

Reform needs are related to “soft acquis”. Many shared principles of sound public administration can be identified from Member States, including a set of common standards within their public administrations as defined by law and enforced through procedural and accountability mechanisms. Such standards are not part of the *acquis* as such but might be considered as a “soft *acquis*”, since they are usually embedded in administrative legislation relating to administrative procedures, administrative disputes, freedom of information and the civil service.

¹ Governance refers to arrangements that determine how public decisions are made and how public actions are carried out, from the perspective of maintaining a country's constitutional values.

In relation to the standards of “soft *acquis*”, the Sigma programme identified reform needs for candidate countries, including such issues as improvements in the coherence of the policy-making framework, inter-ministerial consultation on policy proposals, human resource management systems, legislative agenda planning, and impact assessment of regulatory acts. The impacts of Phare in this area ought to be judged against the background of mainstream evidence, “soft *acquis*” and the reform needs identified by Sigma.

Focus on institutional strengthening of ministries and agencies. Support was given to overall public administration reform at the level of central government, to putting related legislation in place and to building up central capacity. However, the predominant focus of support in the reference period for this evaluation was the institutional strengthening of ministries and, more particularly, agencies such as those responsible for the civil service, customs, policing, the judiciary and anti-corruption bodies, as well as bodies responsible for aspects of the justice, liberty and security *acquis* and for public finance. Such support frequently involved organisational, procedural and training aspects and included significant investments, for example in computer hardware and software. Towards the end of the pre-accession period, particularly for Romania and Bulgaria, the balance of support swung towards horizontal measures intended to bring the terms and conditions of the civil service (including the judiciary and judicial administration) and the machinery of government more into line with that needed to enable a Member State to function effectively within the EU.

Structured support, when it did begin, was too compartmentalised. It addressed topics or institutions of public administration. It did not analyse the more fundamental and wider implications of the political criteria which should have formed the overarching conceptual framework for inter-related interventions which, in total, could have made a significant impact on the quality of governance. There was no guiding concept for broader public sector (as opposed to public administration) reform. Consequently, Phare failed to consider such issues as how to support citizens in their demands for better public services and effective pressures from a competitive private sector. Whatever the success of individual interventions, it was inevitable that the Phare support that did not involve a whole-of-government approach would have negligible wider impact on governance and public sector reforms.

Limited prospects for sustainability are beginning to appear at institutional and sectoral level. The technical aspects of the new complex bureaucratic systems required by EU membership were easier to introduce than the underlying behavioural changes, which needed more time. The level of technical knowledge and managerial skills substantially increased with the help of Phare in individual areas; but in general the administrative capacity of the new Member States at central, sectoral and regional levels, was often fragile. In particular the situation in many key ministries was uneven. Nevertheless, in many Phare-supported areas prospects for sustainability are beginning to appear, with staffing situations stabilised and improvements in sectoral administrative performance in evidence.

But prospects for sustainability of horizontal reforms are bleaker. In relation to the wider national public administration, prospects for the sustainability of horizontal public administration reforms introduced as a part of membership preparations have in many instances not “stuck” and, in some countries, there appears to be a very strong risk of reversal of the reforms. Such backsliding appears to be due largely to the lack of motivation and broad underlying consensus on the direction of reforms.

Structured support began, too late, in 2002 with the Commission's call for candidates to prepare Action Plans, itemising the national actions and related Phare support needed to complete the pre-accession tasks, and for the first time referring explicitly to all three Copenhagen criteria, notably public administration reform. The Action Plans exercise resulted in identification of a huge number of gaps needing to be filled. An unfortunate consequence of the early lack of attention to public administration reform, therefore, was a considerable over-programming of public-administration-reform-related interventions relative to absorption capacities in the final years of pre-accession. In Bulgaria and Romania particularly, substantial Phare resources were dedicated to public administration reform, including horizontal capacity building, from 2004 onwards. Although currently based on more elaborate multi-annual programming, the sheer number of sizeable Phare interventions challenged to breaking point the administrations' absorption capacity in both countries.

Most obviously changes in attitudes, including more effective communication, knowledge sharing and information provision, were gradually becoming embedded into the daily routine of national civil services. Significant emphasis was starting to be put on client-oriented service provision.

However, this 'bottom-up' accumulation of isolated pockets of sustainability is weak overall and prone to setbacks. As with issues of impact, far greater and more secure sustainability would have resulted from an approach which focused on the aim of public sector reform in a manner inclusive of all State and non-State actors.

Support to public administration reform was not strategically conceived. In spite of the fact that the Commission highlighted the urgent need for public administration reform from 2000 onwards,² neither the Commission Services nor the great majority of candidate countries developed strategies for analysing the institutional, knowledge and competence requirements for public sector reform as a basis for initiating Phare assistance. However, according to a World Bank study,³ Lithuania provides an example of good practice, successfully applying strategic planning tools for the public management system and enabling Lithuania to design and enforce government strategic objectives to improve policy development and gradually create a strongly performance-driven public management system. Another example is Estonia's comprehensive reform of the public delivery system based on e-government tools.

No systematic attempts at benchmarking key public administration reform issues. The benchmarking, not only of the delivery of inputs but, more importantly, of the performance of outputs, constitutes generally-recognised good practice for non-*acquis* issues such as public administration reform. Whilst Sigma offered benchmarking of human resource management systems and a checklist type of support for many aspects of public administration, the only benchmarking exercises affecting the functioning of public administrations in the candidate countries were those related to the process of accreditation for the Extended Decentralised Implementation System (EDIS), but these were limited in scope in that they focused exclusively on the procedures involved in the management and use of pre-accession funds (although they also provided some lessons of value in relation to the Structural and Cohesion Funds).

² Phare 2000 Review: Strengthening Preparations for Membership. Communication from Mr Verheugen. COM(2000)3103/2 of 27 October 2000.

³ EU-8 - Administrative Capacity in the New Member States: the Limits of Innovation?, World Bank, December 2006

No formal mechanism for disseminating ‘good practice’. From 2003 onwards there was increased ‘cross-fertilisation’, but this relied primarily on the proactivity and contacts of individual Commission staff and candidate country officials; it was neither planned nor widespread. Bulgaria and Romania derived some benefit from the involvement of new Member States’ officials in public sector reform twinning projects. The utilisation of the mix of available instruments including technical assistance, twinning and investment was generally satisfactory. Donor co-ordination on aspects of public sector reform and governance fell short of expectations, but did work well in some cases.

Phare should have done much more to disseminate good practice and encourage candidate countries to develop the capacity to analyse and apply the widely-available guidance on public sector reform and the experience of fellow candidate countries. For its part, the Commission did little to help develop an in-house capacity for gathering and disseminating such information, and Phare could have done more to promote strengthening of institutional structures, such as national policy ‘think tanks’ or, through twinning, training of staff within such institutions and promotion of mechanisms to ensure that their advice would be taken up within government and acted upon.

Pressing need for radical reconsideration of support to public sector reform under IPA. There is a need first to consider what a broader public sector reform implies for the government, for the private sector and for civil society and the citizen, and second to develop a conceptual framework for support which addresses those needs and their interfaces in a comprehensive and mutually reinforcing manner over the medium and long term. In this regard, there are no public management cure-alls. History, culture and the stage of development give governments different characteristics and priorities. Often, governments have adopted reform instruments or ideas from the private sector or from other governments (for example, performance-related pay) without regard to the country context or understanding of the inherent limitations and weaknesses of these instruments.

Moreover, in the short term, modesty in design is crucial. Large-scale reforms have not worked well in most new Member States, which may be due in part to the vagaries of coalition politics and the low coherence of governments. Instead, system reforms as a step-by step process starting from the core government institutions are likely to have the greatest success.

Prospects for sustainability of support to civil society assistance are poor.

As mentioned above, adherence to good governance and effective application of public sector reform involves giving a voice to civil society and citizens. In this regard, the achievements have been rather limited.

Support to civil society focused on NGO development under both Access and national programmes. From 2001 onwards Access became fully integrated into Phare national programmes but almost all support within these programmes was aimed solely at strengthening NGOs, often targeting those in specific sectors such as “employment and social affairs”, “political criteria” and “economic and social cohesion”. Although elements which could support wider aspects of giving a voice to civil society could sometimes be found in other Phare programmes (under political criteria headings, for example), for Phare purposes ‘civil society’, during the period under reference, was effectively coterminous with ‘NGO’ and the approach was to lay the foundations for establishing NGOs, and thus influence civil society, from the bottom up.

Some governments adopted a number of measures supportive of NGOs and had given NGOs, to a greater or lesser extent, a voice in policy making, but it is not clear to what extent these positive

developments were attributable to Phare which, before the introduction of Access, did provide support under ‘Democracy’, ‘Partnership’ and ‘Lien’ central programmes. There appears to have been no Phare strategy to engage governments centrally and comprehensively to promote the development of a permissive climate for the emergence of the kind of civil society appropriate to a Member State.

Scale of support to civil society was rather small. Phare support to civil society was on a small scale (for example, total Phare assistance to 2000 - 2002 programmes is estimated to have been about €55m – averaging roughly €1-2m per country per year) in relation to the desirability of effecting a fundamental shift in relationships between the public sector, the private sector and citizens.

Beneficiaries believe that support had greatly improved their effectiveness. The great majority of NGOs interviewed during the preparation of this evaluation reported that they found the assistance they received valuable and effective and that they had become involved in or been consulted about national or regional policies in their particular field of expertise. They also observed that Phare had considerably helped to raise the profile of civil society issues where citizens might expect to play a part. This is a considerable achievement for Phare.

Governments were unprepared for phasing out of support to civil society. In most candidate countries bilateral donors, including the UK, Netherlands, Denmark and USAID, which had been supporting various NGO projects, gradually closed their programmes as EU accession drew closer. Their withdrawal also resulted in a reduction in the level of assistance from some other major donors to the sector, such as the Soros Foundation, Open Society Institute, and Charities Aid Foundation. As a consequence Phare was, in the later pre-accession years, the largest donor supporting both the development of the NGO sector and the services it supplies. However, that support was due to expire over the following few years.

Until accession, financing the sector was not a significant issue for governments, as the EU and other donors provided the bulk of the finance. Almost all candidate country governments appeared unprepared for the implications for the social services delivered by NGOs if those NGOs are unable to bridge the funding gap they now face. The modest scale and ‘bottom-up’ nature of Phare support meant that the civil society culture promoted by the EU through NGOs had not become sufficiently embedded within societies. The sector should be self-supporting largely through support by the public, but such support presupposes a sufficiently buoyant economy.

Sustainability of much support to NGOs is therefore in doubt. Although the operating environment for NGOs was undoubtedly more favourable as a result of an improved legislative framework, accreditation and contracting of NGOs by municipalities, some tax benefits and some government grants, there was as yet no obvious source of adequate future funding from within the country for the NGO sector in the countries covered by this evaluation⁴. Though some NGOs were thriving, many faced severe risks to sustainability. Moreover, there have been countries where the lack of integrity across the civil society sector, as evidenced by widespread irregularities, including multiple NGO registrations to gain access to grant scheme funding, made it impracticable to entrust Phare project management to NGOs.

⁴ In the immediate term, some further external assistance will be available from a European Economic Area grants scheme.

In the years immediately preceding accession, most NGOs believed that they would ensure sustainability through eligibility for Structural Fund assistance, in particular from the European Social Fund for those involved in the delivery of employment and training activities which fit in with European Social Fund-related measures. However this is not the case for a significant number of NGOs involved in the supply of social care and advocacy-related services. The steps taken in Poland to create an Operational Programme for civil society development as part of the National Development Plan for 2007–2013 are an example of good practice that should offer NGOs access to Structural Funds.

Future support to civil society needs to be conditional on agreement with the beneficiary countries that a sufficiently supportive NGO policy regime will be established, or that existing measures such as preferential tax treatment or its equivalent will be maintained, so that civil society organisations have a ‘level playing field’ as well as a substantive basis on which to operate. Equally, funding support to these organisations, whether flowing through IPA grants or later through participation in Structural Fund activities, should be conditional on NGOs being committed to the same level of public scrutiny in terms of high standards of accountability, transparency and democratic management structures as is routinely expected for public bodies or private companies.

Approach to supporting anti-corruption measures was too narrow.

The fight against corruption is another essential element of a broader approach to public sector reform. In this regard, the limited impact of anti-corruption measures requires a rethink in strategy.

Limited impact of supporting anti-corruption measures through policing and judicial reforms.

The Phare programme provided some support in the fight against corruption during the period following introduction of the pre-accession strategy in 1998, although the extent of this varied considerably between candidate countries. Much of the support involved preparation of legislation and institutional structures, as well as training. There was often a relatively heavy investment component in these earlier programmes. The importance of the issue was, however, stressed in the Phare 2000 review while from 2003 onwards each Regular Report and Comprehensive Monitoring Report contained a section devoted to the subject⁵.

A significant wave of Phare programmes dates from the programming years 2003-2006 and consequently in many cases implementation is, or was, ongoing post-accession. These programmes were generally, but not always, directed to institution-building for specific ministries or agencies, with the emphasis on technicalities. Moreover, where subordinate bodies were supported, these tended to lack access to ministerial authority to enforce policy and procedures, severely limiting impact.

While some programmes were solely targeted on anti-corruption measures, many other programmes concerning the justice, liberty and security *acquis* contained components which contributed to strengthening the anti-corruption environment. However, in the absence of a comprehensive strategy for supporting improved governance in candidate countries, Phare justice, liberty and security interventions, although generally rated highly in evaluations, can have only very limited intermediate and wider impact. As an example, legal adoption of a witness protection scheme as

⁵ Anti-corruption policy is now covered under negotiation chapter 23 for candidate countries. For potential candidate countries it is covered under the political criteria. Moreover, in 2005 the JHA Council approved the Commission’s Communication on a Comprehensive EU Policy against Corruption.

required by the justice, liberty and security *acquis* was completed and the Phare project supporting it was therefore rated a success; but because of a public perception of widespread corruption in the judicial and prosecution system, witnesses were not coming forward, so the scheme was unused and the underlying purpose of the measure was being frustrated.

More progress has been demonstrated in public internal financial control. In particular, the anticipated arrival of EU funds after accession encouraged many new Member States to improve their administrative structures and capacities for more effective and impartial management and control of public funds.

While there was progress over the pre-accession period, particularly in the establishment of legislative and institutional frameworks, the Commission's Comprehensive Monitoring Reports noted that around the time of accession substantive actions remained outstanding in the fight against corruption. Phare support and its performance therefore may be summed up as having been a necessary but not sufficient tool for ensuring efficient anti-corruption action.

A multi-pronged approach to anti-corruption is required in future. Tackling the complex multi-faceted problems of corruption goes significantly beyond measures such as establishing anti-corruption agencies. In isolation, such measures tend to be ineffective because the agencies lack sufficient independence or effective enforcement mechanisms. In addition to reforming the police and judiciary, it is commonly recognised that what is needed is a multi-pronged and multi-stakeholder approach to anti-corruption reforms, which is aimed at embedding integrity in society.

Such an approach would entail governance reforms in conjunction with programmes promoting the interfacing of public sector management and the private sector, civil society and the media, and would involve local participation and community empowerment. As concrete examples of expanding private sector engagement, more efficient and effective regulation and corporate governance of the private sector to improve its competitiveness should help to combat corruption. Moreover, expanding private sector engagement could involve, for example, supporting national and sectoral business coalitions for change and voluntary codes of business conduct.

It would also involve engaging more systematically a broad range of other stakeholders. For instance, it could involve supporting initiatives that: enable citizens to access information and participate in the development of policies, spending priorities, and service provision; promote community participation to improve local governance; strengthen the enabling environment and capacity of civil society and the media to monitor public policymaking and implementation; and encourage greater oversight of public procurement, asset declarations, and other important aspects of government performance.

The EU is, of course, not alone in having to rethink strategy; it is noteworthy that other donors have learned lessons in recent years from their own experience of working with European transition economies, including recent and current candidates for EU accession. There would be synergy in a greater pooling of knowledge and methodologies to take account of bilateral and multilateral organisations' emerging best practice.

Impact related to political criteria is weak

Individual projects in support of the three aspects of the political criteria considered above were often satisfactory in themselves; but the impact of Phare in relation to the political criteria as a

whole has been weak. Phare was a technical tool but, above all, the issue of compliance with the political criteria goes to the heart of the overall approach of a country to its governance and to the relationship between those in positions of authority and those subject to public administration and justice. Addressing weaknesses in this regard is not solely or even predominantly a technical issue. It requires changes to both will and commitment at the highest political levels in beneficiary countries, achievement of which requires an approach broader than that which Phare has employed to deliver changes in knowledge and practice at operational levels. For support to reforms to be effective, programmes must be designed to motivate a consensus for change in the behaviour of a variety of actors.

3.3 SUPPORT TO FUTURE ENLARGEMENT FACES BOTH DEEPER AND BROADER CHALLENGES

Scale of challenges not sufficiently appreciated. In the fifth enlargement, the candidate countries were moving towards democratic market economies from a very different system, broadly common to all of them. The ‘gaps’ which these candidates faced in meeting all the Copenhagen criteria for accession, and on which they needed support, were not sufficiently predicted by EU or national policy-makers; nor were the difficulties which those countries faced in acquiring the necessary competences and resources in the time available for pre-accession fully appreciated.

Phare support was provided, implicitly if not explicitly, on the assumption that the candidate countries’ systems of governance and of public administration, judiciary and civil society were broadly in conformity with the political criteria and capable of absorbing and sustaining assistance efficiently, effectively and sustainably. This assumption was unfounded: the recent candidate countries struggled to perform in this way. They lacked the capacity to handle a complex multi-faceted task such as preparing for accession, and they had little or no experience of strategic planning to help them approach it. Also they could not see how the pre-accession components fitted together and reinforced each other.

Lessons have been learned, but future enlargements will face even greater challenges. The Commission’s current introduction of IPA which replaces *inter alia* Phare, and the revised enlargement strategy adopted by the European Council, both take recent candidate country experience into account. However, in the next enlargement not only will the countries concerned face the same types of gaps as those faced by the Member States which acceded in 2004 and 2007, but those gaps are generally deeper and broader. The accession exercise – demanding for any candidate - proved even harder for Romania and Bulgaria than for those which acceded in 2004. That trend may be expected broadly to continue, particularly for the potential candidate countries which will also be embarking on political and socio-economic reform and development on a considerable scale, and for which the total need for support will be addressed by a range of bilateral and multinational donors.

For potential candidates, such support to the *acquis* will initially be of secondary importance (as IPA recognises). Indeed, it should also be acknowledged that it will only be a realistic and sustainable possibility once the countries concerned have travelled some way towards meeting the relevant obligations of the political and economic criteria to be able to contemplate effective sectoral *acquis* absorption. Therefore, in most if not all cases, there will need to be heavy emphasis on promoting support for constitutional and other highly politically-sensitive legislation, infrastructure and systems; notably for human rights, respect for democracy and protection of

minorities, development of civil society and the fight against corruption, as well as major new institution-building and development of adequate standards of public administration and judicial capacity: in a word – governance. This has significant implications for the way in which support strategy should be balanced and support instruments deployed.

Support strategy for good governance needs to be multi-faceted in design and execution. The political will and commitment to foster good governance, including the essential ingredients of open government⁶, has a positive impact on performance in several key areas of government operations, such as regulatory quality, budgeting and expenditure management, and public sector integrity.

Governance is a complex and multi-faceted issue which needs to be addressed with a multi-pronged and multi-stakeholder approach. Such an approach involves, for instance, establishing the core elements of state building⁷; voices for civil society and citizens and clear lines of accountability; and the incentives and pressures from a competitive private sector.

Particular care needs to be taken to avoid blinkered, narrowly-focused programmes and instead, to the maximum extent possible, to work with programmes which emphasise the interfaces between nationally-established general principles of good governance and the specific requirements of key issues such as public administration reform, civil society and the fight against corruption.

Greater attention will be needed to cooperating with other donors. The challenges the potential candidate countries in particular face in advancing their socio-economic development (which will in practice determine the pace at which they can make progress towards EU integration) will require complementary investment resources from International Finance Institutions and bilateral donors, necessitating a closer degree of coordination of both strategy and funding than occurred in previous enlargements. Here, too, the MIPD has a crucial role to play.

⁶ The components of open government include accessibility, public consultation on policies, and participatory decision making.

⁷ The core governance elements of state building include: democracy and citizenship; representation; a constitution; the rule of law; competitive party and electoral systems; a permanent civil service; separation of powers between the executive, the legislature and the judiciary; judicial review; and secularity. Most of these elements are common to all modern states, but are combined in different ways.

4. CONCLUSIONS AND RECOMMENDATIONS

This chapter sets out the conclusions of the achievements of Phare support and the lessons learned that need to be taken into account in future pre-accession assistance. As the way forward, this review recommends three sets of actions; rebalancing pre-accession assistance, a broader approach to the political criteria and addressing the deeper and broader challenges of future assistance.

4.1 WITHOUT REBALANCING, PAST AND FUTURE IMPACTS OF SUPPORT RISK BEING UNDERMINED

Interdependence of the Copenhagen Criteria was not sufficiently addressed. The first key aspect of rebalancing is to address the interdependence between the Copenhagen Criteria. Although the three Copenhagen Criteria were supported, the support strategy did not sufficiently address the interdependence between the political and economic criteria and the *acquis*. Consequently, the lack of progress on public administration reforms and those related to reforms of governance runs the risk of undermining the achievements on economic reforms and on the *acquis*. At the same time, taking forward political reforms requires, *inter alia*, pressures from a competitive business sector, a flourishing civil society and accountability to citizens.

In this regard, the absence of an overall support strategy turned Phare into an essentially reactive, activity-focused instrument. It responded principally to the imperatives of the *acquis* chapter negotiations, the Commission's Regular Reports and the pre-accession priorities for building institutions for the *acquis* and related investments in the Commission's 2000-2006 Guidelines on Phare Programming. So Phare was not explicitly tasked with addressing the non-*acquis* Copenhagen Criteria but was compelled to do so in response to evident need, as expressed with progressive urgency in the Regular Reports.

Whilst programming to address these needs started in 2002, this was far too late to have an adequate impact by the time of accession in 2004. Moreover, it suffered from the absence of a more strategic approach based on a comprehensive analysis of needs in relation to all three Copenhagen criteria.

Support to political criteria needs to be broader. A second key aspect of rebalancing support involves the need for broader support to the political criteria. In this regard, public administration reform, the development of civil society and the fight against corruption are interlinked areas and cannot only be tackled individually. Moreover, successfully meeting the political criteria involves complementary measures addressing aspects of governance and the economic criteria.

Support to public administration reform needs to be broader. A third key aspect of rebalancing support involves broader support for public administration reform but there is no single generic solution to public administration reform: the nature of the problem and the solution are strongly influenced by the national country context and with, for instance, globalisation, the volume of international best practices of public administration reform is increasing rapidly. As mentioned in section 3.2, it is widely recognised that public governance and public administration are intrinsically linked and also involve giving a voice to citizens to demand better public services, and creating pressures from an effectively regulated and competitive private sector.

Support to future enlargements faces both deeper and broader challenges. Finally, rebalancing support in order to meet the political criteria effectively, for example in relation to human rights

and the protection of minorities, the development of civil society and the rule of law, and the fight against corruption, become even greater challenges for future enlargements. In addition, the assistance challenges for potential candidate countries are particularly severe in relation to their socio-economic needs. In this regard the challenges the potential candidate countries face, particularly in advancing their socio-economic development (which will in practice determine the pace at which they can make progress towards EU integration), will require complementary investment resources from International Finance Institutions and bilateral donors, necessitating a closer degree of co-ordination of both strategy and funding than occurred in previous enlargements. MIPDs have a crucial role to play in setting the framework for this coordination.

4.1 THE WAY FORWARD

As mentioned in section 3.3, the challenges for pre-accession support to address the fundamental issues of governance and state building are substantially greater for the Western Balkan countries than for the EU-8 of the fifth enlargement. In contrast to previous enlargement, further accessions are likely to occur in the medium and longer-term and thus allow for more thorough preparations of the support requirements for these topics. In order to respond to these challenges, this review recommends three sets of actions.

Action 1. Rebalancing pre-accession support

Recommendation 1: Programming objectives should strike a better balance between the three Copenhagen Criteria. Programming objectives for IPA should be more properly balanced to recognise that the systematic and coordinated support to all three accession criteria (political, economic and *acquis*) is essential if the pre-accession objectives are to be addressed in a mutually reinforcing way. Explicitly, an adequate standard of public administrative and judicial capacity and level of resources to implement support should be one of the conditions for a progressive build-up of pre-accession assistance.

Recommendation 2: Accession Partnerships and MIPDs should ensure the rebalancing of pre-accession assistance. The rebalancing should take into account the inter-dependencies between the three Copenhagen criteria. In this regard, the Accession Partnerships need to be developed so that they not only state the priorities for each accession criterion but also recognise the inter-linkages between them. The next generation of MIPDs should develop programming strategy in a similar manner.

Recommendation 3: DG Enlargement's Quality Support Group should ensure the rebalancing of pre-accession assistance. The Quality Support Group should ensure that MIPDs and annual programming documents take sufficiently into account the need for rebalancing and for interlinking support to the three accession criteria.

Action 2. Supporting a broader approach to the political criteria

Recommendation 4: A multi-pronged approach should be used to address the political criteria. Successfully addressing the political criteria not only involves the interfaces between key areas such as public administration reform, development of civil society and the fight against corruption but also the interfaces with aspects of governance. Moreover, many of the aspects of the political criteria cannot be taken forward without effective interfacing with the economic criteria.

Recommendation 5: Approach to public administration reform should be broader. Governments should take a whole-of-government approach to reform, that is, understanding and viewing both public administration and governance structures as part of an interconnected whole. For reforms to be effective, they must be designed to change the behaviour of a variety of actors and give a voice to citizens to demand better public services, and creating pressures from an effectively regulated and competitive private sector. Finally, to succeed, they must also build on the need for consensus, technically sound design and motivation. However, in the short term, a whole-of-government approach should not involve large-scale reforms. Instead, a step-by-step approach starting from the core government institutions is likely to have the greatest success.

Recommendation 6: Assistance to civil society should be conditional on a supportive policy regime. A supportive policy regime would include measures such as preferential tax treatment or their equivalent. Moreover, that policy regime should require NGOs to commit to the same level of public scrutiny as is expected for those in public office or private companies.

Recommendation 7: Approach to anti-corruption should be multi-pronged and multi-stakeholder. In addition to reforming the police and judiciary, it is commonly recognised that what is needed is a multi-pronged, multi-stakeholder approach to anti-corruption reforms. Such an approach would entail governance reforms in conjunction with programmes that promote the interfacing of public sector management and the private sector, civil society and the media, and would involve local participation and community empowerment.

Action 3. Addressing the deeper and broader challenges facing future pre-accession support

Recommendation 8: View good governance and public administration reform as an interconnected whole. The Commission should, for future accessions:

- support strengthening of good governance and the development of strategic approaches with detailed medium-term action plans for public administration reform, including addressing key levers of behavioural and cultural change;
- promote and support the benchmarking approach based on good practices principles defined by beneficiary countries; such an approach would include drawing up ‘roadmaps’ explaining the resources, types of institution and competences needed for each component of the political and economic criteria (regardless of the precise implementing modalities, which will vary from country to country), and giving guidance on the sequencing of pre-accession preparations for those criteria;
- provide assistance to both the executive and the legislative branches;
- create a co-ordination function / chapter desk within DG Enlargement that focuses on public administration reform strategies, dissemination of good practice and co-operation with Sigma;
- enhance pooling of knowledge and methodologies of Member States and international institutions; for instance, tie Community External Assistance for Public Administration Reform into initiatives and activities of the intergovernmental European Public Administration Network and set-up a thematic Network on European Governance;
- enhance the co-operation with the Network of Schools for Public Administration in Member States and Potential Candidate Countries and the Commission's role in Regional Support for Public Administration;

- continue to support the use of local capacity for monitoring, evaluation and participatory regulatory impact assessment to promote the good governance principles of transparency, legitimacy of political decision, democratic accountability and public participation;
- monitor the fight against corruption by making use of tools developed by other institutions such as the World Bank, Council of Europe and Transparency International;
- substantially increase the resources for the successful Sigma programme;
- expand the role of TAIEX to make more use of the tools of dialogue, permanent networking and peer review between existing Member States, beneficiary countries and international and academic organisations and institutions with relevant expertise from the start of the pre-accession period.

Recommendation 9: MIPDs should assume a greater role in addressing increasingly severe assistance challenges. The severity of assistance challenges, coupled with resource limitations, requires an even greater emphasis on making more thorough needs' assessments and articulation of strategic choices and related priorities.

Recommendation 10: Broader assistance challenges of socio-economic development require closer donor co-ordination. MIPDs should also play a crucial role in ensuring good co-ordination of support strategies and programmes of EU, International Finance Institutions and bilateral donors.

This ex post evaluation has been
launched by the European Commission,
Directorate-General for Enlargement,
and carried out by the MWH Consortium.
The MWH Consortium bears the full responsibility
for the report and its conclusions.

